



STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL
PO Box 43172 • Olympia, Washington 98504-3172

October 9, 2007 Monthly Meeting Minutes

1. CALL TO ORDER

Chair Jim Luce called the October 9, 2007 monthly meeting to order at Lacey Community Center 6729 Pacific Ave SE, Lacey, WA at 1:35 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
Patti Johnson (via Phone)	Kittitas County Representative

Staff in attendance were:

Allen Fiksdal – EFSEC Manager, Mike Mills – Compliance Manager, Stephen Posner, - EFS Specialist, Jim LaSpina - EFS Specialist, Kyle Crews – Assistant Attorney General, Tammy Talburt – Administrative Assistant.

Guests in attendance were:

Darrel Peeples - Attorney of Law, Tim McMahan – Stoel Rives, LLP; Tom Donovan – Grays Harbor Energy; Kevin Warner – Grays Harbor Energy, Michael Tribble – Counsel for the Environment, Rob Smith – Chehalis Power, Ted Beatty – Energy Northwest, Bob Wallis – Administrative Law Judge, Timothy Killian – WERC, Richard Dryden – Edison Mission Group, Chris Mulick – Tri-City Herald, Robert Neilson – Energy Northwest, Scott Williams – Puget Sound Energy, Mark Anderson – CTED Energy Policy.

Guests attending via phone:

Jennifer Diaz – Wild Horse, Bob Wilson – Ecology, Ron Skinnerland – Ecology, Jeff Ayres – Ecology, Steve Szendre – Ecology, Sharon Braswell – Ecology.

3. ADOPTION OF PROPOSED AGENDA

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

4. MINUTES

The June 12, 2007 monthly meeting minutes were approved as edited and the special meeting minutes from June 12, 2007 were postponed.

Motion: Council member Richard Fryhling made a motion, seconded by Ms. Adelsman, that the Council approve the June 12, 2007 monthly meeting minutes as corrected and that the Council postpone the approval of the June 12, 2007 special meeting minutes to a further date. The motion was approved.

5. PROJECT UPDATES

Kittitas Valley Wind Power Project

<i>Project Update</i>	<i>Jim Luce, Chair</i>
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Chair Luce reported that the Governor had approved the Project, and signed the Site Certification Agreement (SCA) on September 18, 2007. There is a 30 days appeal period. There has been informal information that the Kittitas County Commissioners have decided to appeal the Governor's decision.

Columbia Generating Station

<i>Operational Status</i>	<i>Robert Nielson, ENW</i>
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Mr. Nielson reported that the plant is generating at 100% Power (1165 MW gross) this is the 66th day on line. A recent issue developed out of NRC Regulatory Issue Summary (RIS) that rescinded inspection guidance ("Jordan Memo") that allowed transitory exceedance of licensed maximum power. The Nuclear Energy Institute (NEI) prepared an industry response recommending that the inspection guidance be reinstated and that no change in operations be taken while NRC and the industry further evaluate the issue. Energy Northwest is complying with the RIS and operating slightly below maximum power until the issue can be resolved.

NRC Occupational Radiation Safety inspection was concluded 10/4/07 with preliminarily one ALARA finding and two violations.

1. Work on the Drywell Main Steam Relief Valves exceeded its estimated dose projection by 50%, accumulated greater than five (5) person-ram, and the unintended dose was characterized as the result of performance deficiencies.
2. Contamination of workers during the outage while adjusting scaffolding in the Reactor Water Clean-up heat exchanger room which resulted in the uptake of radioactive material. During this incident, the air had not been sampled prior to worker entry.
3. Worker who received a high dose rate alarm when he entered an area of the plant (steam tunnel) that he was not briefed to access.

NRC Emergency Preparedness concluded 10/4/07 with no findings.

Current Assessments – Self Assessments

1. 10/8/07, Plant-Wide Self-Assessment with industry peers to assess progress towards addressing areas for improvement identified in the 12/06 biennial Institute of Nuclear Power Operations (INPO) evaluation.
2. 10/8/07, Safety Culture Self-Assessment with industry peers to assess performance against INPO performance objectives and criteria.

Ecology Inspection

1. Ecology has issued two Administrative Orders and a Penalty. CGS: 8 violations and 3 concerns. IDC: 1 violation and 2 concerns.
2. Energy Northwest takes these Orders seriously and has immediately taken actions to comply. Also using our corrective action system to address the programmatic issues identified during the inspection.

50 Year Celebration - Well attended. Several dignitaries. Appreciate EFSEC's attendance (member Richard Fryhling and staff Mike Mills) and support of the activity.

