



## STATE OF WASHINGTON

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

### June 9, 2009 Monthly Meeting Minutes

#### 1. CALL TO ORDER

Chair Jim Luce called the June 9, 2009 monthly meeting to order at 905 Plum Street S.E., Room 301, at 1:30 p.m.

#### 2. ROLL CALL

##### Council members present were:

Jim Luce  
C Robert Wallis  
Dick Fryhling (via phone)

Jeff Tayer  
Dick Byers  
Hedia Adelman  
Mary McDonald (excused)  
Wilson (excused)  
Ian Elliot (excused)

Chair  
Administrative Law Judge  
Community, Trade & Economic  
Development  
Department of Fish and Wildlife  
Utilities and Transportation Commission  
Department of Ecology  
Department of Natural Resources Judy  
Skamania County  
Kittitas County

##### Staff in attendance were:

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

##### Guests in attendance were:

Darrel Peeples – Attorney, Mike Adams – Grays Harbor Energy, Jason Spadaro – SDS Lumber, Scott Williams – PSE, Karen McGaffey – Perkins Coie, Mark Miller – PacifiCorp, and Steve Hall – Point Environmental, INC., Jennifer Diaz – PSE, Tim McMahan - Stoel Rives, Travis Nelson – Fish & Wildlife, David Bowen – PSE, Joy Potter – Horizon Wind, Arlo Corwin – Horizon Wind, Jim Knight – Port of Olympia, and Jan Marie Farrell – Community Trade and Economic Development

##### Guests attending via phone:

Bruce Marvin – Counsel for the Environment, Don Coody – Energy Northwest and Steve Bonsma - Invenergy.

#### 3. ADOPTION OF PROPOSED AGENDA

The agenda was presented to the Council for amendments or additions; the agenda was approved as amended.

#### 4. MINUTES

Staff presented the May 12, 2009 monthly meeting minutes for the Council's approval.

**Motion: Council member Tayer moved the Council approve the May 12, 2009 meeting minutes. The motion was seconded by Council member Adelsman. The motion was approved.**

#### 5. PROJECT UPDATES

##### Whistling Ridge Energy

<b>Project Update</b>	<b>Allen Fiksdal, EFSEC Manager</b>
-----------------------	-------------------------------------

Mr. Allen Fiksdal, EFSEC Manager stated that staff has discussed the schedule with Judge Wallis. According to the revised schedule, the Notice of Intervention will be issued the week of June 22<sup>nd</sup>, petitions will be due the week of July 13<sup>th</sup>, and answers to the petitions will be due July 20<sup>th</sup>. There will be a pre-hearing conference the week of July 27<sup>th</sup> in Olympia, and the intervention order will be issued based on the pre-hearing conference. The order is likely to be released the week of August 3<sup>rd</sup>, based on the pre-hearing conference.

Mr. Jim La Spina, EFS Specialist reported to the Council that approximately 400 comments were submitted. EFSEC's consultant (Entrix) will review the comments and prepare an EIS scoping report for EFSEC and BPA to use in developing the draft EIS. The contract with the Consultant is being developed at this time in coordination with the Office of Financial Management.

Mr. Fiksdal informed the Council that staff is preparing the scoping comments to be posted to the EFSEC website. Unless Council has objections, hearing no objections staff will post the Whistling Ridge Scoping comments to the website.

Chair Luce informed the Council of a development between the Gorge Commission and other interested parties. On May 29, 2009 the Friends of the Columbia Gorge filed an appeal of the Skamania County Resolution of the land use consistency decision. Chair Luce said that after review with EFSEC's AAG, Judge Wallis and Staff, he proposes the Council proceed. The County has presented the Council with a statement of existing land use compliance.

Chair Luce said the Council will not intervene in the Gorge Commission proceedings that have been brought by the Friends of the Columbia Gorge and others. Once an application has been filed before EFSEC, the statute has very clear language that the county cannot change land use plans or zoning ordinances. By definition our statutes are clear that "If it is determined that the proposed site does conform with existing land use plans or zoning ordinances in effect as of the date of the application, the city, county, or regional planning authority shall not thereafter change such land use plans or zoning ordinances or a to affect the proposed site" Chapter 80.50.090(2). We will advise the Gorge Commission that the Council intends to proceed along the adjudicative process as described in Chapter 80.50. There is a schedule, and the Council requests that the Gorge Commission keep us apprised and providing all copies filed parties on this issue. If the Gorge Commission should consider this appeal, and any of the parties misrepresent EFSEC's position, EFSEC reserves the right to request late intervention for that limited purpose. Council member Adelsman asked how the timing of the appeal affects the EFSEC process. Chair Luce stated that it does not, the Council will proceed as the process requires.

