

ZONING COMMISSION

AUGUST 6, 2024

The Zoning Commission of the City of Texas City met in a regular meeting on Tuesday, August 6, 2024, at 5:00 p.m. Zoning Commission members present: Chairman Perry O'Brien, Aric Owens, Bruce Clawson, Fernando Tello and Alternate Member Lisa Salinas. Staff members present were: Kimberly Golden, Casey Bennett (CBO), David Kinchen (DBO) and Veronica Carreon. Guests were: Ben Baty, Chris Johnson, Felix Herrera, Deano Merrigan, Anthony Neva, Stavan Vora, Guillaume Dufay (AOP Renewables), Simon Labrosse Gelin, Jack Hernandez (Interfield) Jill Crawford, Bob Wittmeyer, and Georgia Meisler.

Chairman O'Brien indicated a quorum was present and called the meeting to order.

1) APPROVAL OF MINUTES

A motion to approve the minutes of July 2, 2024 was made by Bruce Clawson/Aric Owens. All other members present voted aye.

2) PUBLIC COMMENTS

There were no Public Comments.

3) ELECTION OF OFFICERS

Ms. Golden stated that at the last Zoning Commission meeting it was mentioned that Mr. Gary Potter had resigned his position on the board. He was previously one of the co-chairs and so there is now a vacancy in the board's office of co-chairs. Ms. Golden asked those in attendance if they would like to hold an election of a new co-chair and it was agreed to have it on the next meeting agenda.

It is now being brought forward for purposes of members to consider the election of another co-chair. Since this was last discussed, Mr. Bruce Clawson has been appointed back to the Zoning Commission and Ms. Thelma Bowie is not in attendance because she is not feeling well.

Chairman Perry O'Brien asked the Zoning Commission if they would like to nominate anyone.

Mr. Aric Owens asked if it was required that they have a co-chair, to which Chairman O'Brien replied it is nice to have a co-chair to lead a meeting if at any time he is not available to attend a meeting.

Mr. Bruce Clawson made a motion to nominate Mr. Aric Owens as co-chair of the Zoning Commission. Mr. Fernando Tello seconded the motion. All other members present voted aye.

Mr. Owens stated he would be glad to serve as co-chair.

4) Zoning Change Request from The Interfield Group to rezone from District "O" (Open Space to District "E" (General Business) for a proposed Convenience Store and Retail Development. Located at 1414 FM 646 on the east side of Vicksburg Lane and west of Hwy 146 N.

a. STAFF REPORT

Ms. Golden stated the location is a 9.56-acre site located on the east side of Vicksburg Lane at FM 646. The Applicant is requesting a rezoning to be able to build a new 4,700 sq ft convenience store with fuel pumps and a new 12,000 sq ft retail strip.

The property is currently zoned District "O" (Open Space) and that is the zoning in place when you have land that is not developed or subdivided. It is intended that District "O" be rezoned as the city grows into that direction.

For the particular use that they're contemplating, District "E" (General Business) would be the appropriate district for them to be rezoned into. The surrounding property that is not vacant is still zoned District "O". Property that is vacant on the other side of Vicksburg is zoned District "A" (Single Family Residential).

The District "E" zoning would be appropriate and staff have worked with them on our site plan. The main issue they had was getting some developed drainage because the drainage is pretty poor in the area. What they've done is they're going to subdivide into three lots and one of the lots will actually have a detention pond on it and then there'll be a Property Owners Association that will own and operate their detention pond for the benefit of the other two lots of which one will be the convenience store and the other will be the retail strip.

This project is in the Gateway Overlay District so they will have to comply with the requirements of the Gateway Overlay District which again are masonry construction, some setback requirements, landscaping requirements and some screening requirement. The Applicant has indicated they are compliant with all of this.

If the Zoning Commission does recommend to rezone, staff just suggests it be subject to the subdividing going in place and the creation of the Property Owners Association to own and operate that.

Mr. Bruce Clawson then stated traffic along FM 646 is a heck of a deal. He went through there recently and there was a bad wreck on the road. He couldn't tell if there is a turn lane and asked if there is one at the property.

Ms. Golden doesn't believe there is, but indicated this is the next section of FM 646 to be widened. In fact part of their platting is going to go ahead and be dedicating that additional right of way. TxDOT is also in the process of acquiring that right of way.

Chairman Perry O'Brien asked if the retention pond would be constructed at the same time, to which Ms. Golden replied construction of the detention pond will be required when they do the project because that's what is allowing them to have the drainage that they need.