Columbia Generating Station Continued

Dangerous Waste Enforcement

Bob Wilson, Ecology

Mr. Bob Wilson of Department of Ecology reported that on October 4th the Department of Ecology issued two Administrative Orders and a \$120,000 Penalty to Energy Northwest. The Penalty and one Order were issued for eight violations of state and federal regulations for management of dangerous wastes at the Columbia Generating Station. The remaining Order was issued for one violation involving similar dangerous waste management problems at the WNP-1 Industrial Development site.

Generally, the violations reflected that:

- Personnel performing dangerous waste management activities at both the Columbia Generating Station and at the WNP-1 site were not trained for the dangerous waste tasks they were performing.
- Abandoned dangerous wastes were discovered throughout both the Columbia Generating Station and at the WNP-1.
- Some of the abandoned wastes posed a threat to worker safety.
- Despite employment of a staffed environmental management organization, these problems persisted for years at both sites.

Ecology hopes all violations will be remedied by January 2008.

Notice of Incident/Request for Assurance of Compliance

Mike Mills, Staff

Mr. Mike Mills, EFSEC Compliance Manager recommended that the Council issue a Notice of Incident/Request for Assurance of Compliance. Based on inspections conducted during July-August 2007, the state Department of Ecology (Ecology) issued enforcement orders to Energy Northwest on October 4, 2007, citing a number of dangerous waste-related violations, management and training deficiencies, and concerns at the Columbia Generating Station (Columbia) and WNP-1 Industrial Development Complex (WNP-1). A penalty of \$120,000 was assessed to Columbia for violations observed during the inspections. Pursuant to federal delegation and Revised Code of Washington (RCW) 70.105.110, Ecology will be responsible for working with Energy Northwest to ensure compliance with the corrective actions required in the administration orders (orders).

In addition to the violations cited in the orders, by letter dated October 4, 2007, Ecology notified the Council that their inspections had highlighted two (2) potential environmental concerns, which fall under the jurisdiction of EFSEC, that they are recommending follow-up actions to determine if those concerns pose a threat to the environment. The two areas of concern are:

- Potential chemical contamination of the on-site sanitary sewer system, including its discharge within Columbia.
- Lack of review for air permitting requirements of the industrial painting operations performed on the WNP-1 site.

Ecology is prepared to assist the Council work with Energy Northwest to develop inspection and monitoring plans to review if the two areas of concern cited in NOI – ENW 07-01 pose a threat to the environment. Ecology will review Energy Northwest's report and advise the Council as to compliance with appropriate regulations and if further enforcement actions may be required.

Pursuant to its regulatory and enforcement authorities set out below, the Council directs Energy Northwest to report on the two concerns identified by Ecology, for the Council to determine compliance with appropriate certification and permit conditions. In accordance with WAC 463-70-070, the Council directs Energy Northwest, within 30 days after service of this

Notice, to: "provide a report of the incident(s) and assurance of compliance, including appropriate measures to preclude a recurrence of the incident(s)".

Mr. Mills also recommended the Council approve Amendment B to EFSEC/Ecology Task Order No.1, to provide environmental/air monitoring and technical services in support of the review of Energy Northwest activities related to addressing the environmental concerns identified in Council Notice of Incident and Request for Assurance of Compliance No. NOI - ENW 07-01 for an amount to be agreed to by the EFSEC Manager and the department's Richland Nuclear Waste Program. Energy Northwest Nuclear Projects.

Motion: Council member Hedia Adelsman recused herself. Council member Jeff Tayer moved, Mr. Sweeney seconded, that the Council approve Amendment B to the EFSEC/Ecology Task Order No.1, for an amount to be agreed to by the EFSEC Manager and the department's Richland Nuclear Waste Program. The motion was approved.

Motion: Council member Dick Fryhling moved, Ms. Adelsman seconded, that the Council issue a Notice of Incident and Request for Assurance of Compliance NO. NOI - ENW 07-01. The motion was approved unanimously.

Wild Horse Wind Power Project

<i>Project Update</i>	<i>Jennifer Diaz, Wild Horse</i>
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Ms. Jennifer Diaz, Project Environmental Manager Wild Horse reported that September's generation totaled 54,281 MWh, which is a 36% capacity factor. There will be a Technical Advisory Committee (TAC) meeting on October 25, 2007. The Renewable Energy Center (Visitor Center) opened to the public last weekend, and will remain open on weekends through November. The Hunting Plan was approved by EFSEC and hunting on-site will be allowed beginning October 20th. The solar facility is nearing completion. Approximately 33% of the arrays at the quarry site have been commissioned and connected to PSE's system.