##### Desert Claim Wind Power Project

<b>Project Update</b>	<b>Stephen Posner, EFSEC Staff</b>
-----------------------	------------------------------------

Mr. Stephen Posner, EFSEC Compliance Manager reported to the Council that Council Order No. 840 was issued May 12, 2009 denying Roger Overbeck's Petition for Intervention. The order also included a hearing schedule. The schedule lists key dates.

June 11<sup>th</sup> for Intervenor Testimony is due. On June 30<sup>th</sup> the Applicant's rebuttal testimony is due. A prehearing conference has been scheduled on July 8<sup>th</sup> in Olympia; the adjudicative hearing is scheduled for July 13 & 14 in Ellensburg. Public meetings will be held in Ellensburg on the evening of July 13 and in Seattle on the evening of July 21<sup>st</sup>.

Mr. Posner reported that the Draft Supplement Environmental Impact Statement (DESIS) comments are being reviewed by EFSEC staff and the applicant and their consultant. Staff hopes to have a final Environmental Impact Statement available at the time of deliberations following the adjudication process.

Mr. Bruce Marvin Counsel for the Environment (CFE) inquired on when the Council would be ruling on the motion for extension purposed by the CFE and the Applicant. Administrative Law Judge C Robert Wallis stated that an order would be issued June 9<sup>th</sup> or 10<sup>th</sup>.

### **Kittitas Valley Wind Power Project**

<b>Site Certification Agreement Amendment</b>
---

<b>Tim McMahan, Stael Rives</b>
---------------------------------

Mr. Tim McMahan, Counsel for Horizon Energy, informed the Council that on May 29, 2009 Horizon Energy submitted a request to amend the Site Certification Agreement (SCA) to reduce the number of turbines while retaining the megawatts allowed. He said the reason for the amendment request is primarily based on revisions to the turbine set back. As the Council is aware, following Governor Gregoire's June 22, 2007 remand, EFSEC amended the proposed SCA to include the following condition ("setback condition"), adopted by Council Resolution No. 826: SCA Article 1, Section C, Subsection 7 states: "... For each turbine located within 2,500 feet of a non-participating landowner's existing residence, micro-siting determinations shall give highest priority to increasing the distance of the turbine from that non-participating landowner's residence, even beyond the minimum four times height setback described above, so as to further mitigate and minimize any visual impacts on that non-participating landowner. Prior to commencement of construction, the Applicant shall provide EFSEC with documentation demonstrating its engineering efforts to site the applicable turbine locations in this manner, indicating the various factors reviewed for each micro-siting recommendation."

Mr. McMahan said that as the Applicant has refined the final layout in anticipation of the micro-siting process addressed in the setback condition, it has become clear that Sagebrush can further adapt the Project to better implement the intent of the Council and Governor Gregoire due to a combination of the following factors:

- Installation of new wind turbine generators that were not previously available that allow a reduction in the total number of turbines from 65 to 52 (with no negative impact on power generation;
- Elimination of certain wind turbine corridors in proximity to existing residences;
- Modest adjustments of the corridor locations and turbine sites, and
- Relocation of the operations and maintenance building away from US 97.

Mr. McMahan felt that this combination of actions will result in a significant overall reduction in the visual impact of the Project to a majority of existing residences and a reduction in the permanently disturbed footprint area. The result is a significant lessening of the environmental impacts as described in the SCA and the Final Environmental Impact Statement, thereby achieving the best possible out come to meet the objectives of Governor Gregoire and the Council.

Mr. Arlo Corwin, Horizon Wind, introduced himself to the Council. Mr. Corwin reviewed the amendment with the Council stating that the revised layout results in a 20% reduction in installed wind turbine generators from the SCA-approved 65 down to 52 units. This change is made possible with the selection of a larger nameplate turbine, while still meeting all turbine specifications as stipulated in the SCA, including conditions related to the height of the turbine wind generators and towers. This new turbine model requires slightly more temporary ground disturbance per unit during construction to meet

manufacturer installation requirements; however, due to the reduced number of total turbines, there is a net overall reduction in ground disturbance. With the selection of a larger nameplate turbine, this amendment request not only reduces the ground disturbance impact for the Project as a whole, it also reduces the visual impacts for non-participating landowners as required in the setback conditions.

Mr. Fiksdal informed the Council that under WAC 463-66-030, a request for amendment of a site certification agreement requires the Council at its next Council meeting to set a schedule for action. He recommended the Council hold a public hearing on June 23, 2009 in Ellensburg. He noted that the staff will issue the notice the following day unless with the Council had different direction. Mr. Fiksdal also informed the Council that Horizon submitted a State Environmental Protection Act (SEPA) checklist as required.