Mr. Clawson then asked what the building is on the property, to which the owner, Mr. Stavan Vora, replied it is just a storage building that the previous owner had used.

Mr. Clawson then asked if there were any wells on the property. [The representative "no" by shake of the head.] Ms. Golden advised the site does not have Texas city water and sewer service available to it, so they're going to have to annex into the Bacliff MUD for purposes of getting their water and sewer service. This does not mean they are going to de-annex from Texas City. The MUDS and the city are on top of each other. The mayor has given them a "comfort letter" indicating that at the appropriate time we will take a request to City Commission to give the necessary consent for the annexation.

Chairman O'Brien then asked if this site plan still needed to be presented to the Planning Board, to which Ms. Golden replied it has been through that process. He then asked what the construction timeline would be. Mr. Vora replied if given the green light he will start tomorrow.

Co-Chairman Aric Owens then asked if there would be fire hydrants installed because he recalled a couple years ago they looked at a storage facility further down the road and they weren't there and would have to install on-site water storage. Ms. Golden replied when this happens, it's not going to be on-site water storage but when they start their process of annexing into Bacliff, that is what will have to be worked out – is the capacity to provide the Fire Protection that's necessary for Texas City Fire Marshall to sign off on.

Chairman O'Brien asked if there any additional questions? There were none.

b. PUBLIC HEARING

A motion was made by Fernando Tello/Co-Chairman Aric Owens to open the Public Hearing. All other members voted aye.

Chairman O'Brien stated if anyone in attendance was for or against the zoning change now would be the time to make a comment.

Ms. Golden stated there were eight Public Hearing Notices mailed to neighboring property owners and no comments were received in favor or against the zoning change request.

There were no questions or further discussion, to which a motion was made by Bruce Clawson/Fernando Tello to close the Public Hearing. All other members voted aye.

c. PRELIMINARY ZONING APPROVAL – Consider and take action on the zoning change request from The Interfield Group.

A motion was made by Bruce Clawson/Fernando Tello to approve the zoning change request from The Interfield Group to rezone from District “O” (Open Space) to District “E” (General Business) for a proposed Convenience Store and Retail Development provided it is subject to the establishment of a Property Owners Association and the recording of a subdivision in proper form. All other members present voted aye.

5) Zoning Change Request from Alpha Omega Power, LLC to rezone from District “F” (Light Industrial) to District “S-P” (Site Plan) for development of an electric power generating station utilizing lithium-ion battery energy storage system (BESS). Located at 701 Hwy 146 N., west of Hwy 146 N., and north of the existing Golden Rule Logistics.

a. STAFF REPORT

Ms. Golden stated Alpha Omega Power LLC is looking at a site that is 6.29 acres of vacant land but will use 5.71 acres to install a Battery Energy Storage System (BESS). This is a large installation. Previously approved BESS' have been 10 MW. This project will include up to 106 individual battery containers for 205 MW or 410 MWh at a two-hour capacity, meaning it takes two hours to charge and two hours to discharge. This is approximately twenty times larger than any of the previously approved BESS projects in Texas City.

They have provided in their site plan for the 15 ft spacing all the way around the battery units as required by the city's updated fire code. They're also providing a paved 20 ft perimeter road with two points of access.

The second access is actually through adjacent property which the applicant does not own or control. The owner has provided an easement. Ms. Golden pointed out the recommendation is

for that secondary access to have some sort of platting to it. Staff's concern is that it remained completely open and accessible over time.

The Applicant is also providing a nice masonry fence and landscaping at least 6 ft in height, which again is the standard that the city is applying to these BESS projects which was also applied to the other two that have been approved.

The project site is part of the former ETC Texas City Trucking Terminal. It had some environmental issues and has been through a process with TCEQ and now has no further action required, but it can never be used for anything but industrial or commercial.

The adjacent property to the north is Baker Distributing. There is common ownership of the property to the South which is a logistics company. The property across Hwy 146 N is the TNMP Substation.

Information was provided to Ms. Golden about why the TNMP Heights Substation is a prime location for these types of projects to tie into, which is basically has to do with the size of the substation and the fact that it's set up to take this kind of interconnect.

Also provide was some information about the type of battery chemistry and the manufacturer that they're proposing to use. The battery chemistry is the Lithium Ion Phosphate, which is considered stable and less prone to the thermal runaway concerns.

