



STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL

PO Box 43172 • Olympia, Washington 98504-3172

December 11, 2007 Monthly Meeting Minutes

1. CALL TO ORDER

Chair Jim Luce called the December 11 2007 monthly meeting to order at 905 Plum Street S.E., Room 301, at 1:30 p.m.

2. ROLL CALL

Council members present were:

Jim Luce	EFSEC Chair
Dick Fryhling	Community, Trade & Economic Development
Hedia Adelsman (via phone)	Department of Ecology
Jeff Tayer	Department of Fish and Wildlife
Dave Pratt	Utilities and Transportation Commission
Patti Johnson (via phone)	Kittitas County
Vern Eaton	Cowlitz County
Justin Ericson (via phone)	City of Kalama

Staff in attendance were:

Mike Mills – Compliance Manager, Stephen Posner – EFS Specialist, Jim LaSpina – EFS Specialist, Tammy Talburt – Administrative Assistant, and Amanda Myers Hauss – Office Assistant, and Kyle Crews – AAG, AGO

Guests in attendance were:

Tim McMahan – Stoel Rives LLP, Darrel Peeples – Attorney, Liz Thomas – K & L Gates, Ted Beatty – Energy Northwest, Tom Krueger – Energy Northwest, Chris Mulick – Tri-City Herald, Bob Ross – Chehalis Power, Maureen Goltz – CTED Energy Policy, Tom Donovan – Grays Harbor Energy, Michael Goldhein – Grays Harbor Energy.

Guests attending via phone:

Karen McGaffey – Perkins Coie, Bernice Kasko – Energy Northwest, Jennifer Diaz – Puget Sound Energy.

3. ADOPTION OF PROPOSED AGENDA

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

4. MINUTES

The July 10, 2007 monthly meeting, August 8, 2007 special meeting, September 11, 2007 and November 13, 2007 monthly meeting minutes were presented for approval.

Motion: Council member Dick Fryhling moved the Council approve the meeting minutes as presented. The motion was seconded by Council member Jeff Tayer. The motion was approved.

5. PROJECT UPDATES

Kittitas Valley Wind Power Project

Appeals	<i>Kyle Crews, AAG</i>
----------------	-------------------------------

Mr. Kyle Crews, EFSEC Assistant Attorney General, reported that the Applicant and State's Motion for consolidation of the ROKT and the Kittitas County petitions was heard and approved by Thurston County Superior Court on December 7, 2007. Joint motions to certify the record pursuant to RCW 80.50.140, were heard by Superior Court Judge Hicks and he granted additional time for a limited discovery process and a briefing schedule. Judge Hicks set a final hearing on the matter for February 22, 2008, and he has indicated that would be the time the record would be certified for the Supreme Court.

<i>Change in Ownership</i>	<i>Stephen Posner, Staff</i>
-----------------------------------	-------------------------------------

Mr. Stephen Posner referred the Council to a letter dated October 17, 2007 received from Darrel Peeples and Tim McMahan representing Horizon Wind Energy and the Kittitas Valley Wind Power Project (KV). The letter describes a change in the ownership structure of the KV project. Sagebrush Power Partners, a wholly owned subsidiary of Horizon Wind Energy, is listed as the certificate holder for the KV project. Goldman Sachs, the previous owner of Horizon Wind Energy, has sold its entire interest in Horizon to Energias de Portugal, SA (EDP).

Pursuant to WAC 463-66-100, a certificate holder is required to file an application with the Council if a project is transferred to a new owner, and the new owner must demonstrate its ability to comply with all terms of the SCA. The letter from Mr. Peeples was distributed to the EFSEC member at last month's Council Meeting. Because the KV Site Certification Agreement references Sagebrush Partners as the certificate holder EFSEC staff believes it is not necessary to amend the SCA and feels Mr. Peeples' letter meets the applicable requirements for notification of change in project ownership. No action is required by the Council. Mr. Crews concurred with staff recommendation that the information provided meets the applicable requirements.

Columbia Generating Station

<i>Project Update</i>	<i>Robert Neilson, Energy Northwest</i>
------------------------------	--

Mr. Nielson was unavailable to report on the status of Columbia Generating Station.

<i>Dangerous Waste/Notice of Incident</i>	<i>Mike Mills, Staff</i>
--	---------------------------------

Mr. Mike Mills reported that the Council had issued a Notice of Incident and Request for Assurance of Compliance (NOI) to Energy Northwest on October 9, 2007 related to two areas of concern identified by the Department of Ecology earlier this year. Two items were at issue, potential chemical contamination of the on-site sanitary sewer system, including its discharge within Columbia; and lack of review for air permitting requirements of the industrial painting operations performed on the WNP-1 site. Energy Northwest has responded to the NOI and a copy of their November 20, 2007 letter is included in the meeting packet.

Wild Horse Wind Power Project

<i>Project Update</i>	<i>Jennifer Diaz, PSE</i>
-----------------------	---------------------------

Ms. Jennifer Diaz (via phone) from Puget Sound Energy reported that the Wild Horse project generated 41,886 MWh, with a capacity factor of 25.4%, for the month of November. Ms. Diaz reported that the year-to-date production is 582,736 MWH, and the year-to-date capacity factor equals 29.9%. Ms. Diaz also noted that the Department of Ecology completed a stormwater site inspection on December 3, 2007 and reported no issues. The site is in compliance with the SWPPP and NPDES permit requirements. Currently the site is closed to public access through March 31st for safety considerations during the winter months.

