



STATE OF WASHINGTON

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

June 10, 2008 Monthly Meeting Minutes

1. CALL TO ORDER

Chair Jim Luce called the June 10, 2008 monthly meeting to order at 905 Plum Street S.E., Room 301, at 1:32 p.m.

2. ROLL CALL

Council members present were:

Jim Luce	Chair
Dick Fryhling	Community, Trade & Economic Development
Jeff Tayer	Department of Fish and Wildlife
Judy Wilson	Department of Natural Resources
Dick Byers	Utilities and Transportation Commission
Hedia Adelsman	Department of Ecology

Staff in attendance were:

Allen Fiksdal - EFSEC Manager, Stephen Posner - Compliance Manager, Jim LaSpina - EFS Specialist, Tammy Talburt - Administrative Assistant and Kyle Crews, AAG AGO.

Guests in attendance were:

Darrel Peeples - Attorney, Scott Williams - Puget Sound Energy Wild Horse, Edd Bracken - WDFW, Nancy Pritchett - Department of Ecology, Joseph Long - Grays Harbor Energy, Michael Goldstein - Grays Harbor Energy, Mark Anderson - Community, Trade & Economic Development Energy Policy, and Mike Gwyther - Chehalis Power Generation.

Guests attending via phone:

Robert Nielson - Energy Northwest, Jennifer Diaz - Puget Sound Energy Wild Horse, Karen McGaffey - Perkins Coie, Liz Thomas - K & L Gates, and Russ Stingley - Farm Bureau.

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 May 13, 2008 monthly meeting minutes were presented for approval.

Motion: Council member Dick Fryhling moved the Council approve the May 13, 2008 monthly meeting minutes as presented. The motion was seconded by Council member Jeff Tayer. The motion was approved.

5. PROJECT UPDATES

Wild Horse Wind Power Project

<i>Project Update</i>	<i>Jennifer Diaz, PSE</i>
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Ms. Jennifer Diaz (via phone) from Puget Sound Energy (PSE) reported that the 2008 Year to Date (YTD) capacity factor is 37.2% and the 2008 YTD Production is 316,074 megawatt hours (MWH). The month to date production is 7,149 MWH, which is a capacity factor of 43.4%. The Solar Demonstration Project generated approximately 81,000 kilowatt hours (KWH) over the past month. She also reported that on May 28, 2008 the Technical Advisory Committee (TAC) unanimously recommended that EFSEC approve the 2008 Temporary Post-Construction Rangeland Management and Grazing Plan. Ms. Diaz said the site remains in compliance with the NPDES permit and Operations Storm Water Pollution Prevention Plan.

<i>TAC Recommendation</i>	<i>Stephen Posner, Staff</i>
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Mr. Stephen Posner discussed the 2008 Temporary Post-Construction Rangeland Management and Grazing Plan (Plan). The Coordinated Resources Management Project (CRM) process began in January 2006. Multiple stakeholders have been involved. The goals developed include enhancement of healthy watersheds, enhanced habitat for wildlife, improvements to water sources, and properly managed sustainable grazing practices that balance wildlife and livestock use.

The Plan covers 61,000 acres. Wild Horse (CRM) includes a mixture of public and private landowners. PSE ownership accounts for 6,551 acres. Article VII. D. 8 of the Wild Horse SCA describes the requirements of the Plan. Under this section, grazing is not allowed on the project area until a grazing plan has been developed in coordination with the TAC and WDFW. Once that happens, the Plan is forwarded to EFSEC for their approval. That Plan has now been forwarded to the Council with a unanimous recommendation for approval from the TAC.

An Idaho based conservation group Western Watersheds Project, filed a lawsuit in March 2008 against WDFW for their approval of pilot project grazing on state wildlife lands, including the Whiskey Dick Wildlife Area. This includes a portion of land owned by WDFW, within the boundary of the Wild Horse Wind Facility. The lawsuit was expanded in May to cover WDFW's permitting of livestock grazing of the Skookumchuck area located northwest of the Whiskey Dick Wildlife Area. As a result of the loss of grazing in the Whiskey Dick Wildlife Area, PSE is proposing to provide grazing for this year on the wind farm property.