The manufacturers of both the battery cells and the battery assembly are considered Tier 1. Ms. Golden believes that means that they work really hard to comply with all the codes. They do the extra testing and things to show that their products are safe and then they maintain good quality control as they're being built.

This location is not in the floodplain, and it is inside the Texas City Hurricane Levee.

The specification they are going to have for the containers are the type that you would have for a corrosive environment, such as coastal area. It's the highest level of corrosion protection and the highest level for both the batteries and containers. She stressed that these are the standards that both the Building Official and Fire Marshall will apply at the time of applying for building permits.

Their fire protection will be an on-site system that is specifically designed for this application. There's also a robust monitoring system that is monitored remotely 24/7, but indicated that for a project this size the operator would have a crew stationed within the nearby area [LaMarque] to make proper response in the event that remote monitoring shows there is something going on.

Information about decommissioning was provided for the Zoning Commission. Staff do anticipate that at the time of permitting some sort of decommissioning bond or security will be required through the permitting and plan review process. This process is still in development by the building official and fire marshals.

Ms. Golden stated that the item that might need consideration is the second point of access. Again, the Applicant has provided a signed easement agreement, but staff would prefer to see it as a plat because those things are usually just easier to keep track of.

This company was formed in 2023, so it would be considered a startup.

The Planning Board has looked at this because the zoning changes to District "S-P" (Site Plan) requires review by the Planning Board first to look at the site plan. The Planning Board approved the site plan conditioned upon the Zoning Commission approving the zoning change. If the zoning change is approved the Applicant would have to be subject to the site plan as approved by the

Planning Board. There could not be any changes to the site plan without approval from the Planning Board.

The Zoning Commission's action is to make a recommendation to the City Commission. The City Commission is the one that approves or disapproves the actual zoning change. The Planning Board approved the site plan on a 3-2 vote.

Ms. Golden completed her report and stated she can answer any questions and that the Applicant was also in attendance to answer any questions.

Chairman O'Brien asked if this project fits the Land Use Plan. Ms. Golden replied she was not sure if there is anything specific in the Land Use Plan about these kinds of uses, but it does fit a light industrial use.

Mr. Clawson then stated he had a question for the developer and one for the landowner. He then asked if this is a brown field. Mr. Deano Merrigan [landowner] replied that it had a leaking tank out there and they had monitoring wells out there. TCEQ monitored the wells for some time, and they said, per TCEQ, whatever is there is there and it's not migrating. The trucking facility that was there was responsible for it the cleanup and the monitoring. They had them [the monitoring wells] pulled out and fill them back in and there's no further action.

Mr. Clawson stated that nothing can be built out there, to which Mr. Merrigan stated that was correct. Only commercial or industrial can be built out there.

Mr. Clawson then added that he is not quite clear on the fire suppression system.

Mr. Guillaume Dufay (AOP Renewables) replied batteries are known for being pretty good devices and are everywhere, but large batteries have always had Fire Protection systems. As Ms. Golden mentioned, the way these things are operated is they comply with every fire rule that you can think of and that exists. There have been dozens of thousands of these containers deployed across the nation and they have A National Fire Protection Agency (NFPA) protocol that's called NFPA 855 and each of these have to meet the requirements. One of the requirements is that they have to have several layers of protection. layer No. 1 is monitoring, and No. 2 is to remove the activation, layer #3 is active suppression of fire in the case of a fire, and then the final element of the NFPA 855 is that every battery that gets installed and that complies with NFPA 55 has to go through a burn test.

The way this works is that you set one battery on fire by putting some fire in it and you see what happens. You see how it propagates; you see how the fire gets extinguished by the system. There are several levels of a burn test that can be done on a cell, on a module, on the full rack or on a full container.

Power suppliers are Tier 1 suppliers and Tier 1 suppliers tend to go the extra mile where they do full container/full unit test, and they test what a fire looks like. They then have a passing or failing criteria that come into play into how much you pay for insurance. All the batteries that they choose from show that fires never propagate to the next unit over and there is never an explosion, so the worst case of fire that you can see that is being tested is when you burn a cell and module, and it doesn't go to the next one. You will then have some smoke and then you're going to have to let it burn because the extinguishing system is going to take care of it.

You do not throw water on it, and they train their fire departments on this all the time. Two months ago, they just went through a full fire department training in the City of La Marque where they have another project. They are very actively engaged with fire departments.

Again, you do not throw water on a fire, you let it burn. Once the reaction stops, which will take a couple of hours, you will then take the container and send it to a recycling area. You check the ones around, making sure that integrity is not compromised, and you replace it or you do whatever needs to be done post-removal.