**Chehalis Generating Station**

<b><i>Project Update</i></b>	<b><i>Mark Miller, Chehalis Power</i></b>
------------------------------	---

Mr. Mark Miller, Chehalis Power, reported that there has not been a lost time accident at the facility in 2423 days and that Chehalis Power has maintained an effective safety program through a behavioral-based approach. The Chehalis Power Plant has designated tie-in points for the new auxiliary boiler and will be installing miscellaneous valves and flanges during the June shut down and overhaul. This will allow installation of the auxiliary boiler while the plant is operating in order to meet the compliance date for operation. That date will be determinant in the permit to be issued by EFSEC/Ecology.

Air Pollution Testing distributed the third in a series of four required greenhouse gas (GHG) sampling reports for the combustion turbines. There have been no comments received from EFSEC or SWCAA.

Chehalis Power staff provided an update of the zinc exceedance that occurred in its process wastewater discharge to the City of Chehalis wastewater treatment plant in April. Chehalis personnel inspected all sumps that feed into the waste water storage tank and determined the source of the exceedance to be degraded galvanized chains. These chains were replaced with non-reactive cord and all sumps retested. Since the corrective actions were implemented the plant's wastewater discharge has been in compliance with its pretreatment permit, which was issued by the US Environmental Protection Agency Region 10 Office. The Plant site continues to be maintained in excellent condition.

Authorized plant staffing level is currently 18 with all 18 positions filled. The plant operated for 5 days generating 22,559 megawatt-hours. The capacity factor was 6.1%.

The outage will commence Thursday June 4, 2008 and continue for 25 days. Chehalis Power will have 5 contracting firms working on the steam turbine generator, combustion turbine #1, miscellaneous valves and performing internal heat recovery steam generator (HRSG) inspections. Plant operations personnel continue to conduct daily noise monitoring on-site and weekly noise monitoring off-site.

Mr. Miller informed the Council that Kyle Davis, PacifiCorp who is working on the CO2 mitigation indicated to Mr. Miller that there have been four proposals submitted, three are forestry based, and one is geological sequestration. Mr. Davis is in the process of evaluating those proposals.

**Columbia Generating Station**

<b><i>Operational/Activity Updates</i></b>	<b><i>Don Coody, Energy Northwest</i></b>
--	---

Mr. Don Coody reported to the Council that Columbia Generating Station has entered day 31 of the R-19 refueling outage which "officially" started on Saturday May 9<sup>th</sup> and is scheduled to end on Sunday June 14<sup>th</sup>. Energy Northwest's (ENW) commitment to the Region was a 38 day outage with an excellence goal of 34 days.

ENW's goal this outage was to fix the plant with safety and quality as our top priorities. With the help, focus, and continued engagement of our work force and

approximately 1,800 contract personnel we are accomplishing this goal. To date, we have met our excellence goal of 0 lost time injuries and our stretch goal of two or less recordable injuries. We have also met our stretch goals for total radiation exposure and total number of contaminations.

Several milestone targets have been completed or are soon to be completed. Turbine work is complete and condenser work is wrapping up today. The reactor vessel reassembly is complete and testing will occur over the next several days. We are on track to start up on Friday the 12<sup>th</sup> with synchronization of the generator to the grid on Sunday the 14<sup>th</sup>.

There were no other activities to report, but during the meeting Chair Luce requested that the Council be briefed during future meetings on any further developments regarding recent press articles that ENW is investigating building more nuclear generating facilities.

### **Satsop Combustion Turbine Project**

<b><i>Project Update</i></b>	<b><i>Mike Adams, Grays Harbor Energy</i></b>
------------------------------	---

Mr. Mike Adams, Grays Harbor Energy (GHE), reported that the plant had no reportable accidents or injuries during the month of May.

The facility had the following exceedances on Outfall 001-Process Wastewater in April.

- One - chloride exceedance
  - These parameters are monitored on a weekly basis. The chloride effluent limits are routinely exceeded due to an error made in calculating the limits. The facility will be performing an engineering study of the ground water and process water as a requirement of the recently revised permit.
- One – Iron exceedance
  - Iron is sampled at the oil/water separator. This collects all floor drains and is due to corrosion in the underground collection piping. The sampling point will be relocated when the permit is revised in the next few months.

To date the plant has generated approximately 868,079 Mw hrs. The facility did not generate power during May. The YTD capacity factor is of 1.2%.

