

**Minutes**

**ENERGY FACILITY SITE EVALUATION COUNCIL  
OF WASHINGTON**

**August 11, 2003 - Regular Meeting**  
4224 6th Avenue S.E., Building 1  
Lacey, Washington - 1:30 p.m.

**ITEM 1: CALL TO ORDER**

CHAIR LUCE: We will come to order here on the Monday, August 11 meeting of EFSEC. Can we have the roll call, please, and then I want to make an introduction after the roll.

**ITEM 2: ROLL CALL**

**EFSEC Council Members**

**Community, Trade & Economic Development**

**Department of Ecology**

**Department of Fish & Wildlife**

**Department of Natural Resources**

**Utilities and Transportation Commission**

**Chair**

**Kittitas County**

Richard Fryhling

Charles Carelli

Chris Smith Towne

Tony Ifie

Tim Sweeney

Jim Luce

Patti Johnson (via phone)

MR. MILLS: I note the presence of Chair Jim Luce and there is a quorum.

CHAIR LUCE: I would like to note the presence of our new member, Chris Smith Towne, representing Fish and Wildlife. Chris brings to us a depth of experience in Washington State agencies and commissions. I won't say dating back how many years, just a few years, and she will be with us from this day forward, and we hope for a long, long time. Chris, do you have anything to say?

MS. SMITH Towne: No, thank you.

CHAIR LUCE: Thank you.

**OTHERS IN ATTENDANCE**

**EFSEC STAFF AND COUNSEL**

Mike Mills

Mariah Laamb

Allen Fiksdal

Irina Makarow

Ann Essko – AAG

AAG; Julian Dewell, ALJ (via phone)

## **EFSEC GUESTS**

Karen McGaffey-Perkins Coie  
Laura Schinnell, Energy Northwest  
Grant Bailey, Jones & Stokes  
Bill LaBorde-NW Energy Coalition  
Darryl Peeples – Zilkha (via phone)

Tom Schneider, Tractebel  
Kirk Deal - PNWRCC  
Cindy Custer-BPA  
Mike Lufkin, CFE

## **ITEM NO. 3: APPROVAL OF MINUTES**

CHAIR LUCE: The first item on the agenda is approval of the minutes for July 14, the regular meeting. Have the Council Members had an opportunity to review the minutes?

MR. FRYHLING: No.

MR. CARELLI: No.

CHAIR LUCE: Does the Council wish to take an opportunity to review the minutes?

MS. SMITH TOWNE: Yes.

CHAIR LUCE: Well, if the minutes aren't in the packet, it will be a little difficult to review the minutes. Mariah.

MS. LAAMB: Jim, I was unable to have the minutes ready for the 14th, so it's a typo of actually what's in there. What you do have is a draft for the July 17 special meeting that dealt with the CO2 comments, so that's what's in the packet, and it's a basic straight transcript. I thought you would want to review them and do any approval for them before we could accept them and have them available for the public.

MR. MILLS: That was a handout.

CHAIR LUCE: All right. Well, we will then defer the approval –

MS. SMITH TOWNE: No.

MR. FIKSDAL: That's not the packet.

MS. SMITH TOWNE: Buried in here?

CHAIR LUCE: No, not in the packet. If you look under the pink sheet there, Chris.

MS. SMITH TOWNE: Oh, sorry.

CHAIR LUCE: It should be toward the bottom of the pink sheet.

MS. SMITH TOWNE: Yes, thank you.

CHAIR LUCE: We will defer the approval of the minutes for July 14, 2003, and I don't think we need to approve the transcript; although, there are probably some places where I wish we could improve upon the transcript, but the transcript is what the transcript is. But why don't Council Members take a look at it between now and the next meeting. I think redacting the transcript is probably not something that we want to do at this point in time, but I'm sure looking forward to reading it to see what I said. You know, somebody accused me of being loquacious. Probably was.

## **ITEM NO. 4: ADOPTION OF THE PROPOSED AGENDA**

CHAIR LUCE: All right. We have the next item before us is the adoption of the proposed agenda. Have Council Members had a chance to review the proposed agenda? Are there any additions, corrections, reordering, or other changes to the proposed agenda? Hearing none, the agenda is approved as proposed.

## ITEM NO. 5: KITTITAS VALLEY WIND POWER PROJECT

<i>Land Use Extension</i>	<i>Irina Makarow, EFSEC Staff</i>
---------------------------	-----------------------------------

CHAIR LUCE: The first item on the agenda is the Kittitas Valley Wind Power Project. Irina, you are reporting on this today. We have a land use extension. I believe it is an action item. Is this a letter from counsel for the power project?

MS. MAKAROW: Yes. And, Julian and Patti, can you hear me?

MS. JOHNSON: Yes.

MR. PEEPLES: Can you hear me?

CHAIR LUCE: It sounds like Darrel.

MR. PEEPLES: Yes, I'm on the line. I just wanted everybody to know I came in on the line.

CHAIR LUCE: All right. Irina, do you want to proceed?

MS. MAKAROW: Yes, I will. We received a letter dated August 3 from Mr. Peeples representing Sagebrush Power Enterprises requesting an extension of the period that the Applicant has to work out land use consistency issues with the County through January 15. As a reminder, originally at the land use hearing, the Council had allowed, I believe a 90-day period is required by our rule for resolution of these issues which led through August 1, and the Applicant has already requested one extension through September 1, so this is the second extension that is being requested. The Applicant also notes in their letter that sometime in the future they would come to the Council to seek mutual agreement of extension of the Council's statutory review period for the project as a whole, and that's the one year requirement of RCW 80.50.100. The only comment that staff would have to make is that it would probably be a good idea for the Council to require, if the Council should approve this extension, to require the Applicant to submit progress reports on October 10, December 5, and January 9 as to the work that they're doing with the County on this issue.

