



STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL

PO Box 43172 • Olympia, Washington 98504-3172

November 14, 2006 Monthly Meeting Minutes

1. CALL TO ORDER

Chair Jim Luce called the November 14, 2006 monthly meeting to order at 925 Plum Street S.E., Building 4, Room 308, at 1:30 p.m.

2. ROLL CALL

Council members present were:

Dick Fryhling	Community, Trade & Economic Development
Hedia Adelsman	Department of Ecology
Jeff Tayer	Department of Fish and Wildlife
Judy Wilson (excused)	Department of Natural Resources
Tim Sweeney	Utilities and Transportation Commission
Vern Eaton (via phone)	PMEC County Representative
Justin Erickson (via phone)	PMEC City Representative
Jim Luce	Chair

Staff in attendance were:

Allen Fiksdal – EFSEC Manager, Mike Mills – Compliance Manager, Irina Makarow – Siting Manager, Stephen Posner – EFS Specialist, Mariah Laamb – Council Secretary, Kyle Crews – Assistant Attorney General

Guests in attendance were:

Gary Bell – enXco, Steve Boyer – enXco, David Steeb – enXco, Darren Huseby – enXco, Karen McGaffey – Perkins Coie, Duncan McCaig – Chehalis Power, Mark Anderson – CTED Policy

Guests attending via phone:

Jennifer Diaz – Puget Sound Energy, Jim Hurson – Kittitas County, Laura Schinnell, Energy Northwest, Mot Hedges, Energy Northwest, Troy Gagliano – Renewable Northwest Project, Ed Garrot – Residents against Kittitas Turbines, Liz Thomas – Preston Gates and Ellis, Robert Kruze – Friends of Wind and Wildlife

3. ADOPTION OF PROPOSED AGENDA

The agenda was presented to the Council for amendments or additions. The agenda was adopted as presented.

4. MINUTES

Staff presented the following minutes for approval: October 3, 2006 special meeting minutes and October 10, 2006 monthly meeting.

MOTION – Approval of the minutes of the October 3, 2006 special meeting minutes and October 10, 2006 monthly meeting. Council member Dick Fryhling made the motion and Council member Tim Sweeney seconded it. The Council voted on the motion and it passed unanimously.

5. enXco – DESSERT CLAIM PROJECT

<i>Application for Site Certification</i>	<i>Darin Huseby and David Steeb, enXco</i>
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Mr. Darin Huseby, VP of Northwest Regional Power, addressed the Council with an overview of the project they are requesting a Site Certification Agreement (SCA) for. He explained that Desert Claim Wind Power LLC is an affiliate of enXco. They are a wholly owned subsidiary of enXco, Inc., one of the most prominent wind power developers in the United States. enXco has owned and operated wind energy projects in the U.S. for more than 20 years. The company currently has approximately 1,375 megawatts of wind power project in operation and projects totaling another 4,200 megawatts under development.

He introduced his team members working on the application; they are Karen McGaffey – Attorney and David Steeb – project manager. Mr. Steeb then provided details of the project application and how it changed from the project that was submitted to Kittitas County.

The project is located on approximately 5,000 acres of rural land about 8 miles northwest of Ellensburg in unincorporated Kittitas County. The project area has been consolidated from three separate parcels to one contiguous area in the western portion eliminating the eastern portion. The land is leased from five private landowners and the state Department of Natural Resources (DNR). Unlike many wind projects, Desert Claim is not a ridgeline project. Instead, it is spread out over the agricultural lands of the valley north of Ellensburg.

An important advantage that this location offers is that it is already part of the Northwest’s power system. Several project lines pass through the project area. Bonneville Power Administration’s (BPA) major cross-state 500-kilovolt and 230kv lines, supported by rows of massive steel lattice towers, cross through the southern part of the project area. BPA’s 345kv Rocky Reach-Maple Valley line runs across the northern part of the project area. Puget Sound Energy’s 230kv line runs across the middle of the project area.

The Project would have 90 wind turbines capable of generating 2 megawatts each with a nameplate capacity of up to 180 megawatts (MW).

enXco is convinced that this location is one of the best locations in the state for a wind power project. They have collected over five years of on-site meteorological wind data, which confirms that Desert Claim has a sufficient commercial wind resource for power generation. This data has

been verified by Puget Sound Energy, in their review of the project in 2004 and AWS True Wind, a national meteorological consultant to the wind industry and to enXco.