Mr. Clawson then asked what the fire suppression system would be. Mr. Dufay replied there are two types of fire suppression system and added before going into a thermal runaway, a battery cell just like the one in your phone is going to show some early signs of failures. The voltage is going to be off, the balancing with the other modules is going to be off. Mr. Dufay claims they have the best control system in the world. They use a company called Individuation Austin. They monitor every cell, voltage, charge, temperature, etc. You're talking about several hundreds of thousands of cells in this installation. Every one of them has a temperature and voltage sensor that is being monitored. If one of them is off, they deactivate the module, remove it, and replace it with a new one. The early signs are showing what is going to happen and, if for whatever reason, that fails, the second level is you have an early detection system on the battery. If you feel that there is off-gassing of the cells or if you feel there's a higher temperature in the container itself, the container is going to auto shut down. That should stop any discharging that would cause some further fires. If for whatever reason that fails, they are talking about very low probability events here, then there is a fire suppression system at the battery inside each of the battery container.

Depending on the technology, sometimes it uses a FM 200 or state X aerosol and the modern one that they are using are most likely going to be an aerosol-based extinguisher. They are going to spray into the container on the area that was detected and is going to fill the container with the aerosol and that supposedly is going to stop whatever reaction is causing the problem. 9-1-1 will then be called and like Ms. Golden stated their guys will be nearby to respond to the emergency.

Co-Chairman Owens asked Mr. Dufay if he stated earlier that these batteries never explode because he's seen some videos where they have. He added that another thing Mr. Dufay stated, that he thinks is kind of crazy, is that Mr. Dufay stated "supposedly they put them out". He asked if this was just a choice of words because this is a huge concern to him.

Mr. Dufay replied that he came four years ago in front of these Zoning Commission and it was a pretty long meeting to build a 10MW site, which he indicated on the map. He stated this site has never had any problem and it works well. They are involved in and will be around for a long time. They are investing \$150 million in this project. If this explodes, they are going bankrupt – and there is a lot of their personal money in this too. They are strongly incentivized for these to be safe.

Have there been batteries that have exploded, yes absolutely. That was before the times of NFPA 855. That was before the time when they had clean and clear codes where they were smart people from fire departments across the world and particularly here in the United States that had worked on it. There was a site in Arizona that was known for catching fire and had an explosion when a first responder came into the battery system. It caused several injuries to the first responders and there's been massive changes to the design of the system since then. He believes this happened back in 2017.

There are many changes since then and the chemistry of the batteries has changed. These batteries, lithium iron phosphate, have a lower flammable limit, meaning that they exhaust less gas and they basically catch on fire with less strength and what they are seeing when they do the testing is that when they ignite the cell because they put a resistor in there and overheat it until they ignite the cell.

What you're seeing is that the next cell over ignites too but with less power, and then it just dies out within the module. This is because these batteries are not as reactive as the previous

technologies being used. So that's a major change that makes these batteries much safer. The other thing that was changed was the enclosures, the container of the battery, was rethought and redesigned.

They were talking to the president of Fluence, their main supplier, who is also the #2 US manufacturer for batteries, and he said they have had some failures and they learned from them. That's actually better than having no failures and not learning. Everybody had to redesign and rethink the process because it's possible that a cell is going to have a thermal runaway. What you want to make sure is that it doesn't trigger a catastrophic reaction. The whole mindset of avoiding an accident completely to avoiding catastrophic occurrence has changed in a way that now if a cell goes into a thermal runaway, which again is unlikely because they have 3 levels of suppression, but if cell does go into thermal runaway, there's a deflagration vent at the top of the container according to NFPA 68. There's a deflagration vent at the top, so in the likely event where you have a chain reaction of everything going wrong that possibly could go wrong, and again, it's been tested and showing that it doesn't happen, but, if it happens the deflagration is going to happen overhead, not causing any damages to the first responder or anything. The other main cause of catastrophic consequences to these batteries accidents was if you have first responders getting into the enclosure. It use to be that they would put these batteries into buildings or into enclosures that would allow somebody to walk in there and that's the problem because that puts somebody at risk if there's a thermal runaway.

So yes, there have been batteries that have exploded. Mr. Dufay is not aware of any LFP battery that has exploded. He is aware of some LNO batteries that have had some trouble runaway, but every single time they have self ignited and they have not propagated to the next unit over and they have never caused any accidents.