CHAIR LUCE: Thank you. Council Members, do you have any comments? And, Chris, for your benefit I think we're in a situation here where the County is doing the review work, and they're waiting on the environmental impact statement associated with this wind power project. The environmental impact statement I believe should be out in draft in -- help me here, Allen, -- in the not too distant future. Well, we can ask for some clarification on that. Kittitas County has a very thin planning staff, and they have I believe now one, two, three, four?

MR. FIKSDAL: At least three. Well, two proposals and actual applications and one possible.

CHAIR LUCE: They're overwhelmed.

MS. SMITH TOWNE: And the Growth Management Act imposes its own set of requirements and one doesn't do it in 90 days in my experience.

CHAIR LUCE: Right. So what the developer I believe is trying to do is work cooperatively with the County and segue these things in the most reasonable way, fashion, and they've asked us to give them some additional time to work with the County. Is that a fair statement of what seems to be going on?

MS. MAKAROW: Yes.

CHAIR LUCE: When do we expect, Irina, possibly to have a Draft Environmental Impact Statement?

MS. MAKAROW: We at this point in time are aiming to have the Draft Environmental Impact Statement issued on October 3.

CHAIR LUCE: Then that would be out for comment for a period of time.

MS. MAKAROW: Yes.

CHAIR LUCE: Council Members have any questions?

MR. CARELLI: **I think we're going down the right track. I don't think we have options in this particular case and would move that we approve the time extension to January 15, 2003, and at Irina's suggestion to ask for a progress report at our Council meetings in October, December, and January.**

CHAIR LUCE: November -- did you have November in there?

MS. MAKAROW: No, October, December, and January.

CHAIR LUCE: I've heard a motion. Is there a second?

MS. SMITH Towne: **Second.**

CHAIR LUCE: Is there any discussion among the Council Members?

MR. SWEENEY: Jim, could I –

CHAIR LUCE: I'm sorry. I note the presence of Councilman Sweeney from the UTC has just joined us. We'll please note that for the record. Yes. The question has been asked. Pete, was that you?

MR. DEWELL: I just wanted to offer something.

CHAIR LUCE: Yes.

MR. DEWELL: Perhaps the time period is pretty crucial to EFSEC that you might want to consider adopting that motion but adding to it subject to agreement by the Applicant to extend the one-year period.

MR. PEEPLES: I will. We will have that -- Julian, this is Darrel Peeples. We'll have that request in probably next week.

MR. DEWELL: Okay. All right.

MR. PEEPLES: It's coming in. I have a draft of it, but I just didn't get it in last week. It's coming in.

MR. DEWELL: Okay.

MR. PEEPLES: You can put it in. I don't have any problem with that, but it's coming in.

MR. DEWELL: Okay. I just didn't know what kind of time period you were on.

MR. PEEPLES: I guess the other thing, Jim, is that we will know pretty much at the end of December, first part of January. We also might come, depending if we we're close but not done, we come in and ask for further extensions with the County.

CHAIR LUCE: Thanks, Pete. That's a good idea. So, Darrel, we'll look forward to seeing that in the next ten days, two weeks at the latest. So we've had a motion. We've had a second. We have discussion out among Council Members. Is there any Council Member with discussion? Do we have a call for the question?

MR. FRYHLING: Call for the question.

CHAIR LUCE: The question has been called for. All in favor say aye.

COUNCIL MEMBERS: **Aye.**

CHAIR LUCE: **It's unanimous. Thank you very much.** This matter has been resolved. We also have an item here under Kittitas Valley Wind Power Project for progress report. Irina, you seem to be responsible for the progress report as well.

<b><i>Progress Report</i></b>	<b><i>Irina Makarow, EFSEC Staff</i></b>
-------------------------------	--

MS. MAKAROW: Well, it seems I've already reported on the progress. Basically we expect to get the administrative review version of the Draft EIS to the Council for their review on August 29, and we are aiming for issuance of that document for October 3. And that's all that I have to report at this point in time.

CHAIR LUCE: Great.

## ITEM NO. 6: BP CHERRY POINT PROJECT

<i>Progress Report</i>	<i>Irina Makarow, EFSEC Staff</i>
------------------------	-----------------------------------

CHAIR LUCE: You can stay right where you are because it seems like you're also responsible for BP Cherry Point progress report, Irina.

MS. MAKAROW: In the additional materials that were handed out to you today, there should be a one-page white sheet that has an updated proposed schedule for the BP Cherry Point project. The last two weeks EFSEC staff and Shapiro staff have been working very hard at producing the Technical Advisory Committee review version of the BP Draft EIS, and this is the version that goes to Bonneville Power for their approval before it gets issued. And in doing this work the Applicant has also been supplying us some additional information to make the analyses more solid and correct, and in order to be able to do all this work the Applicant has allowed EFSEC a one-week extension of the deadline to produce the documents. And this was based on what was reported to you at the Executive Committee meeting last week. So at this point in time we expect to have the Draft EIS issued to the public on September 5. That's one week later than what was reported to you last week at the Executive Committee meeting. And, of course, in our last prehearing order the Council had set out a schedule, an occurrence of events that would start happening with issuance of the Draft EIS that were keyed off of that issuance date. And the sheet that I handed out to you today basically translates that to what those dates would become with an issuance date of September 5. And it basically takes us to a September 19 filing by BP of their prefiled testimony. On September 26 would be the deadline for late intervention requests, and, of course, the notice of that late intervention would happen September 5 with issuance of the Draft EIS. We would hold a public hearing on the weeks September 29 or October 6. The actual date will depend on availability of location and transportation for the Council. On October 20, would be the end of the Draft EIS comment period, and that's 45 days for NEPA requirements. November 7 the other parties would be submitting their prefiled testimony. November 28, BP would file its rebuttal testimony, and we would be ready to go to hearing on December 8.

