



STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL

PO Box 43172 • Olympia, Washington 98504-3172

July 10, 2007 Meeting Minutes

1. CALL TO ORDER

Chair Jim Luce called the July 10, 2007 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:

Jim Luce	EFSEC Chair
Dick Fryhling	Community, Trade & Economic Development
Hedia Adelsman (via Phone)	Department of Ecology
Jeff Tayer	Department of Fish and Wildlife
Chris Towne	Department of Fish and Wildlife (Kittitas Valley Wind Project only)
Judy Wilson	Department of Natural Resources
Tim Sweeney	Utilities and Transportation Commission
Bruce Rader	Port of Kalama Representative
Patti Johnson (via Phone)	Kittitas County Representative

Staff in attendance were:

Adam Torem – Administrative Law Judge, Allen Fiksdal – EFSEC Manager, Mike Mills – Compliance Manager, Tammy Talburt – Administrative Assistant, Diane Burnett – Administrative Assistant.

Guests in attendance were:

Jake Baker – Energy Northwest, Liz Thomas – Attorney, Scott Williams – PSE

TVW recorded this meeting.

Guests attending via phone:

Darryl Piercy – Kittitas County, Neil Caulkins – Kittitas County, Katie Zemtseff – Seattle Daily Journal of Commerce, Nancy Holbrook – Snohomish PUD, Debbie Strand – Economic Development Group of Kittitas County, Mark Ohrenschall – Energy NewsData, Linda Schantz - ROKT, Ed Garrett – ROKT, Trent Enzol – BP, Steven Berry – BP, Bernice Kasko – Energy Northwest, Katy Chaney – URS

3. ADOPTION OF PROPOSED AGENDA

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

4. MINUTES

The May 8, 2007 meeting minutes were approved as corrected.

5. PROJECT UPDATES

Pacific Mountain Energy Center

<i>Project Update</i>	<i>Jack Baker, Energy Northwest</i>
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Mr. Jack Baker, Vice President of Energy Business Services with Energy Northwest, stated that Energy Northwest had requested EFSEC postpone commencement of the adjudicative hearings for the PMEC project due to the passage of ESSB 6001. Mr. Baker reported that Energy Northwest has worked on the issues addressed in ESSB 6001 and was preparing a Greenhouse Gas Mitigation Plan to be submitted to the Council at the end of July. Mr. Baker asked the Council to start the adjudicative process. Mr. Allen Fiksdal, EFSEC Manager, reported that he was working with Ecology to enter into a contract to review the PMEC Greenhouse Gas Mitigation Plan when Energy Northwest submits it. Chair Luce noted his interest in ensuring that the review of the plan be a public process and that those interested have an opportunity for input.

Ms. Liz Thomas attorney for Energy Northwest, noted that the schedule proposed by Energy Northwest for the adjudicative proceeding may be aggressive, but the applicant feels it can be accomplished. Ms. Thomas also noted that Energy Northwest will be submitting their prefiled testimony with the Greenhouse Gas Plan and that any potential interveners will be able to see what Energy Northwest is planning.

Chair Jim Luce recommended that the Council not start the adjudication, but wait until the contract with Ecology is in place to review the Greenhouse Gas Mitigation Plan and when the plan has been reviewed by Ecology and returned to EFSEC to then initiate the adjudicative process. Council member Wilson was concerned that the schedule being proposed was very aggressive and wondered how realistic it was.

Motion: Council member Judy Wilson moved that the start of the adjudicative proceeding be postponed for one month to receive the Greenhouse Gas Mitigation Plan and to work with Ecology to find out how long it will take them to conduct their review. EFSEC will move as expeditiously on the start of the adjudicative proceeding once that is accomplished. The motion was seconded by Council member Dick Fryhling. The motion was unanimously approved.

Desert Claim Wind Power Project

<i>Project Update</i>	<i>Allen Fiksdal, Staff</i>
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Mr. Fiksdal reported that Desert Claim has submitted a request that EFSEC preempt local land use laws and regulations. The request was received by the Council on June 28, 2007, and outlines Desert Claim's reasoning for their request. Chair Luce noted the Council will review the request.

Wild Horse Wind Power Project

<i>Project Update</i>	<i>Scott Williams, PSE</i>
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Mr. Scott Williams from Puget Sound Energy reported that the Wild Horse project generated 60,992 megawatts hours for a total capacity factor of 37.1% in June. He added that construction of the solar project has started.

Kittitas Valley Wind Power Project

<i>Governor's Remand</i>	<i>Jim Luce, Chair</i>
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Chair Luce summarized Governor Gregoire's June 22, 2007 remand of the Council's recommendation for the Kittitas Valley Wind Power Project to the Council. Chair Luce summarized the Governor's remand request as directing EFSEC to examine whether there could be setbacks beyond the four times the tip height for non-participating landowners could be achievable while allowing the project to remain economically viable.

Judge Adam Torem noted that there is a limited issue to be reviewed. He recommended not re-opening the adjudicative record but to hold two meetings, one for the parties in the afternoon and one for the public in the evening. Judge Torem recommended the Council issue a notice of the meetings on July 17, 2007 to hear comments on a single issue – "whether additional setbacks beyond the four times the tip height requirement for non-participating landowners are achievable while allowing the project to remain economically viable".

Motion: Council member Chris Towne moved that the Council approve Judge Torem's recommendation and hold public meetings on July 17, 2007 in Ellensburg and limit the issue to the one he outlined. The motion was seconded by Council member Dick Fryhling. The motion was approved.

The Council asked to have the exhibits illustrating the landowners impacted that were used in the adjudicative hearings available at the public meetings. Judge Torem noted that no new exhibits would be accepted and comments on existing evidence must be submitted by the end of the meeting. The Council would examine the information from the meetings to determine whether to reopen the adjudicative hearings.