Co-Chairman Owens then asked in an event they have this gas coming out, are there any studies that show what the carry of that is? For instance, they have approved some generators out here on Humble Camp Road and Attwater Drive and they talked about the decibel noise for like so many feet but if you have a fire what does that plume look like? Is it a quarter mile? Half a mile? A couple 100 feet? Who's in harm's way at that point? And do you have protection for that?

Mr. Dufay replied they work with a company called ESRG. They are a fire consultant everywhere and they are the main fire consultant for battery energy storage. They were actually created by 9-1-1 heroes, so they know about fires. They do the HMA (Hazard Mitigation Analysis), fair mode, and affect analytics which will be part of this project. As they go into the design there will be an HMA down to meet the NFPA 855 requirements and that HMA is going to consider the risk of gas dissipation and any danger for any public or for any walker. All of that is going to be studied in detail from quantitatively and qualitatively.

The qualitative answer is that when one of these thermal runways does happen the common kind of point of comparison, it doesn't create more toxic gas exhaust than a typical office building catching on fire.

Mr. Owens stated that could be put out in a couple hours. How many hours would this project take to burn out?

Mr. Dufay replied that is the whole benefit of the new testing that they do because they show that the fire does not propagate any further than one container. There's a limited quantity that can burn and so the exhaust is going to be limited. He believes the time concept is about a couple of hours, maximum six hours for a fire to be completely out and then you can open the container and start to disassemble the pieces and there will be weeks of investigation. He reiterated that it is not weeks, it's not days, it's hours.

Co-Chairman Owens stated that just seems different than what we we've heard on the other projects.

Chairman O'Brien added that the one in Arizona that Mr. Dufay spoke of was a totally different battery design.

Ms. Georgia Meisler (AOP Renewables) replied that was a different battery chemistry as well. It was a LMC battery instead of LFP, which is part of why this standard has moved to the LFP, because it is less volatile, it's more stable, so the end result of thermal runaway is a lesser outcome. She wanted to make sure one question that was asked was clearly answered was how far all the smoke travels. So obviously that depends on winds, but the important factor to consider is that testing would indicate that it's always within EPA standards. And again, the smoke itself, it's typical. Think about what it is that's going to be burning. What is a battery? It's going to have plastics; it's going to have some metals, the same kind as building materials. And it's relevant, not really unique, in that perspective as far as what will actually catch fire.

Alternate Lisa Salinas stated the concern she has is that this place is going to be upwind of the apartment complex nearby. Here the winds are always out of the South, so anything that's coming out of there is going directly toward those apartment complexes. She asked if there is anything that is going to protect those people or notify them that something is blowing their way.

Mr. Dufay replied there are two things to consider. First, this is a light industrial zoning land and of all the light industrial application you can think of, a battery does not create any pollution at all. So, they don't burn anything. They don't have diesel generators. This is just purely charging and discharging energy. There is a very minimal footprint and exhaust of anything. He believes in this respect, it's beneficial for the community around because those apartment complexes will not have any impact.

As part of the emergency response plan, yes, there will be a concerted response plan with the first responder and the first responder, perhaps the Police Department, will oversee flagging any issue or any concern to the public safety. He thinks that it is going to be their top priority is going to be to protect the citizens in a large apartment complex close by. And again, that they will be in the case of an emergency situation, one of the first measures will be when they are on the site is making sure that it does not exceed the EPA standard. If it does, there will be some steps to be taken that will be all part of this emergency response.

Mr. Fernando Tello asked if there would be a leak detection. Will there be hydrocarbon detectors around the units to catch a leak? If a leak is there what will they use to catch that besides them telling the Zoning Commission that somebody offsite will come by and look.

Mr. Dufay replied they will have an operation and maintenance crew that will be spending time at the site mostly during business hours, but because we have the other site in La Marque that's actually fairly close by, they will be spending their time between the two sites.

As far as leaks, they have never heard of a leak on a operating battery, so the only time when a leak may happen is in the case of a deflagration of the battery, which is thermal runaway. In that case there is really two elements that you need to think of. The first element is that every cell is contained in two modules and these modules are IP67 meaning that they are fully water tight and dust proof. So there is nothing that goes in or out of these of these modules and then the container is a 20 ft Conex container. There is a drip pan at the bottom, so anything that leaks is going to fall in the drip pan. The reason for the drip pan is not really for the toxic elements of it, but there is a cooling system that keeps the batteries cold. The cooling system is water and glycol, so if that gets in the drip pan there is going to be a warning that the Operator is going to take care of.