With regards to other parts of the review that are still ongoing, the Draft 401 certification and the state waste water discharge permits are getting pretty close to final. We expect to be able to make them available to the public in September. At this point I won't really advance any days, but I'm pretty sure that by the end of September they will be made public. The Draft PSD permit will probably be ready at the end of September, and we would have to coordinate issuance of that document for public comment because there is a 30-day public comment there, and we would either want to hold the public comment meeting the same time as the adjudicative hearings or we could hold it earlier. The Council would have to decide that, when that document would be ready.

CHAIR LUCE: Thank you. That's very helpful. Comments by the Council? Questions?

MR. IFIE: I will make a comment. It's very helpful to see the schedule laid out where it is, so I appreciate the effort you put into it.

MS. MAKAROW: You're welcome.

CHAIR LUCE: Pete?

MR. DEWELL: No.

CHAIR LUCE: Do you have a copy of the schedule?

MR. DEWELL: I was just taking notes on it.

CHAIR LUCE: We will get it to you after the meeting.

MR. DEWELL: Okay. You can just fax it to the office here.

CHAIR LUCE: Right. Good progress report. Thank you very much. So we're good to go as far as we know on this schedule.

**ITEM NO. 7: WILD HORSE WIND POWER PROJECT**

<b><i>Progress Report</i></b>	<b><i>Irina Makarow, EFSEC Staff</i></b>
-------------------------------	--

CHAIR LUCE: Well, you're still in the chair, and we have now moved to beyond BP Cherry Point to Wild Horse Wind Power Project and another project report.

MS. MAKAROW: On to the newest of our projects which is the Wild Horse Wind Power Project. Jones & Stokes has initiated in full to work on the potential site study. Their first deliverable is a draft criteria document on August 25 to the Council, and that is the document that will be an outline of what the application should contain for the Applicant. A potential site study report will follow in the second half of September, and according to our schedule the Applicant is going to be submitting a draft application for site certification to Jones & Stokes for review and cross-checking against the criteria document at the beginning of October. We do have here Grant Bailey with us today. Maybe Grant can wave his hand. There are a number of new Council Members that Grant has not met yet, and Grant is the project manager at Jones & Stokes for this work for the Council.

CHAIR LUCE: He's our independent consultant.

MS. MAKAROW: And our independent consultant.

MR. FIKSDAL: I'll just add Grant has been involved with the Council since the mid '80s or the early '80s probably in different projects dating back that long.

CHAIR LUCE: There's no term limits here? Just kidding. Grant, we've always enjoyed working with you.

MS. MAKAROW: That is all I have to report unless Council Members have questions.

CHAIR LUCE: Questions from the Council? Thank you very much.

**ITEM NO. 8: SATSOP COMBUSTION TURBINE PROJECT**

<b><i>Progress Report/CI Stormwater Pond</i></b>	<b><i>Laura Schinnell, ENW</i></b>
--	------------------------------------

CHAIR LUCE: Well, from wind to Satsop. I see Laura. Laura, are you going to give us an update provide us with information on the C-1 storm water pond.

MR. DEWELL: Jim, I will bow out.

CHAIR LUCE: Thanks, Pete.

MR. DEWELL: Okay.

CHAIR LUCE: Pete, I'm going to give you a call a little later about that other project we talked about.

MR. DEWELL: Okay.

CHAIR LUCE: For those of you who are interested in what the other project is about, it concerns the rule writing effort that we're underway on, not to be coy. All right.

MS. SCHINNELL: All right. Construction wise the project remains under construction defer mode, so we still just have a small staff on site doing mostly maintenance work with the occasional project. Our big item this month is doing the C-1 pond renovation. If you recall, the NPDES permit required us to perform an evaluation of Grays Harbor Public Development Authority's C-1 storm water pond which we previously received permission from EFSEC to use during

construction. That study was completed and submitted to the Council at the end of February of this year, and as a result of that study and continuing discussions with Council staff and Department of Fish and Wildlife and Ecology, it was determined that the 5 best option would be to do a renovation of that C-1 pond, so that we could comply with Ecology's current storm water management manual for Western Washington and their updated Western Washington hydraulics model. We came to the Executive Committee with the concept drawings and received a nod that that appeared to be the appropriate direction to go in. Our engineer has completed the design drawings, and we will be submitting the permit application to Grays Harbor County who would be the normal permitting authority for Grays Harbor Public Development Authority for renovation of the pond, and I actually expect to submit that permit application tomorrow.

We've also been talking with contractors, and we expect simultaneously that we will get estimates from the contractors for the cost of the work maybe even as early as tomorrow, and tentatively providing he can get the materials needed or they can get the materials needed potentially start that renovation work the last week in August, if we've gotten our permits from the county as well. But typically it's a two-week turnaround for a county. Potentially the first week or two in September we expect to have the renovation completed. What this will do is will bring the pond up to the current standards.

We chose to go with sizing for a ten-year storm event. Normally Ecology would require a two-year storm event, and only in special circumstances require the ten-year, so we took the conservative approach there. As a part of this project we're minimizing the vegetation that needs to be removed from the area, so we will be deepening the pond, but basically just removing trees that are already inundated when the pond holds water to protect the wildlife that's there. We've also guaranteed that I'll be present during that construction. That was a concern that Lauri Vigue with the Department of Fish and Wildlife expressed is I would be there to monitor the contractor and verify that we stayed within the vegetation clearing limits which will be marked beforehand.

As a result of doing that C-1 pond renovation, so that we are, if you will, ready to go for the rainy season, we've submitted an amendment request for the NPDES permit that basically asks that we be allowed to have the language in our permit consistent with the language of Ecology's general permits, the general permit for construction and then the general permit for industrial discharges and have submitted proposed draft amendments basically showing what we would like to see in that permit request.

