

**MINUTES**

STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL

**January 10, 2000 – Regular Meeting**  
Rowe Six Conference Center – Building 1  
4224 6<sup>th</sup> Avenue SE  
Lacey, Washington

**Item 1: Call to Order**

The meeting was called to order at 1:30 p.m. by Chair Deborah Ross. A quorum was present.

**Item 2: Roll Call**

<b>Chair</b>	Deborah Ross
<b>Department of Agriculture</b>	Daniel Jemelka
<b>Department of Community, Trade, and Economic Development</b>	Heather Ballash
<b>Department of Ecology</b>	Charles Carelli
<b>Department of Fish &amp; Wildlife</b>	Jenene Ratassepp
<b>Department of Health</b>	Ellen Haars (via phone)
<b>Military Department</b>	Glen Woodbury
<b>Department of Transportation</b>	Gary Ray
<b>Utilities &amp; Transportation Commission</b>	C. Robert Wallis

**Others in Attendance**

**EFSEC Staff**  
Allen Fiksdal  
Mike Mills  
Irina Makarow  
Diane Burnett

**Assistant Attorney General**  
Richard Heath

**Whatcom County**  
Dan McShane (via phone)

**Energy Policy, CTED**  
Tony Usibelli

**Chehalis Power**  
Paul Margaritis (via phone)

**Energy Northwest**  
Bill Kiel  
Dave Fraley

**Jones & Stokes Associates**  
Grant Bailey

**Counsel for the Environment (Sumas 2)**  
Mary Barrett

**Guests**  
Cindy Custer, BPA  
John Mudge, Dave Spogen and Rose Spogen,  
Critical Issues Council  
Curt Leigh, Fish & Wildlife  
Ann Kenny, Ecology  
Mary McCrea, AAG, Fish & Wildlife

**Dames & Moore**  
Katy Chaney

**Sumas Energy 2**  
Darrell Jones

**Perkins Coie LLP**  
Charles Blumenfeld  
Karen McGaffey

**Item 3: Approval of Minutes**

The draft minutes from the December 13, 1999, Council meeting were approved, with one correction.

**Item 4: Adoption of Proposed Agenda**

The proposed agenda was adopted.

**Item 5: Sumas 2 Generation Facility, Application No. 99-1**

***Submittal of Revised Application***

***(Darrell Jones reporting)***

Charles Blumenfeld of Perkins Coie LLP, counsel for Sumas Energy 2, and Darrell Jones, President, Sumas Energy 2, briefed the Council regarding the submittal of the revised application.

Mr. Jones indicated that Sumas Energy 2 (SE2) has submitted a revised application to the Council on January 10, 2000, which he feels addresses the issues that have been previously discussed. As a result of the smaller size of the project, 650 megawatts, down from the original 720 megawatts, they thereby have lowered air emissions and water usage, thereby responding to several issues of concern in these two areas. They have also undertaken an effort to contact several state agencies to mutually address project concerns. Additionally, they have met with the Canadian Minister of the Environment. Finally, they sent out a large mailing to the citizens in the Sumas area, giving them basic information regarding the plant, and advertising an Open House at the plant on January 4<sup>th</sup>, which many citizens attended. He feels they have taken the actions necessary to ensure that project issues have been discussed with all interested parties. Mr. Jones then thanked the Council for its direction and guidance in moving through this process.

Mr. Blumenfeld, Counsel to SE2, added that the revised application had been delivered to the Council. SE2's counsel has documented the contacts they have had with state agencies and other interested parties in a letter addressed to the Council dated January 7<sup>th</sup>. He further stated that they are still interested in the Council considering acceleration of the adjudicative hearing process and he noted that a special meeting of the Council had been scheduled for January 18<sup>th</sup> regarding this request.

***Revised Application Review Process***

***(Allen Fiksdal reporting)***

Mr. Fiksdal was asked to introduce the discussion regarding process. He stated that the revised application was received at the EFSEC office and there were copies available for the Council members to take. EFSEC staff will be distributing copies of this revised application to interested

agencies and jurisdictions. Jones and Stokes Associates (JSA) will be reviewing the revised application and will prepare the draft Environmental Impact Statement (EIS) based on the revised information.

SE2 has now formally requested that the Council start the adjudicative process in the letter referred to by Mr. Blumenfeld, dated January 7th. EFSEC staff have scheduled a special meeting of the Council for January 18, 2000, at 1:30 p.m., at the WSU Building, Conference Room 308, 925 Plum Street SE, Olympia, Washington, to consider their request.