Wallula IGCC

<i>Potential Site Study Request</i>	<i>Darrel Peeples, Attorney Richard Wright, Edison Mission Group</i>
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Mr. Darrel Peeples, representing Edison Mission Energy submitted a request for the Council to conduct a potential site study for the Wallula Energy Resource Center. Mr. Richard Dryden, from Edison Mission Energy gave a presentation listing the project goals as follows:

- Convert Powder River Basin (PRB) coal to synthesis gas (syngas) for electric power generation;
- Capture carbon dioxide (CO₂) for permanent storage in unique basalt geological formations.
- Generate approximately 700 MW (net) via Integrated Gasification Combined Cycle (IGCC) technology, most efficient technology with carbon capture and sequestration.
- Develop and commercialize technology that is domestically replicable and transferable to Asia.

Mr. Dryden continued his report stating that the Wallula Energy Resource Center is designed to sequester CO₂ from the beginning of the project. In the basalt formations located beneath site that reach a depth of 1.3+ miles under the site. Edison Mission Group is in a partnership with Big Sky Carbon Sequestration Partnership & Battelle. The Wallula Energy Resource Center is designed to meet the expectations of SB 6001, with an 1100 lbs/MWh CO₂ standard. Natural gas will be used as backup fuel and the project is close to the TransCanada GTN gas pipeline.

Mr. Fiksdal noted there is no requirement for the Council to hold a public meeting for a Potential Site Study. However, if the Council would like to have a meeting near the site, it can be arranged based on Council availability.

Mr. Peeples requested that the Council hire a consultant to perform the Potential Site Study. Edison Mission Group has presented a check for \$50,000.00 that includes the \$10,000 required by statute and an additional \$40,000 for expected costs of the study.

Chehalis Generating Station

<i>Project Update</i>	<i>Rob Smith, Chehalis Power</i>
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Mr. Rob Smith, Plant Manager for Chehalis Power reported the following:

Safety - The plant staff has been more than 1800 days without a lost time accident. However, there was one recordable safety incident during the second quarter of 2007; this was a repetitive stress injury. Chehalis Power maintains an effective safety program through a behavioral-based approach. The program has been strengthened through individual safety declarations and specific safety targets tied to bonuses.

Environmental – there is one incident to report, some diesel fuel contaminated gravel in the NW corner of the lot during an external environmental audit. All samples were less than Washington’s State Model Toxics Control Act (MTCA) Method A (unrestricted land use) cleanup value of 2000 mg/kg. This material has been properly disposed. There have been no storm water exceedances in the past year. The site remains in excellent shape.

Personnel – Authorized plant staffing level is currently 17. The plant engineer, Rob Smith, has been promoted to Plant Manager. There was some turn-over in personnel during 2007. There are currently three vacancies for operators. The process of hiring and training personnel is on going.

Operations – The plant dispatch since March has been moderate. (2nd Qrt – 12%, 3rd Qrt – 96%). There have been two planned outages since March, one to install stack dampers/dehumidifiers/sonic horns; combustion turbine maintenance; HRSG work. The other replacement of a temporary transformer that has been in place since 8/06 after the 3/06 fire; combustion turbine maintenance; steam turbine inspection; and HRSG work.

Noise Mitigation Activities – Public concern regarding the plant noise has greatly diminished in the past two years, and is now limited to one neighbor. The concerns invariably occur as a result of a startup, and usually a startup in which an equipment malfunction has occurred. Routine daily noise tests are conducted as per our agreement with EFSEC. The next step in Noise Mitigation is to install a vacuum pump and auxiliary boiler for startup. This equipment will enable us to virtually eliminate the high-pressure steam venting from the HRSG’s that now occurs on startup. The venting has been a significant contributor to startup noise. It will also permit faster startups, which means less time spent in steam turbine by-pass mode, which is another source of noise. Chehalis power has completed of the conceptual engineering and the retained a consulting firm to assist us on this project.

Satsop Combustion Turbine Project

<i>Project Update</i>	<i>Tom Donovan, Grays Harbor Energy</i>
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Mr. Tom Donovan, Project Manager reported that construction and startup activities continue. The highlight for last month was the back feed (from Bonneville) September 7. Construction workforce peaked in September at about 400 and is now declining as work is completing. Numerous of device failures have been encountered daily during the startup as a result of the long term storage and the wet weather at the site. Fist fire is still anticipated in December. There has been a meeting with staff and the Fire Marshall in September and resolved questions and comments. The final building permit is expected on October 19.

Mr. Kevin Warner, Plant Engineer reported that the plant staff have prepared plant operation period procedures for submission to the Council will replace construction period procedures. Provided notices on initial cooling tower and auxiliary boiler operation. A lube oil leak occurred when a hose returned during flushing activities. No discharge to the waterways

and the clean up took two days. Final report is pending from the cleanup contractor and will be provided to staff as soon as it is available.

Mr. Donovan said site has changed considerably since the Council's last visit two years ago and invited the Council and Staff to visit the Satsop site soon. .