CHAIR LUCE: Thank you. What's the status of that permit?

MR. MILLS: Right now I'm working with the company in trying to understand the amendments that they've proposed in developing facts sheets. I would expect we would have that completed in the next two weeks, and then staff would issue the draft permit along with the facts sheet. There's a 30-day public comment period that's required. I'm hopeful we could bring the permit modification request back to the Council for action at your October meeting.

CHAIR LUCE: Okay. If necessary, we could call a special meeting to expedite this.

MR. MILLS: If that is necessary, we would consider it.

CHAIR LUCE: Thank you. Thank you very much.

MS. SCHINNELL: Any other questions?

MR. IFIE: I have a quick question. Is Ecology involved in the review of the NPDES or is that EFSEC staff?

MR. MILLS: EFSEC's staff is going through the preparation of the modification and the facts sheet on this. We have been in discussion with Ecology, and the contract that we are considering for compliance monitoring services section that is going to provide that service doesn't have anyone

available; though, they did volunteer that person, and he did go to the site, so he is familiar with this action or proposed action. But staff feels comfortable that we can prepare the amendment request and facts sheets and issue it.

MR. IFIE: Thank you.

CHAIR LUCE: Any other questions?

MS. SMITH TOWNE: Mr. Mills, the memo says attached is a draft permit revision, this memo.

MR. MILLS: We did not attach it.

MR. FIKSDAL: If would you like a copy, we can get it to you.

MS. SMITH TOWNE: That's fine.

MR. FIKSDAL: The changes are essentially changes in the language that would reflect what as Laura suggested the language that comes out of the Ecology Western Washington Guide Book.

MS. SMITH TOWNE: Okay.

MR. FIKSDAL: It's a language change, not really a change of any conditions that were in the permit. It's just mainly a substitution of language that reflects what's in the Ecology documents.

MR. IFIE: That raised one question in my mind. You are of the understanding the NPDES was going to be changed to reflect the fact that the outfall is going to be through surface water as opposed to ground water.

MR. FIKSDAL: Right.

MS. SCHINNELL: And actually storm water does discharge to surface water, so it was also an inconsistency in the permit that really needs to be modified. That's another driving force to do that.

CHAIR LUCE: Okay.

MR. IFIE: Okay.

CHAIR LUCE: Any other questions? Thank you, Laura.

## **ITEM NO. 9: CHEHALIS GENERATION FACILITY**

<i>Construction Status Report</i>	<i>Tom Schneider, Tractebel</i>
-----------------------------------	---------------------------------

CHAIR LUCE: Tom Schneider, how are things in Chehalis?

MR. SCHNEIDER: Just fine.

CHAIR LUCE: Except last week when I was trying to get home and some semi had rolled over the freeway going south and closed all lanes. I wasn't too happy about that. I want some mitigation. Maybe we can write a rule around that.

MR. SCHNEIDER: I appreciate that. We saw the long line.

CHAIR LUCE: So did I.

MR. MILLS: I'd refer members to two handouts. One is called site report from July 2003 and another is called the weekly report noise monitoring program, and Tom will be speaking to that.

MR. SCHNEIDER: I am pleased to report that we have completed our performance testing activities at the Chehalis project, and just in the past two days the project has been turned over to the owner for care and custody. There is still probably about a month of punch list work by their small crew left to be done before the contractor is completely demobilized and off the site; however, at this time our operators are operating the facility and going through various operating drills to become very comfortable and good with the facility and find all of those various ways that they can bring the unit up to load as quick as possible and to keep it as quiet as possible. As it's designed it's a little noisier than we would like, so we've been really working hard to find ways to reduce the noise levels.

Looking at our site report, the weather has continued to be great as it has for the last two years as a matter of fact. We did have one minor safety incident in the month of July. It was a minor activity, an injured finger that lost time. No environmental instance to report from our site. Personnel are down now to 251 people total, including our operators. Actually today it's probably 50 people less than that. We're probably just under 100 out at the site. The engineering procurement, of course, is complete at this time with the exception of additional noise attenuation activities that are ongoing both in the engineering and procurement areas. We have three pumps in particular, for example, that we are engineering covers for and are being procured at this time to actually cover these pumps up. They happen to be outside the main building.

As far as construction activities going, all installations are complete, and we're still doing a little bit of insulation painting work in addition to the final punch list items. Start-up activities I mentioned earlier are generally complete with the exception of our plant emissions and CEMs RATA testing which is scheduled for next week on the 18th and 19th. We will be mobilizing activities on the 18th and the test will begin on the 19th, and that pretty well closes out the performance testing activities for the project, and then we expect the reliability test, which is a 7-day operating test, to be completed in early September, generally 30 days after the project is turned over to the owner. Things have gone exceedingly well for start up. The contractor reports that this project has started up faster than any other in their history, 75 days -- 74 days, excuse me, as opposed to a typical 90 to 120. I'm very pleased with that. Then there are a couple of pictures added to your report that show some of the noise attenuation work that we're doing.

The first in the upper part shows the upper parts of the heat recovery units, the boilers with that new insulation that you may see on the piping going up to the silencers. It was determined that a lot of the noise was coming from the piping itself before it actually got into the silencers, so that's being covered up. The lower picture is a vent stack beside the steam turbine area which is also quite noisy and does not have a silencer on it. We are engineering and ordering a silencer for that line. It was also covered with insulation, not part of the original design, but, again, our noise consultants indicated that that would probably help quite a bit. So we covered that with insulation, and the dark color material you see is a sound attenuating type of material as opposed to simply a weather proof covering. And that's my report on the construction activities. Any questions about that?

CHAIR LUCE: How is everything in the neighborhood?