BP Cherry Point Cogeneration Project

<i>Project Status</i>	<i>Steve Berry, BP</i>
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Mr. Steve Berry, BP Project Director, reported that BP has deferred the project because currently the refinery has higher priorities. BP will continue to work on some of the associated permits associated with the project and on the SCA amendment. BP will continue to maintain the permits and assess the project periodically. Mr. Berry thanked the Council and staff for their hard work and effort 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 and Kevin Warner, Grays Harbor Energy, reported that the project is doing well – it is 70% complete and on track to begin operation in about 6 months. BPA has been working on the switch yard planning for a December 14, 2007 synchronization. There are about 340 workers on site and Grays Harbors Energy has mobilized their start-up team. Project staff is now starting to put together plant procedures. Final site grading has started and the storm water drainage work is near completion. There have been no security issues for the past 45 days and added security measures have helped to stop the theft of materials from the site.

Columbia Generating Station

<i>Project Update</i>	<i>Jack Bakers, Energy Northwest</i>
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Mr. Jack Baker, Vice President of Energy Northwest, reported they had completed a successful refueling and maintenance outage that involved about 2000 workers. The outage was

planned for 38 days, but lasted 44 days. After start-up, the plant shut down due to a pump malfunction. The plant restarted after a brief 2-day shutdown. The plant is currently running at 100%.

WNP-1/4

<i>Offsite Mitigation</i>	<i>Mike Mills, Staff</i>
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Mr. Mike Mills reported that the Walla Walla Conservation District will not spend \$100,000 of the funds granted to them as part of the WNP-1/4 environmental mitigation effort for the Hofer Dam project. Staff has not had time to consider what to do with the unused funds, but expects to have a recommendation at the Council's August meeting.

6. ADMINISTRATIVE RULES

	<i>Allen Fiksdal, Manager</i>
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WAC 463-22, 47, and 66: Mr. Allen Fiksdal reported the Council held two public meetings to hear comments on proposed rules for WAC 463-28, 47 and 66. The first meeting was held in Olympia on June 12th and the other in Yakima on June 13th. Twenty-one comments were received by the June 13, 2007 deadline and one comment came in 2 days after the deadline. Near the end of June there was an inquiry from Kittitas County regarding the submittal of additional comments on the rules. Mr. Fiksdal spoke with Mr. Darryl Piercy from Kittitas County and told him that the Council would determine whether it would accept late comments from the county.

Chair Luce recommended the Council accept the Kittitas County comments and postpone the adoption of the proposed changes to WAC 463-22, 47, and 66, until such time as all the comments could be reviewed.

Motion: Council member Dick Fryhling moved that the Council accept the late comments from Kittitas County and postpone adoption of WAC 463-22, 47, and 66. The motion was seconded by Council member Judy Wilson. The motion was unanimously approved.

Mercury: Mr. Fiksdal reported that both EFSEC and the Department of Ecology are working on rules that would regulate the emissions of mercury. Ecology is taking the lead on developing the mercury rules and has been holding stakeholder meetings and has drafted some proposed language. Mr. Fiksdal noted that he has reviewed the proposed language and has developed a new chapter for Title 463 that would be identical to Ecology's rule except for the language that would denote EFSEC's jurisdiction. Mr. Fiksdal requested Council approval of issuing a CR102 when Ecology issues its CR102. The EFSEC and Ecology public comment meetings would be held jointly.

Motion: Council member Tim Sweeney moved that staff be directed to issue a CR102 in concert with the Department of Ecology for the mercury rules. The motion was seconded by Council member Dick Fryhling. The motion was unanimously approved.

Greenhouse Gas (ESSB 6001): Mr. Fiksdal directed the Council members to information in their packet concerning the rulemaking in response to ESSB 6001. EFSEC will again work with Ecology to develop rules to implement ESSB 6001 - the bill that set performance standards for base-load energy facilities for greenhouse gas emissions. Mr. Fiksdal requested that the Council approve the issuance of a CR101 for this rulemaking effort.

Motion: Council member Judy Wilson moved that staff be directed to issue a CR101 for the greenhouse gas rules. The motion was seconded by Council member Jeff Tayer. The motion was unanimously approved.

7. OTHER

	<i>Allen Fiksdal, EFSEC Manager</i>
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Non-direct costs: Mr. Allen Fiksdal stated the Council's non-direct cost allocation calculation for each quarter is determined by using the actual time spent on each project by certain staff members. For the quarter starting July 2007, the percentages charged for those EFSEC costs that are not directly charged are: Kittitas Valley Wind – 7%; PMEC – 28%; Desert Claim – 8%; Columbia – 21%; WNP-1/4 – 4%; Chehalis – 8%; Wild Horse Wind – 11%; and BP – 10%.

Pipeline Capacity Study: Mr. Fiksdal reported that staff is preparing a request for proposals for a contractor to conduct a pipeline capacity study focused on southwest Washington that was authorized as a proviso in the state budget passed by the Legislature in May. Chair Luce reported that he has had contact with potential stakeholders for this study and noted there will be one or more stakeholder meetings as part of the study.

Administrative Law Judge: Mr. Fiksdal also reported that staff was preparing a second request for proposals for an Administrative Law Judge to assist the Council with adjudicative hearings now that Judge Adam Torem has accepted a position with the Utilities and Transportation Commission.

New Staff Position: Mr. Fiksdal reported that interviews for a new Energy Facility Site Specialist will begin before too long.

WDFW: Jeff Tayer reported that the Legislature provided funds for the Department of Fish and Wildlife to add staff to analyze impacts of wind power projects on birds.

8. ADJOURN

The meeting was adjourned at 2:43 pm.