



STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL

PO Box 43172 • Olympia, Washington 98504-3172

October 10, 2006 Monthly Meeting Minutes

1. CALL TO ORDER

Chair Jim Luce called the October 10, 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 (via phone)	Department of Ecology
Jeff Tayer	Department of Fish and Wildlife
Judy Wilson	Department of Natural Resources
Tim Sweeney	Utilities and Transportation Commission
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:

Karen McGaffey – Perkins Coie, Darrel Peeples – Attorney for Kittitas Valley project, Katy Chaney – URS Corp

Guests attending via phone:

Liz Thomas – Preston, Gates & Ellis, Troy Gagliano – NWR, Mot Hedges – Energy Northwest, Laura Schinnell – Northwest Energy, Jim Hurson – Kittitas County, Dave Bricklin – Attorney for British Columbia/Sumas project

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: September 12, 2006 monthly meeting.

MOTION – Approval of the minutes of the September 12, 2006 monthly meeting. Council member Judy Wilson made the motion and Council member Dick Fryhling seconded it. The Council voted on the motion and it passed unanimously.

5. PACIFIC MOUNTAIN ENERGY CENTER

Application for Site Certification

Consultant Selection	Allen Fiksdal, EFSEC Manager
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On September 18, Mr. Fiksdal sent out a Request for Proposals (RFP's) to the EFSEC consultant mailing list and an ad was placed in the Seattle Business Journal recruiting proposals for an independent consultant for the Pacific Mountain Energy Center (PMEC) project. Three proposals were submitted and based on staff's review of each proposal using the criteria outlined in the RFP, Ecology and Environment, Inc. (E & E) was selected to assist the Council in its review of the PMEC project. Staff was impressed by their proposed scope of work. The E & E proposed budget was comparable to the other two submittals, based on their rates. Mr. Fiksdal reported he is working on a contract and anticipates the document will be final and the consultants will be on board by the end of October.

Review of Schedule	Allen Fiksdal, EFSEC Manager
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Mr. Fiksdal outlined the proposed schedule for the PMEC project for the next few months. A public information meeting will be held in the City of Kalama within 60 days of the filing of the application. That meeting, to be held in the evening, will inform the public of the details of the proposed project and provide an opportunity for them to comment on potential scoping issues. If possible, an Agency Scoping meeting will also be scheduled on the same date.

Council member Adelsman asked if the Land Use hearing could be held at the same time as the Agency Scoping/Public Information meetings. Ms. Laura Schinnell, from Energy Northwest, stated that both the city and county were expected to determine that the project was consistent with local land use requirements. Mr. Fiksdal reported he is sending letters to the City of Kalama and the Port of Kalama requesting a representative to the Council for this project. Chair Luce offered that if the two local agencies appointed members prior to the date of the meetings, it would be possible to hold the land use hearing that same day.

Mr. Fiksdal stated that the Determination of Significance (DS) needs to be done 2 weeks prior to the public meeting and he expects to issue a DS in mid-October that will be followed by the required meeting notices.

6. BP CHERRY POINT COGENERATION PROJECT

Consideration of Request for an Amendment of the Site Certification Agreement	Irina Makarow, EFSEC Staff
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Ms. Makarow reported on the site visit and evening public meeting at the BP Cherry Point Cogeneration project site held Tuesday, October 3. The Council toured the site in Ferndale and received information from BP on the project changes, the proposed schedule, and their alternative energy projects. In the evening, the Council conducted a public meeting in which the public was informed of the proposed changes to the project and provided an opportunity to ask questions of BP or the Council and submit comments on the amendment request.

Draft Resolution No. 317, Amendment No. 1 Cherry Point Cogeneration Project Site Certificate Agreement was provided to the Council with a staff recommendation for final approval. There was some discussion on the changes, most of which were non-technical in nature.

MOTION: Resolution No. 317 be adopted with the recommended changes. Motion was made by Council member Dick Fryhling and seconded by Council member Judy Wilson. Ms. Wilson noted that all documents relating to this request, as well as notice of the October 3, 2006 public meeting, had been posted on EFSEC's website well in advance of October 3rd. The motion was voted on and passed unanimously.

7. PROJECT UPDATES

Wild Horse Wind Power Project

Construction Progress Report	Irina Makarow, EFSEC Staff
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Ms. Makarow updated the Council that based upon her visits to the Wild Horse site, she and Department of Ecology staff have been able to confirm that the contractor is following stormwater best management practices as construction proceeds at the project location.