MR. SCHNEIDER: It varies a little depending on who you're talking with. It's improving considerably. As we are getting out of our testing activities, the opportunity for upsets are going down, of course, and as I am visiting neighbors on a frequent basis, they're beginning to say, well, that's not bad now. Mostly when we're at full load and the systems are all operating, that design, that's the time the facility is at its quietest actually. They're always surprised to find that it's at full load. When it's starting up initially and a lot of valves are just barely open, and we are having some heat-up activities that cause us to vent steam, that makes them uncomfortable and not sure what's going on. So as we explain it more and more this really is just steam being vented to the atmosphere, they're getting more comfortable with the fact that it's not about to blow up or some kind of a catastrophe.

CHAIR LUCE: Questions from the Council?

MR. CARELLI: On your start up, how long does it take typically, you know, from a warm condition ramping up to an operating stage?

MR. SCHNEIDER: From a warm condition, it typically takes two to four hours depending on whether the operators are able to avoid any upset conditions. There's quite a bit of careful operating involved in blending the two units together and coming up smoothly and maintaining the

proper vacuum and bringing in the steam turbine all at the same time. They're getting much better at it, but two to four hours is typical. We have to have the unit up to 60 percent load minimum to meet our air permit requirements, so we've got basically three hours to get up to 60 percent. That's our principal goal right now is to be very dependably able to come up within three hours. We did have our RATA test scheduled for this week, but found that we really did need some more time to smooth out our operations, so it's next week now.

MR. CARELLI: Thank you.

CHAIR LUCE: Other questions from the Council? Great. Thank you very much.

MR. SCHNEIDER: You're welcome. I did bring in the weekly noise monitoring report for Mike today.

MR. MILLS: Yes. The Council Members have that as a handout. If you take a look and you have any comments, get that back to me. I met with the company late last week, and we kind of went over the format. We thought this would provide the kind of information that was required in the notice of incident. So if you have any questions, get them back to me, and then I can work with the company to make sure that we got it.

MR. SWEENEY: Any there any readings that are exceeding what they should be?

MR. MILLS: Tim, I have not had the chance to look at the numbers. I just got it today at the meeting. We will take a look at it, and I'll put out an e-mail to Council Members for comment.

MR. SCHNEIDER: I would like to say there are a number of readings that are taken during upset conditions, so we do have some steam venting activities that are short term, but during that time we were taking readings to try and see what that was, see where it's coming from, see we what might do to further improve that condition.

CHAIR LUCE: If I understood correctly, Tom, you're continuing to work on sound mitigation measures.

MR. SCHNEIDER: Yes, sir.

MR. FIKSDAL: Mr. Chairman, I want to thank Tom for all his time he's taken with the Council. He started back in the mid '80s when Tractebel first applied -- in the '90s, excuse me. It seems like the '80s.

MR. SCHNEIDER: I guess it hasn't been that long, but it has been a long time.

MR. FIKSDAL: It has been a long time, but Tom has always been very easy and nice to work with, and we appreciate all the effort he has given to work with the Council and wish him well in his next assignment.

CHAIR LUCE: Is this it?

MR. SCHNEIDER: Probably within the month, they will decide they can't leave me here any longer.

CHAIR LUCE: Well, let us know when. You're not going to stick around for the ribbon cutting or anything?

MR. SCHNEIDER: I'm not sure when that's going to be, but I might have to come back.

CHAIR LUCE: That would be great. I hope you do come back.

MR. SCHNEIDER: Thank you.

<i>Southwest Clean Air Agency MOA</i>	<i>Mike Mills, EFSEC Staff</i>
---------------------------------------	--------------------------------

CHAIR LUCE: Thank you. Mike, we have one other matter on here for the ratification.

MR. MILLS: Yes. Report to the Council that staff is recommending that the Chair execute a memorandum of agreement with Southwest Clean Air Agency to provide air permitting monitoring services during this initial start-up period. I believe we've reported that the Executive Committee

and the staff has been working with Southwest Clean Air and the Department of Ecology to try to come to agreement on a three-party agreement that would involve the Council, Ecology, and Southwest Air. We're having continuing discussions with the Department of Ecology and have not been able to finalize that three-party agreement. In the interim we would like to enter into this memorandum of agreement with Southwest Clean Air. We believe it will provide for monitoring of these initial performance tests. They will be able to advise the Council and report on the start-up tests, and they will be familiar with the equipment and advise the Council as to whether it meets standards. And then it will also assist in the review of initial operation air emissions data which would continue in the fall in the event that we are still unable to execute this agreement, three-party agreement with Ecology. We would recommend that the Council approve this. It would be for a period of July 1, 2003 through December 31, 2003 for an amount not to exceed \$25,000. We made it retroactive July 1st because Southwest has been providing services on their own nickel at the plant. We feel it's important that they be reimbursed for the work that they've provided during the period July 1 to the present. So, again, staff would recommend that the Chair be authorized to sign the memorandum of agreement on behalf of the Council.

CHAIR LUCE: Thank you. Does the Council authorize me to sign this memorandum?

MR. CARELLI: Do you want that in the form of a motion?

CHAIR LUCE: I think that's probably a good idea.

MR. CARELLI: **I would move that the Council authorize the Chair to sign the interagency memorandum of agreement between EFSEC and the Southwest Clean Air Authority.**

MR. FRYHLING: **I second that.**

MS. SMITH TOWNE: Question. Mr. Mills, there's a \$25,000 cap under 4.0, and 5.0 says EFSEC will reimburse for actual expenditures incurred. What happens if and when the actual expenses incurred exceed the cap.

MR. MILLS: We are only going to pay \$25,000. Southwest Clean Air would approach us about an amendment at that time, and we would consider it and bring that back to the Council.

