



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

September 8, 2009 Monthly Meeting Minutes

1. CALL TO ORDER

Chair Jim Luce called the September 8, 2009 monthly meeting to order at 905 Plum Street S.E., Room 301, at 1:34 p.m.

2. ROLL CALL

Council members present were:

Jim Luce	Chair
Dick Fryhling	Department of Commerce
Jeff Tayer	Department of Fish and Wildlife
Dick Byers	Utilities and Transportation Commission
Hedia Adelsman (via phone)	Department of Ecology
Mary McDonald	Department of Natural Resources
Judy Wilson	Skamania County Representative

Staff in attendance were:

Allen Fiksdal – EFSEC Manager, Stephen Posner – Compliance Manager, Jim La Spina – EFS Specialist, Tammy Talburt - Administrative Assistant, Monica Bhavnani – Office Assistant, Kyle Crews - AAG and C. Robert Wallis – Administrative Law Judge.

Guests in attendance were:

Darrel Peebles – Attorney, Karen McGaffey – Perkins Coie, Travis Nelson – Washington State Fish and Wildlife, Todd Gatewood – Grays Harbor Energy, Mark Miller – Chehalis PacifiCorp, and Elizabeth Robbins – Washington State Department of Transportation.

Guests in attendance via phone:

Tim McMahan – Stoel Rives, Arlo Corwin – Horizon Wind, Don Coody – Energy Northwest, Kyle Davis – PacifiCorp, Jennifer Diaz – Puget Sound Energy, Scott Williams – Puget Sound Energy, Jason Spadaro – Whistling Ridge, and Katy Channey – URS.

3. ADOPTION OF PROPOSED AGENDA

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

4. MINUTES

Staff presented the August 11, 2009 monthly meeting minutes and August 11, 2009 Special meeting minutes for the Council's approval.

Motion: Council member Fryhling moved the Council approve the August 11, 2009 monthly meeting minutes with edits from the Council. The motion was seconded by Council member Byers. The motion was approved.

Motion: Council member Byers moved the Council approve the August 11, 2009 Special meeting minutes with edits from the Council. The motion was seconded by Council member Fryhling. The motion was approved.

5. PROJECT UPDATES

Chehalis Generating Facility

<i>Project Update</i>	<i>Mark Miller, PacifiCorp</i>
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Mr. Mark Miller, Chehalis Power, reported to the Council that the plant staff has achieved 2514 days without a lost time accident. Chehalis Power continues to maintain an effective safety program implementing additional processes as a proactive measure utilizing PacifiCorp's/Mid-American collective resources. We are on target to meet all of the plant's safety improvement plans for 2009.

The plant's combustion turbine #2 experienced a NOx exceedance for the hour 09:00 ending 10:00 am with an average emission of 5.3 parts per million. The emission limit is 3.0 parts per minute. At 09:32 PST on August 26, 2009, the ammonia injection into the selective catalytic reduction (SCR) process for NOx emission control plugged off stopping the flow of ammonia flow into the vaporizer. This resulted in the NOx emissions from combustion turbine #2 reaching an hourly average of 5.3 parts per million (ppm) for hour ending 10:00 AM PST. Chehalis has a one-hour average limit of 3.0 ppm NOx.

The plant informed the state agencies (EFSEC and Southwest Clean Air Agency) of the event both verbally and with email. A follow up report was submitted on August 27, 2009. Operating and maintenance procedures have been modified to identify an impending loss of ammonia flow earlier and conduct maintenance on the nozzle assembly during off-line hours of operation. The Chehalis Plant completed the installation of tie-in points for the new auxiliary boiler during the June overhaul.

Mr. Miller reported that PacifiCorp has completed the request for proposal procurement and engineering documents for the purchase of an auxiliary boiler and vacuum pump system per the Notice of Construction permit requirements. Detailed engineering is on-going. Plant personnel remains at 18 with all 18 positions filled.

August: The plant operated at capacity factor of 86.82%. Generation for the month was 357,344 megawatt-hours.

<i>Carbon Dioxide Mitigation</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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Mr. Allen Fiksdal, EFSEC Manager, informed the Council that PacifiCorp has completed its evaluation of four bid respondents, Washington Department of Natural Resources, Cascade Land Conservancy, Ecotrust Forest Management, and Battell for the carbon offset mitigation project. Mr. Kyle Davis, Director of Environmental Policy and Strategy PacifiCorp, requests EFSEC approve PacifiCorp to conduct contract negotiations with the Washington Department of Natural Resources. The first initial meeting of both parties has yet to occur and the final

scope of work is likely to change and include a revised, agreed upon schedule of deliverables.

Mr. Davis noted that on April 9, 2009, a request for proposal was sent to 25 suppliers for the carbon offset mitigation project. Of 25 suppliers invited four suppliers submitted bids, which closed on May 8, 2009. Of these four bids received, Washington Department of Natural Resources unanimously received the highest points from each individual of the evaluation team which consists of Kyle Davis – Director Environmental PacifiCorp, Jeff Erb – PacifiCorp Legal, Bruce Griswold – PacifiCorp Commercial and Trading, and Allen Fiksdal, EFSEC Manager.

