



STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL

PO Box 43172 • Olympia, Washington 98504-3172

November 13, 2007 Meeting Minutes

1. CALL TO ORDER

Chair Jim Luce called the November 13, 2007 monthly meeting to order at 905 Plum Street S.E., Room 301, at 2:30 p.m.

2. ROLL CALL

Council members present were:

Jim Luce	EFSEC Chair
Dick Fryhling	Community, Trade & Economic Development
Hedia Adelsman	Department of Ecology
Jeff Tayer	Department of Fish and Wildlife
Judy Wilson	Department of Natural Resources
Tim Sweeney	Utilities and Transportation Commission
Justin Ericson	City of Kalama
Vern Eaton	Cowlitz County

Staff in attendance were:

Allen Fiksdal – EFSEC Manager, Mike Mills – Compliance Manager, Stephen Posner – EFS Specialist, Jim LaSpina – EFS Specialist, Tammy Talburt – Administrative Assistant, Kyle Crews – AAG, Bob Wallis – Administrative Law Judge

Guests in attendance were:

Ted Beatty – Energy Northwest, Tom Krueger – Energy Northwest, Liz Thomas, Attorney, Denise Leitz, Attorney, Judith Hillis, Golder, Karen McGaffey – Attorney, David Steeb – Desert Claim, Scott Williams – PSE, Tom Donovan – Grays Harbor Energy, Darrel Peoples - Attorney, Michael Tribble – Counsel for the Environment, Timothy Killian – WERC, Chris Mulick – Tri-City Herald, Mark Anderson – CTED Energy Policy

Guests attending via phone were:

Jennifer Diaz – Wild Horse, Don Coody – Energy Northwest

3. ADOPTION OF PROPOSED AGENDA

The agenda was presented to the Council for amendments or additions. The agenda was adopted but items were taken out of order.

4. MINUTES

The June 12, 2007 special meeting minutes and the October 9, 2007 monthly meeting minutes were approved.

5. PROJECT UPDATES

Pacific Mountain Energy Center

Project Status	<i>Ted Beatty, ENW</i>
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Mr. Ted Beatty, PMEC Project Manager, reported Energy Northwest plans to submit an amended application on or before the Council's December 11, 2007 meeting. Included in the amended application will be updated information for the NPDES wastewater and PSD air permits, and wetlands information due to the combination of wetlands permits under the Port of Kalama's permit application. Some of the application sections will be completely rewritten, while others will only have minor changes.

Satsop Combustion Turbine Project

Project Update	<i>Tom Donovan, Grays Harbor Energy</i>
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Mr. Tom Donovan, Grays Harbor Energy, reported they are a little of over 90% complete, however because of some labor shortages they have fallen about 3 weeks behind schedule. First firing of the boilers will be at the end of December, rather than the first part of December, and firing of the turbines will occur after the first of the year. One accident was reported. Mr. Donovan also noted they are working on the CO₂ mitigation plan for the project.

Mr. Donovan reported there was a spill of hydraulic oil due to decaying of seals in equipment. The spill was reported to Ecology and Grays Harbor Energy followed spill reporting procedures including contacting EFSEC staff. The seals are being replaced.

Mr. Mike Mills, EFSEC staff, recommended the Council approve a contract with the Olympic Region Clean Air Agency to monitor air emissions and help prepare the Title V Air Operating Permit after the beginning of operations at the Satsop CT project. The contract would be for the period of December 2007 through June 2009, with an amount not to exceed \$38,000.

Motion: Council member Dick Fryhling moved the Council enter into a contract with the Olympic Regional Clean Air Agency as recommended by staff. The motion was seconded by Council member Tim Sweeney. The motion was unanimously approved.

Wild Horse Wind Power Project

Project Update	<i>Jennifer Diaz, PSE</i>
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Ms. Jennifer Diaz (via phone) from Puget Sound Energy reported that the Wild Horse project generated 51,187 megawatts hours in October for a total capacity factor of 30.1%; with a year-to-date capacity factor of 30.5%. Currently there is no construction on site and PSE is getting things ready for the winter. Work on the 450 KW solar site is complete for the year. Next year solar panels will be added at the 50 KW solar site adjacent to the Visitors Center. The site will be closed to visitors between December through March.

Columbia Generating Station

Project Update	<i>Don Coody, Energy Northwest</i>
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Mr. Don Coody, Energy Northwest Environmental Regulatory Program (via phone), reported that the Columbia Generating Station (CGS) is operating at 100% power developing about 1160 MW of power. The plant has been online for 101 days. There was a 14-day operations limiting condition

due to a turbo charger malfunction on one of the diesel generators. He noted Energy Northwest has submitted a report to the Department of Ecology on actions taken to remedy the violations cited in the two administrative orders from Ecology for hazardous waste violations, one to CGS and the other to WNP-1. In response to the orders, ENW is revising its dangerous waste training plans. Energy Northwest has also responded to the Ecology Notice of Penalty requesting relief.