<b><i>Greenhouse Gas Plan</i></b>	<b><i>Steve Bonsma, Invenergy</i></b>
-----------------------------------	---------------------------------------

Mr. Steve Bonsma, Invenergy, reported that the company is requesting the Council approve minor changes to the Greenhouse Gas (GHG) Mitigation Plan to reflect current project ownership by Invenergy and specify the Producer Price Index escalation factor to be used would be the “Finished Goods – Change in Finished Goods for 12 Months Ago (unadj.)”. Originally Duke Energy proposed that the mitigation obligation be based upon the maximum potential carbon dioxide (CO<sub>2</sub>) emissions that exceed a rate of 0.675 pounds of CO<sub>2</sub> per kilowatt hour over 30 years of the facility’s operation. The mitigation requirement would be satisfied on an annual basis by providing a fixed amount of funding per ton of CO<sub>2</sub> emissions to be mitigated to an approved organization for use in implementing CO<sub>2</sub> mitigation projects. In addition, Invenergy will provide a fixed amount of funding to cover the organization’s expenses in administering the mitigation funding.

Calculations of emission subject to mitigation requirement – The certificate holders will mitigate potential CO<sub>2</sub> emissions from the facility that exceed the rate of 0.675 lb/kWh. The mitigation requirement will be based upon the facility’s maximum potential emissions, rather than the actual emissions in any given year. In order to determine the volume of emissions requiring mitigation, the Invenergy will determine the facility’s maximum potential annual CO<sub>2</sub> emissions and the corresponding maximum potential kilowatt-hours of electricity generated. The Certificate Holders shall then

subtract from the maximum potential annual emissions the volume of emissions that would be associated with generating the same amount of electricity if the electricity were generated at a rate of 0.675 lb/kWh CO2.

**Motion: Council member Byers moved the Council approve the changes to the Satsop GHG Mitigation plan. The motion was seconded by Council member Adelsman. The motion was approved unanimously.**

<b><i>NPDES Exceedance</i></b>	<b><i>Jim La Spina, EFSEC Staff</i></b>
--------------------------------	---

Mr. Jim La Spina, EFS Specialist reported to the Council on the March 13, 2009 Outfall Temperature Exceedance, during a shutdown of the plant, a temperature exceedance occurred on Outfall 001- Process Wastewater pursuant to our NPDES permit WA-002496-1. The permit limit for daily maximum temperature is 16C. The outfall daily maximum temperature reached a maximum of 18.6C on March 13, 2009. The temperature exceeded 16C for a total period of 22 minutes.

Council Member Byers inquired into the status of the NPDES permit with regard to the nature of the revisions and the timing of the upcoming permit modification. Mr. La Spina responded that during development of the modified permit, EFSEC Staff will reevaluate the need for the existing chloride and iron effluent limitations and revise the monitoring requirements to reflect the as-built configuration of the facility. The current permit has effluent limits that were based on the anticipated characteristics of the wastewater discharge. EFSEC staff wants to modify the permit to include effluent limits based on the actual discharge characteristics, but has been unable to properly characterize the discharge because the facility has not operated for many months due to weak power market conditions. At this time there is no Council action required.

#### **Wild Horse Wind Power Project**

<b><i>Project Update</i></b>	<b><i>Jennifer Diaz, Puget Sound Energy</i></b>
------------------------------	---

Ms. Jennifer Diaz, Puget Sound Energy (PSE), reported that the May Wind Production totaled 60,833 MWh with a capacity factor of 35.1%. The Solar Demonstration Project generated approximately 89,355 KWh over the past month. No lost-time accidents or safety incidents to report for May. In accordance with the Spill Prevention Control and Countermeasures Plan (SPCCP) annual training on spill prevention and response procedures was provided by PSE's Environmental Services Department to Wild Horse site staff.

In accordance with its aggressive weed management program, PSE has started chemically treating invasive noxious weeds at Wild Horse again this year. This includes thistles, knapweeds, and other invasives listed on the 2009 Kittitas County Noxious Weed List. PSE also met with the Kittitas County Noxious Weed Control staff to discuss plans for continued cheatgrass prevention and control. Based on the success of treating cheatgrass with Plateau in 2007, weed board staff recommended that PSE complete a follow-up survey to map areas where cheatgrass may have been missed by the initial Plateau treatment. Any areas identified during the mapping exercise will be treated with Plateau this fall.