As population grows in the state and region, energy demands will continue to grow. Utilities and consumers are looking for more renewable sources of electricity. Regional utilities have incorporated more wind power in their long-term resource plans. The recent passage of Initiative 937 confirms that Washington state voters want more wind power. We believe the Desert Claim project will be an important part of the region's long term resource mix.

In response to the concerns raised during our initial efforts in the County process, we've made several important changes to the Project, and we're now confident that the project eliminates or mitigates significant impacts. Here are a few of those changes.

enXco has consolidated and concentrated the project area 2.5 miles less East to West and 1 mile less North to South. They have eliminated the eastern portion of the project that was located south of the residential development know as "Sun East". They have also eliminated a slender finger of project land in the south central part of the project area. They have added DNR land to the project, creating a single, consolidated and contiguous project area.

They reduce the overall number of turbines by 25%, from 120 to 90. The new configuration has reduced the number of non-participating residences near the project. There are now only 32 within 3,000 feet of a turbine, and only 7 of those are within 1,500 feet of a turbine.

Sound levels from turbines will be limited at the project boundary to 50 decibels or less, which is the state's night-time requirement for residential areas.

Shadow flicker is only a potential issue within 1,500 feet of a turbine, and there are only 7 non-participating residence that close to a turbine. For those residences, Desert Claim will stop the blades of the wind turbines that causes the flicker during those hours and conditions when shadow flicker occurs.

The new project configuration avoids wetlands, streams and Washington Department of Energy specific buffers, so there are no temporary or permanent impacts.

Early on, enXco met with Washington Department of Fish and Wildlife (WDFW) and US wildlife officials to establish wildlife study protocols. Desert Claim will continue to follow WDFW wind power guidelines including establishing a Technical Advisory Committee (TAC) and a Habitat Mitigation Parcel.

Mr. Steeb summarized, the Desert Claim site is highly desirable for a wind power project, located on a major power transmission corridor with a good supply of commercial-quality wind. They feel that Desert Claim will fulfill regional power needs including the public's desire for renewable energy.

Next Ms. McGaffey commented that this application is a little different from most applications the Council normally receive as the final EIS, which was prepared for the Kittitas County process, is included and on a CD. If there is a need for any supplemental document or an addendum to the application, that will be determined after a SEPA statement has been issued, which will look further into the environmental impacts on the state.

Mr. Fiksdal polled the Council as to a good day to hold the public information meeting in Ellensburg. Based on all participating Council and staff schedules, the meeting will be held on December 13, 2006. A time and location will be determined and notice sent out to all interested persons of the public information meeting.

A map showing the previous area of development and also showing the current proposed area of development was provided, including proximity to the City of Ellensburg and the local major roadways.

6. PACIFIC MOUNTAIN ENERGY CENTER (PMEC)

<i>Application Review</i>	<i>Stephen Posner, Staff</i>
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Mr. Posner reported on the events regarding the Pacific Mountain Energy Center (PMEC) project. On November 6, a public meeting was held in Kalama. The evening meeting consisted of an open house, informational meeting, land use hearing and State Environmental Policy Act scoping meeting. Earlier in the day an agency scoping meeting was held and the agencies represented at that meeting were: Department of Transportation; Bonneville Power Administration; Dept. of Fish and Wildlife; South West Clean Air Agency and Oregon's Energy Facility Site Council.

Approximately 60 people attended the public meeting. Comments were received from the public through oral testimony before the Council. The public was also able to file written comments at the meeting. The public comments will be accepted until November 20, 2006. So far, 22 comments have been received.

The review schedule for PMEC is as follows: The final filing date for public comments is Nov. 20, 2006, the Scoping Report from E & E consultants is due Dec. 1, 2006, EFSEC's review of the Scoping Report due Dec. 6, 2006, finalizing the Scoping Report by Dec. 8, 2006 and an update will be presented at the EFSEC Council meeting on Dec. 12, 2006.

7. COLUMBIA GENERATING STATION

PUBLIC HEARING

<i>Visitor's Center</i>	<i>Mike Mills, Staff</i>
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At 2 p.m., Chair Luce opened the public hearing for the Columbia Generating Station to accept public testimony on the proposed technical amendment to the Site Certification Agreement (SCA). The proposed changes would remove the need to have a visitor's center on site at the facility. It would allow for the facility to provide community outreach as a means to educate the community and interested persons about Columbia Generating Station. Mr. Mills prepared Resolution # 318, which detailed the proposed changes to the SCA. Public notice was sent to the Council's minutes and agenda mailing list as well as to EFSEC's Columbia Generating Station interested persons list. No comments were received via email or hard copy to this date. There were no persons providing any written or oral comments at the Council meeting.