Council member Jeff Tayer, WDFW, informed the Council that the key to a good grazing plan is having enough area to do grass rotation, not keeping cows on any particular spot for too long. The issue that put this year's plan out of sequence is the need to do State Environmental Policy Act (SEPA) on WDFW land, which resulted in those lands being out of the rotation for this year's grazing. This temporary plan is an interim step on a rest rotation plan until WDFW can complete the SEPA process, enabling WDFW lands to be put back into rotation.

Council member Judy Wilson, DNR, asked for clarification on what this means to the grazing process. Each of the plots on the map provided with the grazing plan shows the number of Animal Unit Months (AUM). If the WDFW land isn't included in that rotation where do those cows go?

Mr. Edd Bracken, WDFW Range Specialist, reported that if other grazing lands can't be found for cattle then the owner Russ Stingley will have to find another place for his herds. The CRM has been working for the past two years to put this grazing plan together. A team of range specialists from Department of Fish and Wildlife, Department of Natural Resources, Bureau of Land Management, and Natural Resources Conservations Services (Team) have worked the past two years doing range inventory to determine the numbers of AUM's on each plot of the range. The Team determined how much forage is available, the condition of the range, and what is the number of livestock that can graze the property and still accomplish the goals of the Site Certification Agreement (SCA).

The temporary plan that is proposed for this year takes into account many of the concerns WDFW had about wildlife habitat. Last year for the first time in the recorded history of sage grouse use of land in the Wild Horse footprint, a nest was found. The entire 61,000-acres the CRM is dealing with is in the WDFW's Sage Grouse Recovery area. Sage Grouse have been observed on the PSE property but a Sage Grouse Lek has never been found, nor have large numbers of birds. Due to the nest being found, the Team of range specialists consulted the WDFW Sage Grouse

Recovery plan, which specifies conditions addressing livestock grazing. The recovery plan does not preclude livestock grazing. All of the research on Sage Grouse has indicated that the populations of birds have been found in areas where livestock grazing has occurred. Specifically looking at the Wild Horse site, the guidelines require a level of use that is expressed in AUM's.

The level of AUM's is specified in the Sage Grouse Recovery plan as not more than 35%. To determine the number of AUM's a plot of the range can support, the range specialists created clip plots which requires assessing the number of plant species (22) and amount of vegetation on each plot. By cutting the vegetation from the clip plot, measuring it, and weighing the clips, the specialists were able to determine the number of pounds per acre, which is used to determine the number of AUM's an acre can support.

The Team then applied the 35% limit from the Sage Grouse recovery plan to the entire 61,000 acres. By using Geographic Information Systems (GIS) and digital elevation monitors the team reviewed the slope of the various drainages and the water locations. Standard practices in livestock grazing say that lands with a slope of more than 45 to 60 percent get very little use by livestock. Watering locations are also considered in determining grazing land availability

Livestock will rarely travel more than three quarters of a mile to graze. The Team, determined that overall, 58% of the 61,000 acres could be used by livestock grazing. The other 42% would be used by wildlife. The number that has been determined for this year for the Temporary Grazing Plan is 160 pairs (one cow with calf). That number is a fraction of what was previously used in that area.

Previously, the area has had season long grazing. The time that livestock are grazing in the area and the amount of forage that is removed is a fraction of what was utilized in the past. This plan is the type required to help with cow grazing and improve habitat.

The team has done extensive research to ensure that all parties benefit. The team has established a number of monitoring transects across all grazing pastures, to address soil erosion, species composition and weeds. This information can be used to determine if changes in the number of animals or time of use is required.

The threats of law suits resulted in a number of changes, but the schedule seems to be working fine. The plan is in its sixth pasture of the rotation, with no problems. Mr. Stingley is on site daily to maintain the cattle in the designated areas. WDFW staff have installed electric fencing around sensitive habitat to ensure that the cattle aren't in riparian zones, or damaging the habitat.

Mr. Fiksdal informed the Council that the reason the staff brought this specific plan to them for approval is the possibility of the Council being sued. Council member Wilson asked who would be named in the law suit. The Council's authorization of the Plan would give an opportunity for the Council to be enjoined on the current law suit.