Pacific Mountain Energy Center

<i>Project Update</i>	<i>Stephen Posner, Staff</i>
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Mr. Stephen Posner, EFS Specialist reported on the prehearing conference held on September 20, 2007 in Kalama. The Council issued Council Order No. 832 on September 26, 2007 summarizing the activities of the conference. Petitions for intervention from all parties were considered and all were granted intervention by the Council. The Council has also presented questions to the applicant and intervenors and requested they respond to the questions in their opening briefs. A schedule for future actions was developed and includes the following events: Opening Briefs -*October 25, 2007*, Answering briefs - *November 8*, Oral Arguments - *November 13*, and a Prehearing Conference *November 13*.

A public meeting was held the evening on the 20th, Public comments were received on the project's greenhouse gas reduction plan. Approximately 60 people attended the meeting and oral comments were received from 25 people. To date, the Council has received 385 public comments concerning the greenhouse gas plan. The closing date for public comments is October 20. The applicant's prefiled testimony has been distributed to the Council members

Pipeline Capacity Study

<i>Project Update</i>	<i>Jim Luce, Chair</i>
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Chair Luce reported that on October 10, 2007 there will be a meeting in Vancouver on the draft study of pipeline capacity in SW Washington. EFSEC's consultant will present some draft findings to stakeholders at that meeting.

6. ADMINISTRATIVE RULES

<i>Mercury Rules</i>	<i>Allen Fiksdal, Manager</i>
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Mr. Allen Fiksdal reported that staff has been working closely with Ecology on the Mercury emissions and there will be a final stakeholders meeting on October 10th. There will be a presentation from Transalta regarding their proposed changes to the draft rule. The Council will need to issue its rules simultaneously with the Department of Ecology. The rules will match the Department of Ecology exactly except for the threshold levels for power generation for the facilities that are under EFSEC jurisdiction. A CR 102 will be issued sometime in late October or early November. There will be public meetings following the issuance of the CR 102. The meetings will be joint hearings by Department of Ecology and EFSEC.

<i>ESSB 6001- Sequestration CO₂</i>	<i>Allen Fiksdal, Manager</i>
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Mr. Fiksdal stated that rulemaking for ESSB 6001 will follow the same process as the mercury rules - that Ecology will be taking the rule writing lead, and EFSEC will use the same language as Ecology. Staff have been attending the twice-monthly stakeholders meetings. The rules need to be completed by June 2008. The Ecology website has a great amount of information available regarding the rulemaking as well as studies relating to sequestration of CO₂. There will be a link to the Department of Ecology website on the EFSEC website.

<i>CO₂ Rules</i>	<i>Allen Fiksdal, Manager</i>
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Mr. Fiksdal reported that the CO₂ rules were close to completion but staff has not worked on those for some time. Mr. Fiksdal reminded the Council that, a few years ago when RCW 80.70 was enacted, there the cost per ton was set at a \$1.60 per metric ton. This cost can only be changed every two years and only by a 50% increase each time. Chair Luce requested that staff begin to work on the CO₂ rules again and include an increase in the cost per ton.

Rule Adoption CR 103

Allen Fiksdal, Manager

Mr. Fiksdal summarized the changes of the rules that are being proposed. The first is Chapter 463-28 concerning land use consistency. The change to this chapter would eliminate the requirement for the applicant to go back to the local jurisdiction to try to resolve inconsistency on land use.

The second rule change to Chapter 463-47 would allow the Council to choose to have the Council staff, the applicant or a consultant prepare the SEPA documents. Another change is to give the EFSEC manager the decision-making authority on SEPA documents, which differs from the language as it reads now "...the Council shall be responsible..."

The third rule change is in Chapter 463-66 regarding amendments to Site Certification Agreements. The proposed change to, eliminate the Governor's approval of significant changes to Site Certification Agreements was dropped. The only proposed change is to include a requirement that the Council consider site restoration issues when considering Site Certification Agreements.

Motion: Council member Tim Sweeney moved, Ms. Adelsman seconded, that the Council direct staff to issue the CR 103 for Chapters 463-28, 463-47, & 463-66. Role call vote, CTED – Yes, Ecology – Yes, WDFW – Yes, DNR – Yes, UTC – Yes & Chair – Yes. The motion was passed.

7. CHAIR'S REPORT

Jim Luce, Chair

Chair Luce reported that on October 30, 2007 at 1:30 pm there will be a "brainstorming" meeting to discuss rulemaking for HB 1037, the bill that granted EFSEC more authority to site certain electrical transmission lines. The rulemaking will emphasize the pre-application process to facilitate any transmission siting presented to EFSEC.

Chair Luce also reported that the House Tech Energy Committee will hold a conference call for the afternoon of October 10, for a discussion on HB 1038, the interstate compact legislation passed last session. HB 1038 calls for Washington to work with other western states to form regional compacts to site transmission lines.

8. ADJOURN

The meeting was adjourned at 2:56 pm.