Columbia Generating Station

Operational Status	Mot Hedges, Energy Northwest
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Mr. Hedges reported the plant has been operating at 100 percent power for 465 continuous days.

Emergency Plan Exercise	Mike Mills, EFSEC Staff
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Mr. Mills reported that the Emergency Response Plan exercise held on September 12 went very well. Along with the many state and the many local participants, there were 15 persons from the Nuclear Regulatory Commission (NRC) involved in the exercise, mostly from the Arlington, Texas Region IV office.

Visitor's Center	Mike Mills, EFSEC Staff
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Mr. Mills stated that Energy Northwest has requested that the Site Certification Agreement for Columbia Generating Station, Section VI.A.1, be amended to remove the requirement for a visitor information facility at the project site and that Resolution No. 225 be closed. Staff expects to bring a favorable recommendation to the Council at its November meeting.

WNP-1

Offsite Mitigation Project Updates	Mike Mills, EFSEC Staff
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Mr. Hedges reported that Doug Culver, project manager of WNP-1, is leaving the company to work at an ethanol plant in Iowa. He will leave ENW by the end of the month.

Mr. Mills reported that Amon Creek property negotiations are continuing with the interested parties. Council member Adelsman noted that Ecology is in favor of the purchase as it will help the Department of Transportation meet mitigation requirements for the SR 240 project.

The Hofer Dam project received an initial payment of \$300,000 to be applied to the construction costs. There is an expected completion date on this project of November 2006.

Council member Jeff Tayer reported that Grant County PUD has provided \$400,000 of additional funds to the Skookumchuck project, which will allow additional acreage to be purchased, bringing the total project to approximately 5,500 acres that are being preserved.

CHEHALIS GENERATION FACILITY

Operational Status	Duncan McCaig, Chehalis Power
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Mr. McCaig's report was deferred to the next Council meeting.

8. CHAIR'S REPORT

Chair Luce indicated that he has been working with Washington state energy-focused agencies and businesses to coordinate a letter to the federal Department of Energy commenting on the transmission corridor study. The study addresses the congestion of power transmission on the lines that run along the Interstate 5 highway corridor. The Energy Policy Act of 2005 has brought on some changes to the transmission lines or access to power running on those lines due to the limitation of lines and the amount of power needing to run up and down the I-5 corridor. There currently is congestion on the existing lines, especially between Seattle and Portland, but there is also a problem emerging between Washington and California, who share their excess power in their respective low-use seasons, therefore additional lines may be needed to move the power.

Some Council members have worked on several existing administrative rules, which have been identified as needing change. Mr. Fiksdal will provide the members with draft rules for WAC Chapters 28, 43, 49 and 66. A workshop to discuss the draft rules will be scheduled for the December 12, 2006 Council meeting.

Chair Luce noted that neither the Governor's Office, nor CTED will request EFSEC legislation during the upcoming 2007 legislative session. However, Chair Luce anticipates some activity relating to EFSEC during that session.

Chair Luce commented that the Department of Ecology, the Southwest Clean Air Authority and EFSEC are working on draft language for a state Mercury Rule in which EPA has provided some guidance related to amounts of mercury emissions allowable from coal and coal-product power plants. Staff is working to set up stakeholder meetings in November or December of this year. The projected implementation of this rule is set for December 2007.

9. OTHER

Chair Luce introduced Mr. Stephen Posner, Energy Facility Site Specialist, who joined EFSEC in mid-September just before the start of the Kittitas Valley adjudicative hearings. He is a welcome addition to EFSEC, and will be working on both new project applications and compliance monitoring. He joined us from the Housing Division at Community, Trade and Economic Development.

Kyle Crews, Assistant Attorney General, with the Office of the Attorney General, was introduced as the new counsel for EFSEC.

The Satsop quarterly construction progress report was submitted in a letter dated September 19, 2006, by Mr. Tom Donovan, project director at the site. The project is still under deferred construction status. The Council visited the site on August 9, 2006, and observed preservation activities that are being carried out at the site.

Mr. Fiksdal prepared and distributed to staff and Council members the EFSEC Non-Direct Cost Allocation for 2nd Quarter FY 2007, dated October 1 - December 31, 2006.

10. ADJOURN

The Chair adjourned the meeting at 2:18 p.m.