The final other important element is that our site is going to have a ring road, so if there was a massive leak of something bad, but there is no reason for anything of that magnitude to leak, but the surge of leakage would not go past the ring rug, and certainly not into the higher elevation elements like the canal half a mile away. They have got a lot of layers of protection on that, and this is not an element that has not been seen.

Explosion of batteries is a really important element and Mr. Dufay is glad they are talking about this because they want everybody to be aware of this because it is an important element. Leaking is not something that has been seen as a risk associated to the batteries.

Mr. Chris Johnson (Attorney for Alpha Omega) stated he wanted to address the easement for the second access. One of the things that the Fire Marshal wanted to see for this project was two points of access into the site and they went about doing is obtaining a perpetual and uninterrupted ingress and egress easement from the neighboring landowner.

One of the things that Ms. Golden mentioned is that you'd like to see a plat, but legally speaking, there is no difference between having a permanent ingress and egress easement that cannot be obstructed or a plat and the reason being is he actually thinks this is the better way to go because it is something that what they call "runs with the land" is a superior right of the neighboring property meaning this site will have a superior right for that second point of access to come through that neighbor's land forever.

It is not dependent on owners. It is not dependent on any changes to the site. It exists, so no replat can change the fact that that easement is there, meaning it's a contractual superior right that runs with the land. So regardless of who owns the neighboring property going forward, that right of ingress and egress will exist. Also, it is very difficult to try to get a neighbor to replat their property for the benefit of the neighboring property. He has never seen that happen, but he thinks it is important for the Commission to know that legally speaking, there is no difference as far as the rights that are conveyed via this easement. This easement gives a perpetual right for ingress/egress that cannot be interrupted by any subsequent owner of that property. He thinks it is important to know that that second point of entry is a guaranteed point of entry, and that Alpha Omega has already gone and done the work to obtain that right.

Mr. Clawson asked where this is at. Mr. Johnson indicated it on the site plan. Ms. Golden added that it is on the far west side of the site and then it crosses and follows the northern line of the land.

Mr. Ben Baty stated he has 2.1 acres near this project, and no one has talked to him about an easement. Mr. Johnson replied that he does not believe the property Mr. Baty indicated is his property.

Mr. Johnson then conclude the reason for having a perpetual easement is for that concern that it's not a maybe, it is a recorded document. When you talk about recording it in the real property records, it puts the public on notice that right is going to be there forever.

Chairman O'Brien then asked if there were any other questions?

A motion was made by Fernando Tello/Co-Chairman Aric Owens to open the Public Hearing. All other members voted aye.

Chairman O'Brien explained that the Public Hearing was open, and this is where those in the room, hearing everything that's already been said, has an opportunity to voice whether they are for or against this request. The Zoning Commission would first take any comments from anyone

that is against the zoning change request first and then they would listen to those who are in favor of the request after.

Mr. Baty spoke first and stated he owns the nearby Baker Building and the land immediately west of the Baker building. He recalled that Chernobyl also have all fail safe in place and they had little problem too. As a matter of fact, a week ago today, the Fire Chief of Texas City addressed his Rotary Club and he was asked about the lithium batteries and what do you do if you have a fire with a lithium battery? He said we get everybody away from it because we can't put it out.

Mr. Baty stated that he knows nothing about lithium batteries. He is not a chemist and can only go by what the professionals have told them. Another question during the Rotary Club was what happened if you have a Lexus vehicle - do they have lithium batteries? What if it is on fire on the freeway? What do you do? He said we get away from it to keep people from inhaling the toxins from it.

So again, immediately to the west of his property is the apartment complexes and he has never seen many fires that didn't have smoke. He is sure the southeast winds are going to blow the smoke toward the apartments if there were a fire or chemical reaction. He is just concerned of what will happen in the event of a fire.

He added that this will also kill the value of his property if he tries to sell it and a potential buyer see a lithium battery storage next to it – there goes the tax value.

Chairman O'Brien asked Mr. Baty to indicate his property on the map. He did so and then stated this may just keep the vagrants out.

Chairman O'Brien asked if there were any more comments against the zoning change request. There were none.

Chairman O'Brien then asked if anyone had any comments that are for this request they would take them now. He then introduced Mr. Bob Wittmeyer, who was in attendance, to speak about the benefits of battery energy storage.