Chair Ross added that the purpose of scheduling the special meeting was to allow Council members to review materials in connection with their decision whether to expedite the intervention process or not. Council members reviewed the items in the packets distributed by staff. In addition, she will be asking those that attended the Open House sponsored by SE2 in Sumas on January 4th, to provide their impressions of that meeting. Mr. Fiksdal asked Chair Ross if this item was the only one on the agenda for the January 18<sup>th</sup> special meeting, if the Council would be taking action on SE2's request. Chair Ross responded yes, the Council would take action.

Mr. Fiksdal also informed the Council that Connie Hoag, the Whatcom County Council member appointed as the representative of the County to the Council, resigned her appointment. Whatcom County has now appointed Council member Dan McShane, who had joined the meeting on the phone and introduced himself.

Mr. Grant Bailey of JSA was asked to provide an update of this review of the revisions to the application. Mr. Bailey plans to compare the sections of the application with the documents he periodically received from Dames and Moore. He will then prepare the draft EIS, which he will submit to Council staff for printing and distribution. He plans to have the draft EIS to the Council by the middle to end of February. At this point, he has received several sections of the revised application to review, but he still does not have the air section that was revised; he hopes to have that section in the next week. Until he receives the revised air section, he cannot give a firm delivery date for the draft EIS. Once he has the draft EIS submitted to the Council he can, if the Council would like, perform a more thorough review of the entire revised application.

Chair Ross asked Mr. Bailey if he had been provided any information on the transmission lines. He responded that Dames and Moore had provided that information to him and if she needed additional information, the representatives from SE2 or Dames and Moore could respond to her question.

Mr. Darrell Jones of SE2 was asked to respond to the question regarding the transmission lines and whether any meetings had occurred with Puget Sound Energy (PSE) regarding those lines. He responded they have had several meetings with PSE regarding the transmission line corridors, Black and Veatch have been performing the environmental work regarding the lines. He also informed the Council that because of deregulation, Bonneville Power Administration has voiced an interest in building the transmission lines in addition to PSE. He will keep the Council informed on this subject.

Mr. Fiksdal reminded the Council that EFSEC has a separate contract with Department of Ecology to review the PSD permit for the Council's consideration. Staff has started discussions with Ecology regarding a contract to perform review of the 401 Water Quality Certification and Coastal Management Consistency. Ms. Makarow has the lead on this item and she hopes to have a contract to present to the Council at the next meeting.

## **Item 6: Chehalis Generation Facility**

### ***Submittal of SCA Amendment***

***(Paul Margaritis reporting)***

Mr. Paul Margaritis of Chehalis Power, via telephone, gave the Council an update on his request for an amendment to the Site Certification Agreement (SCA) for the Chehalis Generation Facility.

Mr. Margaritis stated that the letter requesting the amendment to the SCA was submitted to the Council on January 10, 2000. The request for an amendment reflected proposed changes in facility design and operation. The amendment request includes a change from water cooling to air cooling, as well as a change in operation to keep with current changes in the power industry by making the facility a "merchant plant". In association with the reduced water usage, the proposed SCA revisions requests the elimination of the water pipeline, the retirement of water rights, the obligation to treat the city of Chehalis' waste water, and the requirement for an NPDES permit since the waste water would now be discharged directly to the Chehalis publicly owned treatment works.

Because of natural gas turbine technology improvements, the project performance efficiency has improved, allowing the facility to produce 520 MW versus the permitted 480 MW. Air emissions would be reduced by 17 to 18 per kilowatt hour. Total Nox mass flow and Nox emission limits would not change.

The power output would be available for sale on a daily basis and the power purchasers may change frequently. This will require an amendment of the SCA Attachment 6, stipulation with the Washington State Energy Office (WSEO) requiring power purchase contracts for 60 percent of the power produced. Mr. Margaritis availed himself to assist the Council with any other information needs.

Ms. Katy Chaney of Dames and Moore, added that her office has completed most of the revisions to the SCA using the original document as their guide. The proposed revisions have been submitted with the letter Mr. Margaritis referred to.