The Site Certification Agreement (SCA) states that there can be no grazing unless the Council approves a plan. Council member Hedia Adelsman questioned if the Environmental Impact Statement (EIS) issued by the Council at the time of approval of the project addressed the grazing issues. It is unknown at this moment if the EIS addressed those issues.

Mr. Darrel Peoples, attorney for Puget Sound Energy reminded the Council that the land was grazed extensively prior to construction of the project. Council member Dick Byers questioned the actual point of contention of the law suit, whether or not the agency has complied with SEPA. Mr. Tayer stated that is correct. Mr. Tayer clarified there is a SEPA rule on public lands; however, Mr. Tayer believes that private lands are exempt as the rule is specific to public lands.

Motion: Council member Dick Byers moved that the Council approve the Wild Horse 2008 Temporary Post-Construction Rangeland Management and Grazing Plan as recommended by the TAC. The motion was seconded by Council member Jeff Tayer. The motion was approved.

Kittitas Valley Wind Power Project

Update	<i>Stephen Posner, Staff</i>
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Mr. Stephen Posner, Compliance Manager, reported that EFSEC staff met with Horizon to discuss the submission of plans required by the Kittitas Valley Site Certification Agreement (SCA). Staff was told that plans would start to arrive this month. Staff has also begun discussions with the Department of Ecology about contracting for review of various technical plans required by the SCA.

Plan Review Delegation	<i>Stephen Posner, Staff</i>
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Mr. Posner recommended that the Council delegate to the EFSEC Manager authority to approve or deny the construction and operational plans required by the Kittitas Valley Site Certification Agreement prior to any site work. This delegation would alleviate the need for Council members to review each and every plan. The delegation authority to the EFSEC Manager would be for all plans, except for the Initial Site Restoration Plan and the Final Site Restoration Plan. Mr. Fiksdal noted that he would keep the Council members apprised of the plan approvals, or any issue that may develop in regard to plan review, approval, and/or denial.

Motion: Council member Dick Byers moved that the Council delegate the authority to approve Kittitas Valley construction plans, except for the Initial & Final Site Restoration Plans to the EFSEC manager. The motion was seconded by Council member Jeff Tayer. The Motion was approved.

Columbia Generating Station

<i>Project Update</i>	<i>Robert Nielson, Energy Northwest</i>
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Mr. Robert Nielson, Energy Northwest (ENW) reported that Columbia Generating Station is operating at 100% power (1163 MW gross) on the 312th day on line and that beginning the week of February 18, 2008, the plant launched the third Independent Spent Fuel Storage Installation (ISFSI) cask loading campaign. The 13 week campaign involved the loading and movement of 12 casks each containing 68 spent fuel bundles. The fuel bundles are moved from the spent fuel pool inside the plant to the outside cask storage area adjacent to the plant. The campaign was completed May 24, 2008.

Mr. Nielson said that as previously reported, on February 7 and 8, 2008, high winds caused damage to the exterior of the Reactor and Turbine Buildings, tearing off sections of sheet metal siding from the south and west sides. Work to stabilize the remaining siding and to provide additional structural support was completed, and permanent repairs are underway with design, equipment mobilization, rebar scanning, and scaffold erection.

Mr. Nielson noted that during June 6-8, 2008, the plant successfully completed scheduled down-power (18%) to perform drywell entry to verify oil levels in bearings of reactor recirculation pump motor and to perform other maintenance. He said that the reactor is being down-powered due to economic dispatch (load following) at the request of BPA.

Mr. Nielson reported that Energy Northwest is working with the Department of Ecology to resolve administrative orders issued last year for dangerous waste related compliance issues identified during inspections conducted last year. An Ecology close-out inspection of the Industrial Development Complex initiated on June 5, 2008 and is expected to conclude on June 11, 2008. No compliance issues have been identified to date and Ecology expects to conduct a similar closeout inspection of the Columbia Generating Station during the week of July 28, 2008.