Mr. Bob Wittmeyer stated he is a professional engineer and has spent his early life at Ercot and has been doing this for a long time. He then asked if Ms. Veronica Carreon could go to Ercot.com. and then began his presentation.

He then presented why batteries are particularly important to the grid today. He indicated on the website a chart that showed a solar chart in orange, a wind chart in blue, and an aggregate chart in purple. He indicated real time on the site and stated shortly after 8:00 PM, things get really, really tight in the grid, which he also indicated. Five years ago, this was not a problem. He indicated where the grid would peak, and that the generation would be fine the rest of the day.

The problem we have now is we have a ton of wind and solar, and we know every day the solar is going to do that. He indicated in the summertime, the target window for these batteries and stated this is why we need the batteries. We need the batteries because of our demand line; this is our supply line. He promised that they will never serve more load in Ercot than they have generation do so.

What he did not recognize when he got in the power business is every time we turn on appliance at our house, somewhere on the system a generator's fuel valve opens and makes more power. It really is that tight. They measure that with frequency and when it is at 60 Hertz, everything is good. We run out of generation that frequency will fall off 60 Hertz. It doesn't have to fall very far off 60 Hertz and we are all sitting in the dark.

The batteries are particularly helpful now because of all the wind and solar they have on the system, and that's why the batteries are really critical to them. Now, where they weren't so important before, can they raise prices in Texas City by having a battery there? No, they cannot.

The way the ERCOT electric grid works is ERCOT procures services from the least cost resource. Anytime somebody tries to jack with the price a little bit, they'll just move it to someplace else. If the system gets inherently tight, there is an independent market monitor that overlooks the grid and makes sure these guys are playing about it.

Mr. Wittmeyer then asked if there were any Ercot related any questions.

He then added that the other thing batteries are really good for are when there is a load shed event, the operator has to fix the wires first and before they can take the load up, they have to make sure they have enough generation to pick up the load. The problem is the load that was on the system when that load went off causes all of your air conditioners to immediately fire up. If they break that link at 60 Hertz, the load comes back out.

Batteries are a giant shock absorber around the system. They can move from a generator to a load in 1/4 of a second. So they're very important for bringing load back up on the system.

Chairman O'Brien asked if it was appropriate to say that the batteries stabilize this system, to which Mr. Wittmeyer stated that is appropriate and we don't normally need that stabilization, but when we do, we really do.

Chairman O'Brien asked if there were any other comments in favor of?

Mr. Dufay replied that he would like to recomment on the apartment building and the air quality. As part of the emergency response plan in the hazard mitigation analysis, there will be a very quantitative study of all the gassing that's possible from the batteries. There will be a quantitative analysis of how much pollutant can get in the air and may impact the residents. If the studies show that these levels exceed EPA standards that would be a failure and they will not be able to build finance to ensure the assets. So, there are many, many levels of controls on these assets that are here to protect the citizens, to the investors, to thank the first responders and everybody involved in the project.

These HMA documents will be provided to the city as needed and they have to be provided and reviewed by the fire department in order for the project to comply with NFPA 855. They have to comply with NFPA 855, otherwise they do not get insurance on their project.

There are checks and balances control systems in place for these large investments and it's \$150,000,000+ that is being invested. There are a lot of highs and a lot of very expensive lawyers who look at this stuff. There are a lot of eyes on it and very important, like are they going to kill their neighbor is going to be looked at very attentively because no investor wants to be involved with the project that has killed a neighbor. That is how you get a lot of people running away and going bankrupt, so with this being said, this project is going to be intrinsically safe.

Staff will have access to all the documentation they need at the fire department level. The Applicant will also be very happy to discuss any questions. They love batteries so they can talk batteries all day.

Deano Merrigan (Property Owner) then stated that the Zoning Commission approved a battery site exactly across the street and exactly South of the apartments behind Kroger and none of this was brought up. Planning and Zoning voted for it across the street.

Now this project is coming up on his side of the street and it's a little different and it just makes him wonder. He stated that he would like to be treated fair and be shown the same respect. He

stated that he has run into some challenges here and understands the concerns, but he pointed out that across the street is another battery storage facility. He only wants the same questions to be asked when this is presented to City Commission.

He added that this is a \$160,000,000 project. The city makes a lot of money on property taxes and this could make about \$2,000,000 a year for the city and property taxes. It's a light industrial site. This is what it is designed for - light industrial use.