MS. SMITH TOWNE: So I should read 5.0 as having that provided that 4.0 cap governs unless otherwise amended.

MR. MILLS: Yes.

CHAIR LUCE: Any discussion? All in favor -- we've got a second. Call for the question.

CHAIR LUCE: I'm going to abstain on this. **All in favor say aye.**

COUNCIL MEMBERS: **Aye.**

CHAIR LUCE: Thank you very much.

MR. MILLS: Thank you.

CHAIR LUCE: EFSEC rules. Tony, you have some --

## **ITEM NO. 10: ENERGY NORTHWEST PROJECTS**

### **Columbia Generating Station**

<i>Operations</i>	<i>Mike Mills, EFSEC Staff</i>
-------------------	--------------------------------

MS. SMITH TOWNE: What happened to Columbia Generating?

CHAIR LUCE: How can I miss Energy Northwest? Where am I?

MR. MILLS: Because it's going to be real short. I will give an operational report. I spoke with John Arbuckle this morning. Columbia Generating Station has been on line for 39 consecutive

days, and they're operating at a hundred percent power. I would note we are also working with the company and the Department of Ecology on how to dispose of the 19 million gallons of water that we've moved from the condensers at Columbia over to the one in Forest Gray Pond, and we hope to bring something to the Council very soon on that. That concludes my report.

CHAIR LUCE: Cindy, do you have anything on this?

MS. CUSTER: No.

## ITEM NO. 11: EFSEC RULES

<b><i>Progress Report</i></b>	<b><i>Tony Ifie, DNR</i></b>
-------------------------------	------------------------------

CHAIR LUCE: Thank you. EFSEC rules. Tony, do you have anything?

MR. IFIE: You have in your packet a yellow piece of paper that says EFSEC rule making. In there it's self-explanatory about all the work that's going on in rule making right now, so there's no action for the Council at this meeting, but different folks are working hard to move the process forward.

CHAIR LUCE: Okay. Let's just run through the list. EIS Format and Guidelines. Allen, you're working on that, right?

MR. FIKSDAL: Yes, I've sent copies of what I had at the Executive Committee meeting to the Council Members. I know that Mr. Carelli has mentioned that he's looked at them very carefully and is going to have several suggested changes

CHAIR LUCE: Good.

MR. FIKSDAL: And I hope others do too.

CHAIR LUCE: What's fees? Is that still an issue?

MR. FIKSDAL: No, it's not an issue. We haven't finalized it.

CHAIR LUCE: Is there a rule that's going to be attempted?

MR. FIKSDAL: There is a change to the rule that's going to clarify, I think, the timing of the fees.

CHAIR LUCE: Application amendment.

MR. FIKSDAL: That was going to -- we're going to take the 463-42-690, amend part of that 690, and add a new rule that would require if a project is approved, then the project owner has to come back to the Council with the document that shows all the conditions that they have to meet.

CHAIR LUCE: That's Mike's. After we get it done --

MR. FIKSDAL: After you give it to Mike, he gives it back to me.

MR. MILLS: That's got Allen's name on it. It's not Mike.

CHAIR LUCE: All right. You and Mike are working on it together.

MR. FIKSDAL: Yes.

CHAIR LUCE: Receipt of Application.

MR. FIKSDAL: Oh.

CHAIR LUCE: I'm trying to figure out --

MR. FIKSDAL: That one I think we had thought we might want to change the rules on when the Council actually receives the application, and I think Tim had some thoughts on that one. Was that right, Tim?

MR. SWEENEY: Didn't you write then down when I had them?

MR. FIKSDAL: We had some thoughts about it, and I think it may just go away, and that may be the discussion we have on the 18th.

MR. SWEENEY: I can't remember.

CHAIR LUCE: Compliance --

MR. FIKSDAL: I just made that up.

CHAIR LUCE: Compliance Determination and Enforcement.

MR. IFIE: That one it's a subcommittee that's working on compliance with Mike.

CHAIR LUCE: What is it?

MR. IFIE: What it is, is it's going through to make sure that we have the right delegation from the Council to staff to make sure that there is clarity on what Council Members' authority is in this area and what is staff's authority.

MR. MILLS: I think more broadly we're trying to follow up on the discussion you had at your retreat about a compliance program.

CHAIR LUCE: I don't necessarily see that as a rule in terms of siting power plants.

MR. MILLS: We need to look at the rules I think in the broader sense.

CHAIR LUCE: All I'm trying to say for this exercise there's rules and then there's rules. What I want to try and do is focus in -- we're not running out of time, but we are getting down to a few rules that have got to be done before we finish off our siting standards. And we are already looking at something like July, and so what I want to do is wrap this up. And if there are nonessential -- I won't say they're nonessential -- there are lesser priority rules that can be dealt with in a separate CR 101, I would like to move them to a separate CR 101 and get them moved because I can think of lots of rules that we could write.

MR. IFIE: This will not slow us down at all.

CHAIR LUCE: Okay.

MR. IFIE: We're making some headway.

CHAIR LUCE: Well, we're going to have need and greenhouse gas done here by the middle of September. If the rest of those are done by the middle of September, then I think the headway is great. If they run into October, then I think we do them in a separate CR 101. If they can catch up, that's great. If it's going to lag the process, then I think that it's got to go someplace else.

MR. MILLS: And that's fine because what we'll come up with are more like procedures as opposed to a rule.

CHAIR LUCE: That works. Comply with Current State Program. Chuck, what's that?

MR. IFIE: There are three of them there.

MR. FIKSDAL: That's all the waste water.

CHAIR LUCE: Some of these we were going to do and some of these we were going to put into another process, right? But I can't remember which were which.

MR. FIKSDAL: The 38 we were going to try to do right away, and then the other two I don't know. We were thinking about maybe if we got them done, then we would go with it. That's my recollection.