The evaluation process was intended to identify and award the total evaluated low bidder, evaluated and scored against a pre-established Kepner-Tregoe methodology criteria. Each criterion was weighted relative to importance and the proficiency of the supplier to arrive at a score. The evaluation results are as follows: Washington Department of Natural Resources – 665, Cascade Land Conservancy – 572.8, EcoTrust Forest Management – 471.5 and Battelle, Inc – 339.8.

The four proposals consisted of three forestry projects and one CO2 geologic sequestration project. Battelle Pacific Northwest Division proposed to inject 1000 tons of CO2 into basalt. The Cascade Land Conservancy project consisted of afforestation on 16.7 acres of high-quality planting sites disbursed among five properties owned by Cascade Land Conservancy (CLC) in Grays Harbor County and Pacific County. The Ecotrust Forest Management’s project would supply forest carbon offsets from an improved forest management project (2,763 forested and 519 non-forested acres) in the Olympic Peninsula on Ecotrust Forest’s holdings in the Sooes watershed. And, the Washington Department of Natural Resources’ (DNR) project is a conversion avoidance project type that would purchase 388 acres of (1,609 acres total) of forest land (Finch Creek property in Mason County), secure the land with a conservation easement.

Motion: Council member Fryhling moved the Council approve the Washington Department of Natural Resources proposal. The motion was seconded by Council member Adelsman. The motion was approved unanimously with Council member McDonald abstaining from the vote.

Wild Horse Wind Power Project

<i>Project Update</i>	<i>Jennifer Diaz, PSE</i>
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Ms. Jennifer Diaz, Puget Sound Energy Environmental Project Manager reported to the Council that the August wind production totaled 41,079 MWh for an average capacity factor of 24.2%. There were two planned outages in August related to the construction of the expansion area. The Solar Demonstration Project generated 79,412 KWh over the past month. No lost-time accidents or safety incidents to report for August.

<i>Construction Update</i>	<i>Scott Williams, PSE</i>
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Mr. Scott Williams, Puget Sound Energy reported to the Council that all 22 of the additional turbine for the expansion are installed and mechanically complete. The process of commissioning the turbines is going on at this time. There is another planned outage starting September 9th or 10th to complete some work at the substation. Site reclamation of the quarry and lay-down areas will begin the week of September 9th.

Chair Luce asked if there were any plans to expand the solar demonstration. Ms. Diaz and Mr. Williams stated that neither of them had any further information that there would be any expansion of the solar demonstration.

Columbia Generating Station

<i>Project Update</i>	<i>Don Coody, Energy Northwest</i>
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Mr. Don Coody, Columbia Generating Station, reported to the Council that Columbia is currently operating at 84% power and has been on line for eight days. The plant has temporarily down-powered to investigate vibration in a condensate pump that returns water from the condenser to the reactor.

As previously reported to the Council during the August meeting, the plant was shut-down on August 5, 2009 when a fault in an electrical bus caused a short duration, localized fire in the Turbine Building that was immediately extinguished when the electrical conductors were de-energized. Plant safety systems operated as designed, and there were no injuries. The station remained offline until a comprehensive investigation was concluded to understand the cause. It appears the electrical fault was caused by a loose connection between the aluminum bar electrical conductors. Other similar connections have been inspected and repairs to the damaged bus were completed. The plant resumed operations with synchronization to the grid on September 1, 2009.

Earlier this year, Energy Northwest appealed a civil penalty that was assessed by Ecology in 2007. The case was heard before the Pollution Control Hearings Board in April 2009 and the Board reduced the penalty to \$80,000. Energy Northwest has agreed to the reduced penalty and is in the process of submitting payment to Ecology. The associated Administrative Order for Columbia Generating Station still remains in effect until Ecology conducts another site inspection to close out the order. It is anticipated that the Ecology inspection will be conducted sometime in September or October 2009.

WNP-1/4

<i>Site Certification Agreement Amendment</i>	<i>Stephen Posner, EFSEC Staff</i>
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Mr. Stephen Posner EFSEC staff, reported to the Council that staff recommends the Council set a schedule for the Public meeting on the Site Certification Agreement (SCA) Amendment for September 30, 2009. Begin a public comment period September 10, 2009 that would be open for approximately 30 days, ending October 12, 2009. A State Environmental Protection Act (SEPA) determination would be issued on September 14, with the comment period closing October 12, 2009 also. A site tour on September 30, the same day as the public meeting. Staff recommends that the Council take final action on the SCA Amendment at the November 10, 2009 council meeting.

Chair Luce recommended that the Council have a meeting with Energy Northwest executives to exchange views on how the parties see energy issues unfolding in the near future. Chair Luce would also like to meet with the Tapteal Greenway Association to hear about the use of mitigation funds provided to the Association. Staff will work with the Council and Energy Northwest on scheduling these meetings.

Motion: Council member Fryhling moved the Council approve the schedule as recommended by staff with the additional meetings as available. The motion was seconded by Council member McDonald. The motion was approved unanimously.