Mr. Mot Hedges, representative from Energy Northwest, commented that the company was sad to not have visitors on-site, but since the 9-11 terrorist attacks in this country, more severe security has been put in place over power facilities by the US Nuclear Regulatory Commission (NRC) and it is not feasible to provide a visitor's center with these restrictions in place.

MOTION: To adopt Resolution # 318 that removes Condition IV. A. 1 – Project Visitation, from the Columbia Generating Station Site Certification Agreement and closes out Resolution # 225.

Council member Dick Fryhling made the motion and Council member Hedia Adelman seconded it. The motion was passed unanimously.

The public hearing was concluded at approximately 2:11 p.m.

8. PROJECT UPDATES

<i>Kittitas Valley Wind Power Project</i>	<i>Irina Makarow, Staff</i>
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Ms. Makarow informed the Council that all hard copies of the Kittitas Valley Wind Power project brief submittals have been distributed so far to Council members with one still to arrive. That brief will go to Council as soon as it arrives. The due date for responses to these briefs is November 20, 2006.

Ms. Makarow reported that she and staff Tammy Talburt are both working to finalize the Environmental Impact Statement, and had hoped to make the November 17 target. There are substantial changes to be made, and will continue to work on completion of the document.

<i>Wild Horse Wind Power Project</i>	<i>Stephen Posner and Irina Makarow, Staff</i>
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Mr. Posner updated the Council on the construction progress at the Wild Horse Wind Power Project. To date, there have been 127 turbines installed at the site. The Site Certification Agreement (SCA) allows for the installation of 158 turbines. 120 turbines are fully commissioned and operating, generating test power. A final completion date could be as early as the end of November. At this time, Wild Horse will be generating commercial power. The facility is conducting site restoration activities and cleanup. Puget Sound Energy is conducting Best Management Practices (BMP) concerning the recent rainfall and drainage of the site. Mr. Posner is conducting a site visit later in the week.

Ms. Makarow briefed the Council on the work of the Technical Advisory Committee (TAC). They have been working on approving the Avian and Bat Monitoring Plan for the Wild Horse Wind Power Project and putting into place the Rules of Procedures for their committee.

Puget Sound Energy contracted with Western EcoSystem Technologies to prepare the monitoring plan. The TAC reviewed the plan and has come to consensus on approving this plan. Council has requested that TAC meeting minutes be provided Council members after each meeting to review. Staff recommends the approval of the Avian and Bat Monitoring Plan for the Wild Horse Wind Power Project.

MOTION: To approve the Avian and Bat Monitoring Plan for the Wild Horse Wind Power Project.

Council member Tim Sweeney made the motion and Council member Jeff Tayer seconded it. The motion passed.

The Rules of Procedures for the Wild Horse Technical Advisory Committee (TAC) were presented to the Council for their approval. These rules outlined all the elements of the committee, including the TAC origin, purpose, membership, meeting schedule and procedures. Ms. Makarow pointed out the TAC will recognize minority opinions of the membership and will do all they can to get to consensus in the decisions.

Council members requested that the last section of the Rules of Procedures, referring to Changes to TAC Rules of Procedure be eliminated as it was redundant.

MOTION: To adopt the TAC Rules of Procedures, eliminating the last paragraph. Council member Tim Sweeney made the motion and Council member Dick Fryhling seconded the motion. The motion was approved.

Ms. Makarow will bring the revised last paragraph to the December Council meeting.

<i>Columbia Generating Station</i>	<i>Mot Hedges, ENW</i>
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Mr. Hedges reported that Columbia Generating Station shut down on October 31, 2006, when a monitoring system suggested a problem existed with systems that control steam flow to the main turbine. The plant was shut down for 8 days and during that time, the problem was addressed and other preventive maintenance work was completed.

<i>WNP-1: Offsite Mitigation</i>	<i>Mike Mills, Staff</i>
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A letter from the Department of Energy was received by EFSEC October 13, 2006, providing an annual report regarding the accumulated funds in the WNP-1/4 Trust Fund. Bonneville Power Administration placed \$18,000,000 in the Trust Fund in February 2004. As of June 30, 2006, there was \$19,661,056.

Mr. Mills also reported that negotiations are continuing on the Amon Creek properties.

<i>Chehalis Generation Facility</i>	<i>Duncan McCaig, Chehalis Power</i>
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Mr. McCaig presented an update on the failure of GSU Transformer #3, which occurred March 17, 2006 at the Chehalis Power Plant and provide information on the company's actions to restore the plant to full capacity.

