



STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL

PO Box 43172 • Olympia, Washington 98504-3172

January 8, 2008 Monthly Meeting Minutes

1. CALL TO ORDER

Acting Chair Dick Fryhling called the January 8, 2008 monthly meeting to order at 905 Plum Street S.E., Room 301, at 1:33 p.m.

2. ROLL CALL

Council members present were:

Dick Fryhling	Community, Trade & Economic Development
Hedia Adelman via phone	Department of Ecology
Jeff Tayer	Department of Fish and Wildlife
Dave Pratt via phone	Utilities and Transportation Commission
Vern Eaton	Cowlitz County
Justin Ericson via phone	City of Kalama
Patti Johnson via phone	Kittitas County
<hr/>	
Jim Luce (excused)	EFSEC Chair
Judy Wilson (excused)	Department of Natural Resources

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, AGO

Guests in attendance were:

Darrel Peeples – Attorney, Tom Donovan – Grays Harbor Energy, Kevin Warner – Grays Harbor Energy, Scott Williams – Puget Sound Energy, and Mark Anderson – CTED Energy Policy.

Guests attending via phone:

Liz Thomas – K & L Gates, Ted Beatty – Energy Northwest, Bernice Kasko – Energy Northwest, Jennifer Diaz – Puget Sound Energy, Robert Nielson – Energy Northwest, Rob Swedo – Bonneville Power Administration.

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 December 11, 2007 monthly meeting and December 21, 2007 special meeting were presented for approval.

Motion: Council member Jeff Tayer moved Council approval of the meeting minutes as presented. The motion was seconded by Council member Hedia Adelsman. The motion was approved.

5. PROJECT UPDATES

Pacific Mountain Energy Center

Project Status	<i>Ted Beatty, ENW</i>
-----------------------	------------------------

Mr. Ted Beatty reported that Energy Northwest (ENW) appreciated the quick response to their Motion for Clarification and Revision. He noted that EFSEC Order 835 has proven helpful in their discussions on how to proceed. ENW continues to work with its consultants and the 22 participating utilities in the evaluation of several options that they have developed over the last month. Mr. Beatty said most of the options being evaluated will require an application amendment and all will comply with RCW 80.80. For most options, no sequestration plan would be required because emissions would be below the statutory threshold.

Mr. Beatty said the cost of developing a detailed geological sequestration plan with uncertain regulatory requirements and long-term storage is very high, and is not feasible at this stage of the project development. Time is also an important factor. It would likely require two years or more to complete the studies necessary to prepare a detailed plan. Mr. Beatty noted that adding more than two years to the permitting timeline for sequestration studies and testing is not an option for PMEC. Mr. Beatty said ENW is moving as expeditiously as possible to develop power supply options for their members and participating utilities.

Energy Northwest expects to narrow down the options in the coming weeks, in preparation for meeting with Executive and Member boards at the end of the month, and they anticipate advising EFSEC on the path they chose by the February Council meeting.

Kittitas Valley Wind Power Project

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

Mr. Kyle Crews, EFSEC counsel, reported that arguments were heard on Friday January 4, 2008 in Superior Court by Judge Hicks. Judge Hicks issued a stipulated order that would grant limited discovery by way of depositions from James Luce and Chris Towne. Judge Hicks' order also noted that should there be any issues that arise from the depositions the parties will need to file motions by January 18, 2008, to be heard on January 25, 2008. The order reaffirmed that the final hearing on the certification of the record for the Supreme Court will be heard on February 22, 2008.

Columbia Generating Station

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

Mr. Robert Nielson (via phone) reported that Columbia Generating Station (CGS) is operating at 100% Power (1165 MW gross) on it's 158th day on line. CGS was awarded the Institute of Nuclear Power Operations (INPO) award for improved performance, given at INPO's recent 28th Annual CEO Conference. A plant-wide self assessment, involving peers from other nuclear power sites, of ENW's Maintenance Department was completed. The conclusion was that maintenance performance is successfully contributing to improved system and station reliability as evidenced by low corrective and elective backlogs. The assessment also identified areas for improvement, including additional

training to improve rigging practices exhibited during our recent fuel outage. A Nuclear Safety Culture Assessment was conducted by the Utilities Services Alliance (USA), comprised of industry peers from other sites. The team concluded that the station has a strong nuclear safety culture, a healthy respect for nuclear safety, and that nuclear safety is not compromised by production priorities. Post 9/11 strategies required by Nuclear Regulatory Commission (NRC) to protect station core capabilities under certain emergency conditions were completed by the required date of December 31, 2007.

Energy Northwest’s response to the Ecology hazardous waste inspections were completed on October 31, 2007 and November 30, 2007 and submitted as required by the administrative orders. Columbia is working with Ecology to close the orders via letter. Mr. Nielson reported that Ecology has acknowledged their application for relief from penalty, and they are waiting to hear back regarding disposition. Ecology has indicated they will be sitting down to discuss that application with ENW soon.