Wallula IGCC

<i>Potential Site Study</i>	<i>Jim LaSpina, Staff</i>
-----------------------------	---------------------------

Mr. Jim LaSpina reported that the request for a Potential Site Study for the Wallula Energy Resource Center was filed with EFSEC in October 2007. Staff has issued a Request for Proposals from consulting firms to perform the Potential Site Study. EFSEC has received four proposals, which are being reviewed by staff at this time. A consultant is expected to be selected by the end of the week.

Satsop Combustion Turbine Project

<i>Project Update</i>	<i>Tom Donovan, Grays Harbor Energy</i>
-----------------------	---

Mr. Tom Donovan noted that Grays Harbor County was highly impacted by the recent flooding. He reported the project was shut down on Monday, December 3, due to high winds, and on Tuesday there was about 40% absenteeism. On Wednesday, the Chehalis River continued to rise, and Thursday only 70% of the workforce was able to arrive on-site for work. Mr. Donovan said that work continued through the weekend to maintain the construction schedule. The project remains on track for first quarter operation, with 92% of the construction completed. Mr. Donovan anticipates that the first firing of the gas turbine will be on January 5, 2008, with stack testing in March. It is anticipated that full load operation will start on February 12, 2008.

Mr. Donovan noted that completion of the NPDES draft permit is expected soon and there have been no violations or spills this month. He said there was a discharge from the stormwater ponds during the flooding, but it was difficult to quantify what was from the project and other Satsop Development Park site runoff.

Mr. Donovan said there was an attempted entry onto the site this last month but the violators were chased off by security. He reported there was one loss time accident when an electrician was hit in the head by a piece of scaffold, but it had been previously reported. He said that netting has been installed around the scaffolding to avoid additional incidents.

Chehalis Power Generating

<i>Project Status</i>	<i>Bob Ross, Chehalis Power</i>
-----------------------	---------------------------------

Mr. Bob Ross reported that the plant wasn't affected by the flooding and no employees' homes. Plant staff volunteered time and equipment to assist with recovery efforts in Lewis County.

Pacific Mountain Energy Center

<i>Project Status</i>	<i>Tom Krueger, ENW</i>
-----------------------	-------------------------

Mr. Tom Krueger stated that they had received the Council's order to stay the Adjudicative process for the PMEC project. Mr. Krueger then read a letter from Energy Northwest Vice President Jack Baker, dated December 10, 2007 that had been sent to the Council. Chair Luce stated that the Council has received Energy Northwest's Motion for Clarification and that the Council will be responding in the near future. Mr. Krueger wanted to thank the Council and staff for all the work

being done to understand the technical information of gasification, and sequestration. Mr. Krueger said they needed some direction from the Council as to where this project needs to go with the sequestration plan. Chair Luce stated that the Council will provide such clarification in it's response to Energy Northwest's Motion for Clarification. Chair Luce noted that Judge Wallis will be working with the Council to assist in preparing an order on clarification.

Pipeline Capacity Study

	<i>Jim Luce, Chair</i>
--	------------------------

Chair Luce reported that the [Review of Pipeline Utility Corridor Capacity and Distribution for Petroleum Fuels, Natural Gas and Biofuels in Southwest Washington](#) prepared for the Council by ICF Resources is completed. He stated that he felt it's a very good study, and copies are available. He also noted that copies of the study will be forwarded to the legislature and stakeholders. Chair Luce said that the report makes a number of recommendations with respect to natural gas and petroleum. The study notes that the growth of natural gas has been 3%, but the pipeline capacity hasn't kept up with that growth. The study included not just southwest Washington, but the greater Portland metropolitan area, as well and shows that the gas and petroleum supply issues are much broader than just southwest Washington.

6. Quarterly Reports

	<i>Stephen Posner, Staff</i>
--	------------------------------

Mr. Posner updated the Council on recent activities related to several contracts that EFSEC has in place with the Department of Ecology for compliance monitoring services.

Task Order No. 3, Amendment A, is with Ecology's Water Quality Section of the Central Region Office. This task order provides for plan/permit review and compliance monitoring services related to National Pollutant Discharge Elimination System (NPDES) wastewater activities for Wild Horse Project. The period of performance is from 9/13/2005 through 6/30/2009. The budget is \$7500 for FY 2008 and \$7500 for FY 2009. Over the last year since WH became operational, Ecology has conducted a number of inspections in coordination with EFSEC activities and has made recommendations based on observations made during those inspections. Ecology staff have also reviewed and commented on various construction and operational plans.

During November 2007, EFSEC executed Task Order No 8 with the Ecology - Shorelands and Environmental Assistance Program. Task Order 8 provides for technical plan review and compliance monitoring services related to the Wetland Compensation Mitigation plan for the BP Cherry Pt. Cogeneration Facility. The task order has a budget of \$8,000 and runs from 10/9/2007 - 6/30/2009. Work conducted under the task order is on hold pending action/submission of various documents from BP.

Mr. Mike Mills updated the Council on the emergency preparedness contracts the council has with four state agencies and six counties for the Columbia Generating Station. All of those agencies are preparing for a major graded exercise in September 2008. A contract has recently been executed with the Olympic Region Clear Air Agency for work on the Satsop plant. Staff is also working with State Patrol Fire Marshal's office to review fire protection systems at the Satsop plant. The ICF Resources contract for the pipeline study has been completed, making it available to close this contract. A contract has been executed with the Department of Ecology, Richland office for the air permit review, associated with the NOI for Columbia. Contracts will Ecology have also been issued to do the NPDES work for Satsop and P MEC project.

8. ADJOURN

The meeting was adjourned at 2:08 pm.