In response to a question from Council regarding why the Chehalis Generation Facility had entered into a stipulation with WSEO, Mr. Margaritis explained that he does not know the exact reason for the stipulation's existence. He explained that the project was developed under contract with BPA to shorten lead-time from decision making to bringing actual power capacity on-line.

In today's market "merchant plants" do not sign long-term contracts. Power is sold on a daily or seasonal basis, not over 30-40 year contracts.

Mr. Tony Usibelli, Acting Assistant Director of the Department of Community, Trade & Economic Development's Energy Division, was asked to comment. He stated that the Energy Division is the successor of the Washington State Energy Office (WSEO) and as such, the division has authority over the agreement referred to by Mr. Margaritis. The purpose of the agreement was to encourage the applicant to recognize both the need for the power plant and least-cost planning requirement for electric utilities, which set forth precedence with respect to development of resources. Even though he was not involved in this agreement at that time, this was his understanding of what had occurred.

Mr. David Spogen of Critical Issues Council asked to respond. He stated he was present when the agreement was reached and might be able to assist. He remembers that in 1993 BPA received 64 proposals from 97 different developers totaling 7,842 average megawatts as part of a Resource Contingency Program to purchase options to acquire power later, if and when it is needed. It was believed at that time that power purchase agreements could prevent newly built plants from shutting down in a flooded market. There may also have been interest in using the new facilities for "hydro-firming".

Mr. Spogen also indicated that since there were such substantive changes being requested by the applicant, several public meetings should be held to receive comments. When asked by Chair Ross if he felt that the citizens would benefit from the Council appointing a Counsel for the Environment, he responded that it would be beneficial, especially if the same person was appointed to preserve some historic continuity.

Mr. Fiksdal was asked to proceed with the discussion regarding process. Staff's recommendation is that the Council take this under consideration and come back to their next meeting with a schedule and process, and proceed with the amendment at that time. He expects that Council will have an independent consultant review the request. One or more public hearing sessions would also be held. He also noted that the Council staff will have to look at the State Environmental Policy Act (SEPA). This amendment would not be considered technical, so a recommendation would be required to the Governor for his approval.

Ms. Rose Spogen commented to the Council that this application did not even closely resemble the original one, there being so many changes, and it was imperative that public hearings be held to inform the public of these changes. She continues to have many concerns and hopes that the Council will follow through on holding these hearings.

Mr. Usibelli commented regarding the needs provision in the current application and stated it is his belief that in spite of the changes in the electricity market that there are still reasons for retaining the needs requirement. He has had discussions regarding this with the developers and these discussions will continue. He also requested that he be able to testify during the hearings.

Chair Ross concluded that Council will render a decision regarding the review process at the next regular meeting, and that Council is committed to opportunities for public participation and comment on the SCA amendment.

**Item 7: Energy Northwest Nuclear Projects (WNP-2 and 1/4) and Satsop Combustion Turbine Project (CT)**

***WNP-2 Operations***

***(Bill Kiel reporting)***

Mr. Bill Kiel provided the Council with a brief update. Plant 2 again set monthly records for generation and low radiation exposure for the month of December. There were no unplanned generation losses and the only reductions were for control rod changes and the scheduled down power on new year's eve. The plant set a record for low radiation exposure of employees in December; it was the second month in a row for lowering that record.

During the Y2K rollover period, he was pleased to report that the plant operated as planned and everything went fine. The only problem was when a small fuel spill occurred on December 30. The tanks were being topped off in preparation for Y2K when the spill occurred.

As of early this morning, the plant was in its 77<sup>th</sup> day of continuous operation and was generating approximately 1150 megawatts.

Looking ahead, they are currently planning to submit requests in March or April to: 1) amend the WNP-2 SCA to allow for onsite storage of spent fuel; and 2) renew the WNP-2 National Pollutant Discharge Elimination System (NPDES) permit, which expires in October 2000, and must be reapplied for 180-days in advance of that date. They are also working on a report to support the close out of the cooling tower drift studies that were required by Resolution 266. They are also talking with the Department of Health about possible revisions to Resolution 259, Amendment 1, which covers sewage treatment, and Resolution 260, to reflect changes in the Radiological Environmental Monitoring Program (REMP).