Pursuant to EFSEC’s Notice of Incident (NOI), an air permitting review of past paint shop operations was completed and submitted to EFSEC on December 27, 2007. Energy Northwest has contracted with EQM Inc. to assist in the preparation of a Data Quality Objectives (DQO) Summary Report for the sanitary sewer system. “Stakeholder” meetings have been held with Ecology and EFSEC staff, and a workshop is being scheduled for next week. The DQO Submittal to EFSEC is expected to be made on or before February 29, 2008.

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 2007 Wind Energy production for the Wild Horse project totaled 610,850 MWh, for a yearly capacity factor of 30.6%. She said the Solar Energy production totaled approximately 98,000 KWh in 2007. She reported that the final report for the Avian & Bat Monitoring Program for 2007 will be issued to the Technical Advisory Committee (TAC) before the end of January.

Wallula IGCC

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

Mr. Jim LaSpina reported that the Request for Proposals from consulting firms to perform the Potential Site Study were reviewed by staff and the consulting firm of Ecology & Environment (E & E) was chosen to provide the services required to complete the study. EFSEC expects to complete the contract process with E & E by the end of the month.

Satsop Combustion Turbine Project

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

Mr. Tom Donovan reported that the project is 97% complete. He reported the boiler hydro tests and chemical cleanings are completed, and both the gas turbines are ready to fire. He said the final alignment on the steam turbine needs to be completed with the first fire of the gas turbines is scheduled for January 16. Following that, they expect to complete the steam blow by the end of the month. Mr. Donovan said the Relative Accuracy Test Audits (RATA) is planned for February with stack testing in late March. He noted that construction staff is continuing to work on the site grading and completion of the permanent storm drainage system. Mr. Donovan reported that Ecology is expected to issue the draft National Pollutant Discharge Elimination System (NPDES) renewal permit shortly. He said that they are responding to the December 11, 2007 EFSEC letter regarding fire protection systems and three (3) volumes of fire protection documents have been submitted to EFSEC today. Mr. Donovan reported that most of the fire protection information has been provided electronically, but the State Fire Marshal’s Office has requested hard copies. A January 30 meeting

has been arranged between the Deputy State Fire Marshal and EFSEC staff to review the systems and answer any questions, with validation tests tentatively scheduled to be performed in late February.

Mr. Donovan reported that during the recent flood, there were storm water discharges from the C-1 pond and the required samples are being tested.

Rule Making

<i>CO₂</i>	<i>Allen Fiksdal, EFSEC Manager</i>
-----------------------	-------------------------------------

Mr. Allen Fiksdal, EFSEC Manager reported that RCW 80.70 gives EFSEC and Ecology authority to require thermal power facilities to mitigate 20% of the Carbon Dioxide (CO₂) emissions. Ecology has adopted rules to implement this law but EFSEC has yet to do so. EFSEC's draft rules are very similar to Ecology's rules, but adds language for selecting and maintaining a list of "Independent Qualified Organizations" if an energy facility chooses to just pay a 3rd party the mitigation fee.

Mr. Fiksdal said that RCW 80.80 requires EFSEC and Ecology to adopt rules by the end of June 2008 and that Ecology is now finalizing rule language after meetings with stakeholders through the fall. Mr. Fiksdal noted that Ecology is unifying their existing rules (with minor modifications) for RCW 80.70 (Part I) and the new rules for RCW 80.80 as Part II in an overall CO₂ rule. Staff asked for clarification from the EFSEC members regarding whether the Council should follow Ecology's lead and incorporate its CO₂ rules as a Part I and II in a unified chapter or adopt separate chapters within Title 463. Council member Adelsman suggested that EFSEC separate the two sections into separate chapters and Council member Tayer concurred.

<i>Mercury</i>	<i>Allen Fiksdal, EFSEC Manager</i>
----------------	-------------------------------------

Mr. Fiksdal informed the Council that EFSEC and Ecology staff have been working with stakeholders to implement mercury emission rules through a modified "cap & trade" system. It's expected that EFSEC will use the exact same language as Ecology except for a few instances where it's stated that EFSEC's jurisdiction is for projects that are 350 MW or greater. Staff anticipates issuance of a CR-102 in conjunction with Ecology in March.

<i>Transmission Line Siting</i>	<i>Allen Fiksdal, EFSEC Manager</i>
---------------------------------	-------------------------------------

Mr. Fiksdal reported that under HB 1037, EFSEC was given the authority to site electrical transmission lines. He said that EFSEC staff have drafted rule language and is now ready to submit it to stakeholders for initial comment. Mr. Fiksdal said that staff would like feedback from members prior to sending out to the stakeholders for initial comment.

6. Other

	<i>Allen Fiksdal, EFSEC Manager</i>
--	-------------------------------------

Mr. Fiksdal reported that the new staff member Amanda Meyers Hauss, introduced at the last EFSEC meeting, has taken a position with another agency. He also noted there was information in the packets on the schedule of Council meeting dates (the second Tuesday of each month) for calendar year 2008.

7. ADJOURN

The meeting was adjourned at 2:06 pm.