On March 17, 2006, a 500 kV bushing in GSU #3 failed. The failure exposed oil in the transformer to electrical arcing and the oil ignited immediately. All protective relaying and the transformer's fire deluge system operated as designed. The deluge system only contained the fire, the Fire Department needed to put it out. Plant staff responded appropriately, immediately calling 911, implementing emergency procedures and directing the fire responders.

No plant employees or supporting personnel were injured.

Response from Lewis County Fire District 6, and other fire departments (Lewis County 5 and Chehalis) was excellent. The first responders arrived within 3 minutes and the fire was put out quickly.

Plant personnel immediately closed the gate valve blocking the flow of water from the nearby retention pond, thus eliminating the possibility of any off-site spill. About 200 gallons of oil overflowed the transformer spill containment, due to the amount of fire water sprayed on the transformer. This oil covered the ground near the transformer, and some got into the retention pond. Plant personnel immediately contacted an environmental services provider who began clean-up on the same day. No oil flowed off-site. The ground near the transformer and the retention pond have been fully remediated.

Failure of this transformer made the steam turbine inoperable. Without the steam turbine, plant efficiency was severely degraded and was well below the dispatch parameters in the region. Combustion turbines were still operable, and available for regional emergencies. They did in fact operate on a few days when regional demand was high.

Suez personnel worked with vendors and consultants to conduct a root cause analysis. Suez evaluated a number of options to restore the plant as quickly as possible. Company elected to repair the transformer on-site, however, this was ultimately unsuccessful. In order to meet high summer demand in the Pacific Northwest, Suez temporarily modified some electrical busses so that half the plant could be operated efficiently. The modification enabled the steam turbine output to be delivered through the step-up transformer that normally serves one of the combustion turbines. BPA repaired the 500 kV overhead busses. Bus modification was completed on July 20, 2006, just before the region unexpectedly experienced a high-demand event on July 24, 2006. The plant was able to contribute to the regional supply during this event.

A new, temporary transformer was procured, shipped, installed, and tested on an expedited basis, in order to restore the plant to meet summer demand. The plant was restored to full output on August 12, 2006. Until the occurrence of last week's rains, the plant has been operating at nearly full dispatch to meet regional demand. The temporary transformer does not have optimum characteristics, and will be replaced during the plant's Spring 2007 outage with a transformer that has the same characteristics as the one that failed.

Several photographs were provided for the Council to observe the damage and clean-up work done on the transformer.

<i>BP Cherry Point</i>	<i>Irina Makarow, Staff</i>
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Ms. Makarow reported that the PSD permit amendment will be ready by early Decemeber, according to Whatcom County officials. It is expected that the pre-construction plans will arrive soon. Those will then be reviewed and approved by the Council, with the target date of late March or early April to being construction.

9. RULEMAKING

<i>Air Emissions Rules</i>	<i>Irina Makarow, Staff & Allen Fiksdal, EFSEC Manager</i>
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Ms. Makarow provided a copy of the notice sent to all interested persons regarding Mercury Rule making in Washington State. The meeting will be held at the Thurston County Fairgrounds on November 29, 2006, starting at 10 a.m. The meeting is to discuss how the Federal Clean Air Mercury Rule will be implemented in Washington State. Workshop sponsors include the Department of Ecology; Energy Facility Site Evaluation Council; Southwest Clean Air Agency; Department of Community, Trade and Economic Development; and Department of Health. The purpose of the meeting is to: Learn about the federal and proposed Washington state options; to discuss the implications of each option on mercury emissions and energy resources; and to discuss the benefits or disadvantages of inter-and-intra state trading.

<i>Other EFSEC procedural rules</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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Mr. Fiksdal provided the Council with drafts of the proposed rules changes being considered and would like the Council to provide feedback to these rule changes. If Council has no comments, he would like to proceed with the next step in the process, the issuance of the CR 102. This would involve a public comment meeting so the public could comment before final recommendation of the rules is published. He noted that these rules closely reflect the Ecology rules.

10. CHAIR'S REPORT

Chair Luce reported he is meeting with elected officials in both the House and Senate in preparation for the upcoming Legislative session, which starts on January 8, 2007.

11. OTHER

Non-Direct Cost Allocations for 2nd Quarter FY 2007 was distributed with an additional project, adding in Desert Claim Wind Power Project. All of the percentages are adjusted to reflect the new project and is effective for November 15 – December 31, 2006.

Mr. Fiksdal presented the EFSEC meeting schedule for 2007 to the Council. It will be sent to the Code Reviser's Office for publication in the State Register.

12. ADJOURN

The meeting was adjourned at 2:55 p.m.