MR. CARELLI: 463 –

MS. MAKAROW: 463-38 is the current NPDES program that EFSEC had, and I think the work that you were doing on 463 was bringing it up to par with what Ecology is doing right now.

MR. CARELLI: We have that and –

MS. MAKAROW: That would be closest to go. The other two need more discussion.

MR. CARELLI: The other two are somewhere midstream. The waste discharge permit, 400-463, new waste discharge program is about halfway through in review. It will take some additional face time, meeting time to go through to get ready, and the one that's furthest away from being complete is the general permit.

CHAIR LUCE: Okay.

MR. CARELLI: So 463-38 is at or very near ready to go. I would like to try and see if we could get the waste discharge program ready at the same time. Now in doing this, in moving with 463-38 at this time that presumes that we are going to have a separate rule for general permits rather than incorporating the general permit in with the NPDES rule. I know that's been part of our discussion debate whether we want to try and incorporate the general permit in with the NPDES. I think in looking at it, it does make sense to keep that separate and to make that a separate rule. So in moving 463-38 we have to acknowledge that we are going to have that separate rule; that that is our decision.

CHAIR LUCE: Personally speaking, I have a lot of flexibility, comfortable with putting some other rules in as long as they don't cause us to lag this middle of September when we're going to be through with CO2 and need. See if we got through with everything else but -- we're through with that then and the other ones we are going to finish with, and then we're waiting on other stuff that we could do in a separate CR 101 process, that to me at that point in time we're just kind of spinning wheels.

MR. CARELLI: So as long as we work diligently and move as many of these along as fast as we can before we are at the same time as need and greenhouse gas we are in good shape.

CHAIR LUCE: Absolutely.

MR. CARELLI: That's good.

CHAIR LUCE: So that's just my thing because then we've got the small business impact statement, and we've got the SEPA statement, and then we've got the 180 days to lay on the table. There's just a lot of stuff, and the schedule we're looking at right now is July. So we can still do the other things. We will just start in a separate CR. We don't even need to start a separate CR 101 process.

MR. FIKSDAL: It would be a separate CR 102. We will just do it that way.

CHAIR LUCE: Right. So anyway that's my thinking and just to test this with the Council on how I would like to go about it.

MR. IFIE: Any comments? Other questions?

CHAIR LUCE: Yes.

MR. IFIE: I'm asking if anyone has any comments.

CHAIR LUCE: No, not for me. That concludes the report on rule making.

<b><i>Ecology Contract – Small Business EIS</i></b>	<b><i>Mike Mills, EFSEC Staff</i></b>
---	---------------------------------------

CHAIR LUCE: Ecology contract, small business economic impact statement. We have a contract. First of all, I want to say thanks and a great deal of appreciation to Chuck Carelli and the Department of Ecology for their willingness to help us with the small business economic impact statement work that we didn't have to do on these rules. They stepped up to the plate and continue to step up to the plate where other agencies were unable to do that, including our own CTED. We are going to ask for approval today to go forward with the CO2 Rule - Small Business Economic Impact Statement, but there will be other work that needs to be done on other rules, and, Chuck, can expound on that in a little bit. But I think that working in cooperation with Ecology as we have in the past will be able to get this work done in a timely manner, and it will represent a very integral part of our final rule making package. Chuck.

MS. SMITH TOWNE: A question before you proceed, Mr. Chairman.

CHAIR LUCE: Yes.

MS. SMITH TOWNE: The piece I got was lacking Page 2, so I can't say that I have reviewed it in full. It goes one, three, four, five.

MS. LAAMB: It appears they're all that way.

CHAIR LUCE: You are very observant, Council Person Towne.

MR. CARELLI: In that same regard, do we have two number twos? Everything is number two.

MS. SMITH TOWNE: Well, that's a continuation of a statement of work.

MR. MILLS: Which pages do you have?

MS. SMITH TOWNE: One, three, four, and five.

MR. MILLS: One, three, four, and five. Page 2 is missing?

MS. SMITH TOWNE: Yes. I assume it's the outline.

MR. MILLS: It's the outline primarily.

CHAIR LUCE: Why don't you step back there and get a copy machine.

MR. MILLS: I'm working off a working copy. It would be easier if I just read it into the record because Page 3 is part of the outline.

CHAIR LUCE: Okay. You can do this. We're here.

MR. MILLS: Statement of work. B. Small Business Economic Impact Statement (SBEIS). The Contractor shall prepare a Small Business Economic Impact Statement based on data and information provided by the parties hereto and stakeholders. The areas to be covered with the SBEIS will generally follow the outline set out below. The outline identifies those sections where Ecology will have the lead for developing the SBEIS document along with sections where EFSEC involvement is expected. And the outline begins: 1. Introduction, should I go through each topic?

CHAIR LUCE: Sure. Just read it. It's not that long.

MR. MILLS: Just read it as is.

1. Introduction

- a. Description of Substantive Changes (EFSEC & Ecology)
- b. Review and understand the proposed rules of potential management scenarios
- c. Review the history and policy formulation for the rules
  - i. EFSEC SCA documents
  - ii. Offered mitigation
  - iii. EFSEC stakeholder workgroup report
- d. Objective of the SBEIS (ECY)
- e. Overview of the proposed rule (EFSEC & Ecology)

2. Analyzing the Cost of Businesses (EFSEC & Ecology)

- a. Review direct energy sector costs - the calculation tool, Oregon EFSC, City of Seattle costs to consumers and commercial power purchase purchasers
  - i. Technology requirement
  - ii. Charges
- b. Regional and Secondary Effects (ECY)
  - i. Threatened plant shifts (relocation)
    1. Data
    2. Estimate
  - ii. Threatened economy shifts
    1. Data
    2. Estimates

3. Potential offsetting value of increased certainty (ECY)

- i. Effect on utility rate bases - benefits of preparing for eventual mitigation now with small incremental increases rather than waiting for standards that might require a higher rate increase to offset increased costs, i.e., the 2-3% jump rather than the

30% jump in costs - Washington obtaining the low hanging fruit (check with EFSEC member Tim Sweeney (UTC))

1. Data
  2. Estimate
- ii. Cost of money, do it now or pay later - the effects of possible federal preemption
1. Data
  2. Estimate Then the Page begins with number four. Yes?