Mr. Nielson said that in a letter dated April 28, 2008, Ecology denied Energy Northwest's Application for Relief from Penalty and associated Supplement. Energy Northwest then filed an appeal with the Pollution Control Hearings Board (PCHB) on May 27, 2008, and that on June 3, 2008, Energy Northwest received notification from the Environmental Hearings Office of a December 3-4, 2008 PCHB hearing date. A Pre-Hearing Conference between the parties has been scheduled for June 10, 2008.

With regards to the EFSEC Notice of Incident, Mr. Nielson reminded the Council that the Sampling and Analysis Plan for the Sanitary Waste Treatment Facility was approved by EFSEC staff on May 19, 2008, and that the sampling was subsequently completed on June 4, 2008, with Ecology collecting split samples.

Satsop Combustion Turbine Project

<i>Project Update</i>	<i>Joe Long, Grays Harbor Energy</i>
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Mr. Joe Long, Grays Harbor Energy, reported that there have been no reportable accidents or injuries to date, there have been no stormwater discharges from the C-1 pond, and that there are approximately 10 construction personnel still on site, mostly electricians and painters, with the expectation of the completion of the work by the end of June. Mr. Long said the plant has generated approximately 98,549 Mw hours to date, operation occurring on May 16th & 17th, resulting in a 5.5%

capacity factor for the month of May and as of June 10th there is a 0% capacity factor for the month of June. Mr. Long reported that there are two upcoming events: Grays Harbor Energy will be consulting with staff for the addition of a new warehouse on site; and the a ribbon cutting ceremony to take place sometime in September, with the exact date to be determined and Mr. Long invited Council to attend.

Chehalis Power Generating

<i>Project Status</i>	<i>Mike Gwyther, Chehalis Power</i>
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Mr. Mike Gwyther reported that the plant has been operational without a lost time accident for more than 2050 days, there have been no stormwater discharges this past year, and the site remains in excellent shape. Mr. Gwyther reported that the current staff is planned for 17, with one individual hired two days ago and they are currently waiting on the other individual to start. He said that the plant dispatched in May at approximately 25%. Mr. Gwyther noted that public concern regarding plant noise has greatly diminished in the past two years and is now limited to one neighbor, and the plant has had no complaints about noise over the past year. He said Chehalis Power continues to conduct routine daily noise tests on-site and weekly off-site per our agreement with EFSEC.

Rule Making

<i>CO₂- 6001 Rule Making</i>	<i>Nancy Pritchett, Ecology</i>
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Ms. Nancy Pritchett, Department of Ecology noted that in 2007 the Legislature tasked EFSEC and Ecology with the writing of rules to implement Engrossed Substitute Senate Bill 6001, which addresses the sequestration of Carbon Dioxide emissions for energy plants in the state of Washington. She described how Ecology and EFSEC issued the CR102 in late July of last year, that a stakeholder group was put together to address the issues raised by this bill, and that EFSEC and Ecology had held joint public meetings in early April in Spokane and Lacey. She reported that there were quite a few public comments, both written and oral. She said that during most of May, Ecology compiled the responses to the comments received. She said that Ecology reviewed the draft rule to see what kind of changes could be incorporated to address the issues raised from the comments. Mr. Fiksdal said he had prepared revised drafts of proposed Chapters 463-80 & 85 WAC and a Draft Concise Explanatory Statement and Responsiveness Summary based on the work of Ecology. He noted that all the changes mirror changes proposed by Ecology. Ms. Pritchett and Mr. Fiksdal noted the changes are primarily changes of clarification and there are no substantive changes to the rule in response to comments. Mr. Fiksdal recommended the Council adopt the rules and issue a CR-103 Rule Making Order at a special meeting. The Council directed Mr. Fiksdal to schedule a Special Meeting for in June 24th, 2008.

<i>Transmission Line Siting</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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Mr. Fiksdal reported that staff has been working to incorporate the stakeholder comments into the preliminary rules regarding transmission siting associated with HB 1037. He noted that a second draft had been sent to the work group for further comments, anticipating that the CR-102 be issued at the special meeting, possibly with the CR-103 for Carbon Dioxide sequestration in late June.

6. ADJOURN

The meeting was adjourned at 2:51 pm.