Wind direction has been discussed. He reminded everyone that we live in Texas city, it's not The Woodlands and we everyone in here knows someone who has cancer. This is a safe product and if this building burns down, you got toxic glue and all kinds of stuff that's going to burn in here. And if you put your head over this fire right here on the building to get you some, you probably get sick. And so, it's the same output as a battery.

If they don't do a battery facility and they build a building and it burns down and it is south of the apartments, all that smokes goes towards them. He asked that everyone look at this with an open mind.

There were no questions or further discussion, to which a motion was made by Bruce Clawson/Fernando Tello to close the Public Hearing. All other members voted aye.

c. PRELIMINARY ZONING APPROVAL – Consider and take action on the zoning change request from Alpha Omega Power, LLC.

Co-Chairman Owens asked Ms. Golden about the mitigation study and then they are asked to approve something or not and then say we're going to have this study afterwards to determine if it's good or bad.

Ms. Golden replied what he's talking about the hazard mitigation analysis and a lot of other things will be made available during the building permitting process. That's when the building official will review it, and the Fire Marshall will also review it. We actually are going to contract with a third-party reviewer that specializes in BESS projects to review all of those projects when they come through as building permits.

She believes the reason that it comes later is it's very costly to do it and the Applicant needs to know if they're going to be able to do this site or not. She believes that's the way it comes out. They kind of have to know they can do it here, if they're going to do it anywhere, before they go to the expense of showing models of the factories.

She asked Mr. Dufay if this was correct, to which he replied they are absolutely doing all this level of analysis that they talked about costs them between \$1,000,000 to \$2,000,000. As of today, they are still in a position where if the Zoning Commission denies the project, they have nothing, and the project dies.

They have already invested about \$1,000,000 in the project, but they can't invest another \$2,000,000 for the design and \$2,000,000 for the lawyer fees. They can't invest a lot of money in a project that may die tomorrow.

As much as he would like to come in front of the Zoning Commission with a full package that's fully detailed and fully defined where you can make a strong decision based on very clear criteria, that is impossible to do at that stage. That's where the city staff comes in and they are mandated, and they see this in every jurisdiction that they work with. It is always that process where there's

an initial discretionary approval from the Board of Zoning or Planning and City Council to give and indicative idea of whether the city likes this business, but then the city administration is in charge of enforcing that this project is done well.

Ms. Meisler added that the hazards are known and quantified already. What is unique and what is addressed in the HMA is the site-specific information which is proximity to sensitive receptors and direction some of those other specific things and those drill down and provide detail that may cause some changes in design. The hazards are known and from what has been seen, even in the rare instance of a thermal event, is that the effluent smoke from a thermal event is within EPA standards. That is not something you don't know and that level of detail we absolutely could provide today. It's just what's unique about this specific application in this location that will be addressed, and we'll fine tune the design upon admission of the building permits.

Co-Chairman understand that a vote would be a lot easier to make if you have all this information and wished there was a better way to do this.

Mr. Dufay stated the consultant that Ms. Golden was referring to, he doesn't know if staff will be using this one specifically, but he is a very well-known consultant in this industry. They are in the middle of construction of a project in California right now. That project came through the county of San Luis Obispo, which is very nice wine country. That city was using the same consultant and they went after every single detail. They looked at thousands of pages of studies and documents and into every single line item. That's the kind of scrutiny you get from these guys. They probably charge of lot of money for that, but hopefully permitting fees are going to cover that, but they are good at it, and they are in for the city's best interest.

Chairman O'Brien asked if there were any other questions or comments.

A motion was made by Bruce Clawson/Alternate Lisa Salinas to approve the zoning change request from Alpha Omega Power, LLC to rezone from District "F" (Light Industrial) to District "S-P" (Site Plan) for the development of an electric power generating station utilizing lithium-ion battery energy storage system (BESS). There was a 4 – 1 vote in favor of the zoning change request. Co-Chairman Aric Owens voted against the request.

Chairman O'Brien reminded everyone that the Zoning Commission is seated by volunteers/citizens of the City of Texas City and that City Commission will have the final vote on the zoning change request. He also encouraged those in attendance to be at the City Commission meeting to answer any questions the Commissioners may have.

4. GENERAL UPDATES

There were no updates.

5. OTHER BUSINESS (Any conceptual development proposal requesting to come before the Zoning Commission)

A motion was made by Co-Chairman Aric Owens/Alternate Lisa Salinas to adjourn. All members present voted aye.

Kimberly Golden, Secretary

Date

Minutes approved by the Planning Board at its meeting on _____.