No bird or bat fatalities were reported during the 1<sup>st</sup> Quarter 2009 (January-March) through the Wildlife Incident Reporting & Handling System. The majority of bird fatalities documented in 2008 were related to collisions with windows at the Renewable Energy Center (visitor center). In order to reduce the number of fatalities attributed to window collisions PSE installed a material called *CollidEscape* on several windows at the visitor center. *CollidEscape* makes windows visible to birds without obstructing the magnificent views. Thousands of small perforations in the film allow ample light to pass through the window to the interior, while substantially reducing the window's exterior reflectivity and transparency, the two characteristics that cause birds to collide with windows.

<b>Expansion Update</b>	<b>Scott Williams, Puget Sound Energy</b>
-------------------------	---

Mr. Scott Williams informed the Council that construction is moving forward steadily. Foundations have been poured, installing cable, the towers have arrived at the Port of Vancouver.

There was a quick update on the inspection that was conducted at the batch plant on June 2<sup>nd</sup>. A memo has been sent to staff with a response to 9 items that were out of compliance. By the end of business June 9, 2009 all 9 items will be back in compliance.

Council member Byers asked how many mega watts have been produced by the solar energy demonstration project. Ms. Diaz informed the council there is a privately owned website, [www.fatspaniel.com](http://www.fatspaniel.com), has all the information requested.

## 6. OTHER

<b>Department of Commerce</b>	<b>Jan Marie Ferrell, CTED Deputy Director</b>
-------------------------------	--

Ms. Jan Marie Ferrell, Deputy Director Department of Community, Trade and Economic Development (CTED) announced to the Council that CTED will become the Department of Commerce in late July. Ms. Ferrell informed the Council that CTED is reaching out to stakeholders to help develop the Department of Commerce with a report to legislature in November. CTED will be conducting town meetings to reach out to a diverse group of opinion leaders across the state to develop strategies that will help pull Washington out of this national recession and shape the future of a new Department of Commerce. Ms. Ferrell outlined the plan highlighting the following 8 points:

- Government doesn't create most jobs – businesses do;
- Government does play a key role in shaping the state's business climate;
- Strong economies require strong communities;
- A strong, vibrant business community benefits us all;
- Government should not pick winners and losers;
- Retaining our state's current businesses and promoting their growth should be our first priority;
- Always be opportunistic; and
- Focus on the function.

Ms. Ferrell asked for the Council's input on the following questions:

1. What significant opportunities does the state have right now and how do those opportunities relate to retaining and creating jobs in the state?
2. What do our customers and stakeholders think about how we're doing?
3. How do we benchmark as a state against other states and other parts of the world in your area?
4. What should government do to take advantage of our strengths and mitigate our weaknesses?
5. What gaps and overlaps do we need to address to ensure that our programs are delivered well, particularly as we consider federal, state, regional and local resources?
6. What activities can we stop doing to create the capacity to do new things or more of a specific activity?

Ms. Ferrell invited the council to respond electronically through blogging or a survey that will be released later in June. Ms. Ferrell stated that she was also available to come back at another time to have a more detailed discussion with the council.

<b>July Meeting Schedule</b>	<b>Allen Fiksdal, EFSEC Manager</b>
------------------------------	-------------------------------------

Mr. Allen Fiksdal, Council Manager, reviewed the July meeting schedule with the Council. The Desert Claim Adjudicative Hearing is scheduled for July 13 & 14 in

Ellensburg. Staff doesn't see a reason to hold the July EFSEC Council meeting and that it might be canceled.

<b>Memorandum of Agreement (MOA)</b>
--------------------------------------

<b>Jim Luce, Chair</b>
------------------------

Chair Luce reminded the Council of the 1983 Memorandum of Agreement (MOA) with Bonneville Power Administration (BPA). He noted that due to the large increase in the borrowing authority of BPA there are three projects that are now likely to apply to the MOA. The projects are the Big Eddy-Knight, Central Ferry-Lower Monumental, and I-5 Corridor transmission lines. Chair Luce has been discussing and drafting a work plan with BPA for EFSEC's participation in those three projects. Council member Byers asked what EFSEC would bring to the process? Chair Luce said the MOA outlines the process which is primarily coordination of environmental comments from the state.

Chair Luce wants to bring the agencies' joint expertise with regard to those environmental issues, to the BPA process. Council member Tayer stated that WDFW has a long history of working with BPA and wondered if EFSEC is going to take over the coordination of that work? Chair Luce stated that the MOA lays out that type of coordination by EFSEC. Council member Adelsman asked if the past experience have been positive. Chair Luce stated that one was positive, one was not. He said the details of some early involoent are laid out in the report from the joint hearings held BPA and EFSEC. Chair Luce also noted that Oregon is entering into a similar agreement with BPA where the Oregon EFSC is the state coordinating body for the BPA transmission lines.

## **7. ADJOURN**

The meeting was adjourned at 2:47 pm.