***WNP-1/4 Site Restoration***

***(Dave Fraley reporting)***

Chair Ross provided the Council with a brief overview on the status of Site Restoration activities. At the December 1999 meeting, the Council adopted a series of directives to guide restoration and redevelopment work at WNP-1/4 over the next two years. Those directives and timelines were sent to Energy Northwest (ENW) in a letter dated December 17, 1999. She also met with Jim Mecca with the US Department of Energy, at the Council's direction, and felt it was a very productive meeting in gaining an understanding of their interests in restoration at the leased project sites. She then recognized Mr. Dave Fraley to report on Energy Northwest activities.

Mr. Fraley thanked the Council for its letter of December 17<sup>th</sup>, stating that it expressed the desire to proceed and cooperate with them and the Benton Redevelopment Initiative (BRI), which they appreciated. He noted that as a result of the public hearings and the communications with stakeholders, the Council was asking for a preliminary work plan and updates to the site restoration plan consistent with the BRI process. The Council's letter also takes into account the distinction between WNP-1 and WNP-4, and they feel that is very important when discussing future activities.

Mr. Fraley then reviewed three actions that ENW has taken in responding to the Council's directives. By letter dated January 6, 2000, ENW submitted a preliminary WNP-1/4 Site

Restoration Work Plan. The work plan sets out a general schedule for completing initial restoration tasks. Two other letters, also dated the 6<sup>th</sup>, request specific Council action. The first requests approval of a revision to the WNP-1/4 Landfill Operations and Closure Plans that would allow for certain asbestos-containing materials from the 1 and 4 cooling towers to be buried in the site landfill. Offsite disposal is a significant cost item and their review of disposal options supports putting the material in the site inert and demolition debris landfill. The second request identifies a number of non-reusable buildings and containers that they would like to remove from the site.

He indicated that they are also finalizing two additional letters to present to the Council for authorization to proceed. One is to provide for an environmental survey to assess hazards at the 1 and 4 site prior to proceeding with other cleanup or restoration activities. The other is to request approval to lease a warehouse facility to a federal contractor, Fluor Federal Services. They would use the facility as a staging and fabrication shop and that use is consistent with reuse activities planned for the site. A copy of the lease will be provided to the Council to assist in a timely review.

Mr. Fraley continued with a brief description of the preliminary work plan that was handed out to Council members. He noted that the tasks in the work plan are consistent with the activities identified in the June 1999 Site Restoration Plan and they are proceeding with those tasks that funding has been authorized for. He clarified that the 1<sup>st</sup> quarter shown in the plan timeline is right now.

Chair Ross asked about the reference to installing building drains and asked whether ENW will be sending another letter requesting the Council's approval of that installation. Mr. Fraley indicated a letter would be sent making that request.

The Council briefly discussed and decided that it would consider the request to remove the buildings at the special meeting on January 18, 2000, as an additional agenda item.

Chair Ross stated how much she appreciated ENW putting together the work plan and timeline, because it is extremely helpful for the Council to understand each step as implementation of the plan moves forward. Mr. Fraley stated he would continue to keep the Council informed and provide updates to any of this information as it was needed.

***Satsop CT Project – Extension of Air Permit***

***(Irina Makarow reporting)***

Ms. Makarow briefed the Council on the status of the Extension of the Air Permit for the Satsop CT Project. At the last Council meeting, a public hearing was held regarding the second extension request, which was approved. After the hearing, it came to the attention of staff that the public notice was not published in the Daily World newspaper in Aberdeen. The public notice will be re-published in the Vidette in Montesano. Staff have had confirmation that the notice will be published in a timely manner. This will start a 30-day public notice period that will end at next month's Council meeting. At that time the Council will be requested to authorize Chair Ross to sign the final approval, pending no additional comments to the permit.

## **Item 8: Legislation**

Legislative Session/Energy Facility Siting Task Force: In their report to the Governor, the Fuel Accident Prevention Team recommended that a task force be initiated to look at the general topic of siting of energy facilities in Washington State. As a result of this recommendation, the Governor sent a letter to Chair Ross requesting that EFSEC take the lead in working with the legislature on this task force activity. The first action item is for the Council to accept the request by the Governor to take the lead on the task force.

The members of the legislature have also been taking a look at energy facility siting. A number of bills have been proposed regarding pipeline safety or siting. Chair Ross requested that the Council authorize her to take a position on any substantive legislation, should the Council accept the Governor's request to lead the siting task force.

As far as EFSEC's activities in the legislature, what she would suggest is that Mr. Fiksdal and herself take the lead, asking one or more of the Council members to assist in that process, as required.