CHAIR LUCE: Yes. Okay.

MR. MILLS: That's the missing page. Basically it's the preamble on the statement of work, and then it covers Point 1 through 3 of the outline. I apologize for not including it in your package.

MS. SMITH TOWNE: Thank you. You mentioned threatened plant shifts.

CHAIR LUCE: I believe he meant p-l-a-n-t like project plants, right? I'm sure that's what you meant.

MR. MILLS: Yes.

CHAIR LUCE: Because they will move instead of going to Washington, they'll go to Oregon.

MS. SMITH TOWNE: Oh, relocation.

CHAIR LUCE: Right. For example, there are no CO2 standards at all in Montana where they have lots of coal plants where they can build them over there, but they can't get transmission over here. So build away, gang, but there's not a great load to be served in the State of Montana.

MS. SMITH TOWNE: So that's a locational item.

CHAIR LUCE: Right.

MR. MILLS: Yes.

MS. SMITH TOWNE: And the stakeholder workgroup report, coming late to party, I assume there has been one.

CHAIR LUCE: Oh, yes. We have been prepping this house for a paint job for a long time. This was outgrowth of the Earle report and actually it's all of the work that's contained in the Krogh-Leonard report, all the meetings we had at the round table. Actually it was a rectangle.

MR. MILLS: Staff will get you a copy, Chris.

MS. SMITH TOWNE: If you could assume I know nothing and need to get up to speed quickly.

MR. MILLS: If you read the Krogh-Leonard report, you will know a lot.

CHAIR LUCE: And if you can read the Krogh-Leonard report in less than ten sittings.

MS. SMITH TOWNE: Thank you.

CHAIR LUCE: It's really interesting, but you've got to get into it. So, Chuck.

MR. CARELLI: The contract that is being considered is one piece of the small business economic impact statement that would be needed given the nature of the standards that we are working on, and the approach that the Department of Ecology is going to take is to begin work probably in about the time EFSEC releases a CO2 standard and will at that time compare our existing standards and rules with the proposal that has been placed on our website or proposals. There are at least two pieces that are on the website that are not currently in the rule, the Fish and Wildlife standards and the wetland standard. Both of these will need an economic or a small business economic impact statement prepared for them, and any changes that we have made to existing standards. And I would cite the noise standard. We are not changing the requirement for noise, but we are imposing monitoring requirements. That monitoring requirement portion would have to be assessed under the small business economic impact statement. What Ecology wants to do is have somebody on staff and then begin looking at the rules and decide where the small business economic impact

statement will have to focus and what areas can be covered simply in a crosswalk showing that these are existing standards that are being adopted essentially by reference.

CHAIR LUCE: That's great, and again, really appreciate Ecology taking the lead here and helping us because we quite frankly don't have the expertise or the staff resources to do that and you do. And thank you very, very much for helping.

MR. CARELLI: Well, you may or may not like the fact that the schedule that I had given you previously called for having something adopted no later than July 19. That will probably add another three or four months to that.

CHAIR LUCE: We will try and negotiate the months. January 15th is important.

MR. IFIE: I have a question. This contract I would consider exists for, does it include all the rules or just greenhouse gas and CO2? Chuck, I had heard you talking about other rules. Looking at this contract, it talks about CO2 and greenhouse gas. Did I miss something?

MR. CARELLI: This pertains to just CO2 and greenhouse gas. As I was saying once we get somebody on board, we will look at the entire package and get a better idea of what that work load is going to be, and at that time this rule or this agreement, this task order will need to be amended.

MR. IFIE: I see.

MR. CARELLI: To reflect whatever the actual costs would be and that where the schedule would be revised.

MR. IFIE: Thank you.

CHAIR LUCE: Anymore discussion from Council Members? Do we have a motion to approve the contract?

MR. SWEENEY: **I so move.**

MR. FRYHLING: **Second.**

CHAIR LUCE: Any Council discussion on this issue? Call for the question.

MR. IFIE: Call for question.

CHAIR LUCE: Question has been called for. Any discussion? All in favor say aye.

COUNCIL MEMBERS: **Aye.**

MR. CARELLI: I abstain, the Department of Ecology.

CHAIR LUCE: **All right. Motion passes with the notable exception of Councilman Carelli abstaining from the Department of Ecology.**

MR. MILLS: We'll add Page 2 to the document and proceed to get it executed.

## **ITEM NO. 12: OTHER**

CHAIR LUCE: Is there any other business to come before the Council? Staff, do you have anything else you wish to raise?

MS. LAAMB: I would just like to say that I put in a new document adding Chris's information to this. If you would review and make sure if I'm missing anything, any incorrect information, get it back to me, and I'll reissue it again. But the current information that I have now which includes Chris's contact information is now available.

CHAIR LUCE: Okay. Council Members want to share anything for the good of the order? Yes. Councilmen Carelli notes the presence of a large number of pieces of paper, and I assume these are all the documents we received in response to our CO2 request for comments by July 31.

MS. MAKAROW: That's correct.

CHAIR LUCE: So I think I've read some of them already and they're well worth reading and should be read for that matter. Any comments from the public?

**ITEM NO. 13: ADJOURN**

Hearing no comments from the public, we stand adjourned.

(Whereupon, the meeting was adjourned at 2:30 p.m.)