Satsop – Grays Harbor

<i>Project Update</i>	<i>Todd Gatewood, Grays Harbor Energy</i>
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Mr. Todd Gatewood, Grays Harbor Energy Plant Manager reported there have been no reportable accidents or injuries in 2009. In the month of July there were six exceedances – five chloride exceedances - These parameters are monitored on a weekly basis. The process cycles the chlorides up. The raw water has a higher level than anticipated and the permit limit is lower than the predicted level. 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 exceedances - at the discharge of the oil water separator. This collects all floor drains and is due to corrosion in the underground collection piping. Modifications to the NPDES Permit are in the draft stage.

Two priority pollutants scans were taken in July. We are waiting for the results. The unit operated for 31 days in July. The plant generated 420,424 Mw for a capacity factor of 91%, and the YTD capacity factor is of 21%.

Mr. Gatewood noted that they completed the noise monitoring and are waiting for the draft report from the sound consultant.

Kittitas Valley Wind Project

<i>SCA Amendment Request</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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Mr. Allen Fiksdal, EFSEC Manager reminded the Council of its approval of the Site Certification Agreement Amendment on September 1, 2009. All the documents are on the EFSEC website.

Whistling Ridge Energy Project

<i>Adjudicative Proceeding Update</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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Mr. Allen Fiksdal, EFSEC Manager reported the responses to intervener's identification of legal issues were due by 5:00 pm on September 4, 2009, and [the answers](#) to Yakama Cultural Resources Program's [intervention petition](#) were due 3:00 pm on September 4 as well.. Mr. Fiksdal also noted that [Replies](#) to Answers to Yakama Cultural Resources Program's [intervention petition](#) due 3:00 pm on September 11, 2009. Mr. Fiksdal informed the Council that he received a call from the vice chair of the board of trustees for the Yakamas expressed her concern that cultural resources council intervention did not have standing with the overall board. The Vice Chair expressed her opinion that the Columbia River Chief's did have standing and that she would be forwarding a letter to the Council.

Administrative Law Judge Robert Wallis stated that there were no objections to the late intervention.

<i>Project Update</i>	<i>Jim La Spina, EFSEC Staff</i>
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Mr. Jim La Spina reported to the Council that the Whistling Ridge Energy Scoping report has been finalized and the applicant was briefed on the results. The current schedule has a review of a draft Environmental Impact Statement in January 2010.

Desert Claim Wind Power Project

<i>Project Update</i>	<i>Stephen Posner, EFSEC Staff</i>
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Mr. Stephen Posner reported to the Council that the deliberations will occur on September 22, 2009 in the Council meeting room. The Draft Final

Environmental Impact Statement (DFEIS) was received from the applicant on September 4, 2009. EFSEC staff and EFSEC's independent consultant are reviewing the DFEIS.

Bonneville Power Administration

<i>Transmission Line Review Update</i>	<i>Jim Luce, EFSEC Chair</i>
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Mr. Posner, EFSEC staff reported he was working on finalizing contracts with the Department of Natural Resources Dept. of Ecology, Dept of Archaeological and Historic Preservation and Dept. of Fish and Wildlife EFSEC staff will be contacting the State Parks Department to see if they are interested in contracting with EFSEC. Mr. Fiksdal reported that he spoke with Ms. Liz Klumpp from Bonneville Power Administration (BPA) who stated that BPA will be ready in early October to meet to discuss the I-5 corridor proposal. Mr. Fiksdal and Ms. Klumpp agreed the meeting could be scheduled for the next Council meeting. This meeting will be similar to the special meeting the Council held before with BPA. Notice to the agencies requesting participants to attend the council meeting will be sent prior to the meeting.

Chair Luce stated that he received an email from BPA that stated that they will be moving forward to finalize an agreement similar to the Big Eddy agreement for the Lower Monumental line and the I-5 Corridor project. The Big Eddy agreement will be a template for the other two agreements. Ms. McDonald asked who would be the lead agency on the Big Eddy project. Mr. Fiksdal stated it seemed to him that all the parties have agreed that DNR has the biggest stake and therefore could assume the lead SEPA agency status.

CO₂ Rule Making

	<i>Jim Luce, EFSEC Chair</i>
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Chair Luce stated the Council has previously discussed adjustment of the \$1.60 per ton CO₂ mitigation rate that is assessed for new thermal plants. He noted there is some ongoing discussion about weather is should be done at this point or that legislation is needed to approve the rate change. Chair Luce proposed by the end of the month he would be prepared to present to staff with a recommendation for the Council whether to start rulemaking.

Under RCW 80.70 the Council is authorized by to complete the rate raise every other year, but it hasn't been done yet. The rate can only be raised by 50% at a time. Council member Byers asked if there was a plan in place to amend to the Council's rules with respect to the emission performance standard under RCW 80.80 because of the statutory change from this last legislative session. He noted there were some modifications to some key definitions. Mr. Fiksdal stated that EFSEC staff was not working on the modifications as of yet but waiting to see Ecology's modifications first.

6. ADJOURN

The meeting was adjourned at 2:53 p.m.