**Motion:** It was moved and seconded that the Chair, on behalf of the Council, respond positively to the Governor, accepting his request to EFSEC to lead a task force to review the siting of energy facilities in Washington State.

**Action:** The motion passed unanimously.

**Motion:** It was moved and seconded that the Chair, or any other Council member on EFSEC's behalf, be authorized to take a position on substantive legislation affecting EFSEC.

**Action:** The motion passed unanimously.

Vice-Chair Wallis clarified that Council members would be authorized to make this representation at the Chair's request only. Chair Ross stated this was correct.

Vice-Chair Wallis further clarified that in regards to substantive changes, would this include changes that would affect EFSEC's project review process as well? Chair Ross stated it would. Chair Ross asked that both of these clarifications be part of the minutes for the record.

WSU/EFSEC Contract for Siting Study: Mr. Fiksdal reported that last spring, WSU Energy Program approached the Council with an offer to enter into an agreement with them to receive monies from the US Department of Energy to assist with the review of state siting issues. Staff indicated they would be interested and a contract for \$15,000 has been issued for execution. Mr. Fiksdal discussed with Dr. Bloomquist of WSU's Energy Program a slight change of the scope of the contract, to allow for this review to be in conjunction with the work of the new siting task force. Dr. Bloomquist agreed to this change. Mr. Fiksdal asked that the Council give Chair Ross the authority to sign the contract, along with a letter outlining the changes in scope.

**Motion:** It was moved and seconded that Chair Ross be given authority to sign the contract and letter to WSU's Energy Program.

**Action:** The motion passed unanimously.

Facilitator for Process Development: Mr. Fiksdal informed the Council he has had discussions with Jim Arthur, a consultant on contract with CTED, regarding his participation as facilitator for the energy siting task force. Mr. Arthur indicated he is interested in this position. Chair Ross added that the Executive Committee discussed this at its last meeting and the reasoning behind looking at Mr. Arthur, besides the fact that he has a background in energy issues, is because he is already on contract with CTED. This would mean the Council would not have to go through a lengthy competitive process to find a facilitator for this task force and the Executive Committee agreed that this was important given the short timeframe required of the task force. It was clarified that Mr. Arthur had not been chosen by the Council as the facilitator, and that other options will still be looked at.

**Motion:** It was moved and seconded that the Council authorize the Chair to enter into a MOU with Jim Arthur to be the facilitator of the energy siting task force, in the event that his services become required.

**Action:** The motion passed unanimously.

## **Item 9: Council Affairs**

### ***Chair's Report***

*(Deb Ross Reporting)*

The Chair had nothing to report.

### ***Staff Report***

*(Allen Fiksdal reporting)*

Mr. Fiksdal informed the Council of the special meeting, which will be held on January 18, 2000, at 1:30pm, at the WSU Building, Conference Room 308, in Olympia.

Mr. Fiksdal also informed the Council that staff will be hiring a temporary clerical person to assist with the process of archiving all of the inactive records in the office. Staff will be moving to a new building, probably around July or August, and it is necessary to get these records archived before that move.

## **Item 10: Other**

Creston Generation Facility—Water Wells—Resolution 294: Mr. Fiksdal stated that at the last meeting, he had informed the Council that Avista Corporation, formerly Washington Water Power, had received a letter from the US Park Service taking responsibility of the water wells in connection with the Creston Generation Facility. He prepared a resolution for the Council's consideration that would accept the US Park Services' responsibility for these water wells and this would complete the termination of the SCA for the Creston Generation Facility. He asked that the Council adopt the resolution.

**Motion:** It was moved and seconded that the Council approve Resolution No. 294 to terminate the SCA for the Creston Generation Facility.

**Action:** The motion passed unanimously.

CTED Split Legislation: Mr. Fiksdal reminded the Council that there is going to be legislation to recommend splitting CTED into two agencies. The Energy Division would be split, with Energy Policy moving to Department of Trade & Economic Development (DTED) and EFSEC remaining with Department of Community Development (DCD). It has been recommended that EFSEC and Energy Policy continue to be co-located in the new building and that they enter into an MOU to exchange services.

**Item 11: Adjourn**

The meeting adjourned at 3:40 p.m.

**NEXT MEETING**: The next regular Council meeting is scheduled for February 14, 2000 at the Rowe Six Conference Center – Building 1, 4224 Sixth Avenue SE, Lacey, WA.