Mr. Coody reported that ENW is preparing a report in response to the October 16, 2007 EFSEC Notice of Incident that will be submitted on November 21, 2007 that addresses the lack of review of air permitting requirements at a painting facility at WNP-1 and potential chemical contamination at the on-site sanitary sewer system. ENW is defining a work scope for a contamination characterization of the sanitary sewer system.

Wallula IGCC

<i>Potential Site Study</i>	<i>Allen Fiksdal, Staff</i>
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Mr. Allen Fiksdal reported that the request for a Potential Site Study for the Wallula Energy Resource Center was filed with EFSEC on October 9, 2007. Staff is preparing a request for proposal for an independent consultant to review the existing environmental information from the combustion turbine project approved by EFSEC in 2002 to see if any additional information is needed and to review the Application for Site Certification once it is filed. A public meeting will be held in January 2008 near the Wallula site to hear comments regarding the project.

Kittitas Valley Wind Power Project

	<i>Jim Luce, Chair</i>
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Governor’s Remand Status: Mr. Kyle Crews, Assistant Attorney General for EFSEC, reported that the appeal from Kittitas County and from ROKT and Lathrop had been combined into a single appeal. The next step is to prepare and submit the record to Thurston County Superior Court.

SCA Amendment Request: Mr. Darrel Peeples, attorney representing Horizon Energy, reported that a letter had been submitted notifying the Council of a change in the corporate structure for the Kittitas Valley Wind Power Project along with a request, if needed, to amend the Site Certification Agreement. The change is that Goldman Sachs had sold Horizon Wind Energy LLC to Energias de Portugal, S. A. and the SCA should reflect that change in ownership.

EFSEC Manager Allen Fiksdal, noted the requirement for this type of technical change to an SCA, if it is determined necessary, is to notice hold a public meeting regarding the proposed change. Mr. Fiksdal suggested that the public meeting be held at the December 11, 2007 EFSEC meeting in Olympia and that the Council could take action at that meeting immediately following the hearing. Mr. Fiksdal noted that under EFSEC rules, a change in ownership of Horizon Wind Energy LLC would probably not have any significant environmental impact and not require Governor approval of the amendment.

Pipeline Capacity Study

<i>Project Status</i>	<i>Jim Luce, Chair</i>
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Chair Luce reported that EFSEC’s contractor, ICF International, will submit a draft report at the end of the week. The study addresses pipeline capacity in southwest Washington, but has been expanded to include the Portland area because of its influence on demand for petroleum products in the area. The study also looks at the changes in price of fuel in that area and makes some recommendations for making the availability of product more transparent. The study is due to the Legislature on December 1, 2007. Council members said they would defer to the chair for issuance to the Legislature.

6. ADMINISTRATIVE RULES

Allen Fiksdal, Manager

Mercury: Mr. Fiksdal reported that the Department of Ecology has not finished with the final edits to these rules and EFSEC and Ecology have not yet issued the CR102. Additional work is being done and Mr. Fiksdal expects the CR102 to be issued before too long.

Greenhouse Gas (ESSB 6001): Mr. Fiksdal reported that stakeholder meetings have been held and some draft language has been written. Mr. Fiksdal said the draft language is available on the Ecology website and he would send the link to the Council members so they could review them. A date of January 1, 2008 has been set to finish the rule development part of this effort. The rules must be adopted by June 30, 2008.

Council member Adelsman noted that she would like staff to work on the rules associated with RCW 80.70 the CO2 mitigation. Mr. Fiksdal said the staff has begun work on those rules but noted that the Department of Ecology may be updating their version of these rules and incorporating them into the ESSB 6001 rulemaking effort. Staff will work with Ecology to coordinate these efforts.

Chair Luce noted that the first stakeholder meeting was held for the transmission siting rulemaking under HB 1037. Staff is working on developing language for those rules.

7. OTHER

Jim Luce, Chair

Mr. Fiksdal reported that a new staff person was recently hired. Amanda Myers Hauss will take on filing and records maintenance duties and the receptionist duties.

Chair Luce noted that Council member Sweeney was leaving the Utilities and Transportation Commission and would no longer represent the UTC after 5 years on the Council. Mr. Dave Pratt from the UTC will be their interim representative.

Chair Luce also noted that the Interstate Compact effort under HB 1038 has turned into more of a Transmission Issues Forum. Taskforce members have not yet been appointed by the Governor. Chair Luce referred to a handout prepared by legislative staff that provides an overview of electrical and transmission siting in Washington, Oregon, California, and Idaho.

8. ADJOURN

The meeting was adjourned at 3:08 p.m.