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**ENERGY FACILITY SITE EVALUATION COUNCIL  
STATE OF WASHINGTON**

In the Matter of Application  
No. 2006-01:  
  
ENERGY NORTHWEST  
  
PACIFIC MOUNTAIN ENERGY  
CENTER

Application No. 2006-01  
  
DECLARATION OF  
ALAN NEWMAN

I, ALAN NEWMAN, declare under penalty of perjury under the laws of the state of Washington that the following is true and correct:

1. I am over the age of 18, am competent to testify in a court of law, and voluntarily provide this statement from my own personal knowledge and recollection.

2. I currently work as an Environmental Engineer 6 for the Department of Ecology Air Quality Program. My current duties as a senior level Environmental Engineer include providing engineering support for regulation development, policy analyses related to stationary sources of pollution with a focus on greenhouse gasses and power plants, emissions testing and monitoring techniques, federal and state new source review requirements, and implementation of the federal Regional Haze program. I am a registered professional engineer in the state of Washington.

3. I am a member of the Ecology team charged with working with EFSEC to write rules for the implementation of ESSB 6001, Section 5, codified at RCW 80.80.040. My responsibilities as part of this team include measuring, calculating, and estimating GHG

1 emissions, CO<sub>2</sub> controls, sequestration, determining boundaries of what is included in 'all  
2 emissions', determining compliance with the performance standard, and that the final rule can  
3 be implemented in practice.

4 4. A major part of the rulemaking entails drafting criteria for carbon sequestration  
5 plans. One criterion is that the plan contain provisions for the purchase of emissions  
6 reductions in the event of failure of a sequestration plan under RCW 80.80.040(13). In order  
7 to satisfy this requirement, we would expect a sequestration plan to quantify the amount of  
8 offsets that would need to be purchased upon failure of the sequestration process proposed for  
9 implementation. The plan should outline the methods that would be used to find and pay for  
10 offsets that would be purchased. Just as the quantity of emissions to be mitigated under  
11 Chapter 80.70 RCW needs to be determined, the applicant here needs to determine the quantity  
12 of emissions that are in excess of the performance standard that will need to be offset. A  
13 method to determine this would be to first determine the annual GHG emissions based on the  
14 operating scenario with the highest potential to emit. Next determine the annual emissions  
15 GHG based on the performance standard and the same operating scenario. Finally, the  
16 difference between these two calculations would be the annual emissions that need to be offset.

17 5. Another criterion is that a carbon sequestration plan contain adequate  
18 monitoring provisions. In addition to any required operational monitoring, a schedule for  
19 construction and operation of sequestration equipment is a necessary component of monitoring  
20 for the effectiveness of implementation of sequestration. In order to contain adequate  
21 monitoring provisions for effectiveness, the Greenhouse Gas Reduction Plan (GGRP) needs to  
22 include, at a minimum, a schedule for pipeline right of way acquisition (if necessary),  
23 construction of equipment to separate CO<sub>2</sub> from the facility emissions, construction of  
24 transportation pipelines, and wells suitable for injecting the CO<sub>2</sub> into the ground.

25 6. In addition to satisfying RCW 80.80.040, an applicant for a new fossil-fuel fired  
26 power plant must also meet the requirements of Chapter 80.70 RCW. This requires

1 development of a carbon dioxide mitigation plan that includes one or more authorized options  
2 for CO<sub>2</sub> mitigation. In our view, such a plan needs to include:

- 3 • Quantification of the annual CO<sub>2</sub> emissions at full operation.
- 4 • Quantification of the total quantity of CO<sub>2</sub> subject to mitigation.
- 5 • The economic value of the quantity of CO<sub>2</sub> subject to mitigation based on a  
6 value of \$1.60/metric ton.<sup>1</sup>
- 7 • The method(s) by which the applicant proposes to meet the mitigation  
8 requirements of RCW 80.70.

9 7. If the payment to a qualified organization (a third party) is the selected method  
10 (or a component) of the mitigation plan, the plan that accompanies the project application  
11 should contain the name of the selected qualified organization or the date by which the  
12 qualified organization will be selected and providing for a copy of the contract between the  
13 applicant and the qualified organization to be submitted to EFSEC. The plan should indicate  
14 the value of the payment to be made and whether it will be a lump sum payment or be spread  
15 over five years. *See* RCW 80.70.020(6). If purchase of carbon credits is the selected  
16 mitigation, the plan should identify the carbon credit market that will be used, the total quantity  
17 of credits to be purchased, and a schedule for purchase of credits that will be held for the  
18 lifetime of the power plant. *See* RCW 80.70.030. If applicant controlled mitigation projects is  
19 the method of choice, the plan should describe the projects proposed and the anticipated offsets  
20 to be accomplished by those projects. This plan should also contain the financial and  
21 implementation oversight requirements identified in the law. *See* RCW 80.70.040.

22 8. For a power plant project that is subject to Ecology or a local authority's  
23 jurisdiction, we would anticipate that the mitigation plan accompanying the Notice of  
24 Construction application would be either very specific when payment to a qualified  
25 organization is the selected method, or could be more general when all of the details have not

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26 <sup>1</sup> RCW 80.70.020(5).

1 | been defined. A specific plan would name the qualified organization, the carbon market or a  
2 | full description of the applicant controlled mitigation projects that would be implemented. The  
3 | plan would identify the quantity of CO<sub>2</sub> expected to be mitigated, whether the dollar limit  
4 | would or would not govern how many tons of CO<sub>2</sub> mitigation is accomplished, and specific  
5 | dates by which the various elements would be accomplished.

6 |         9.       If an applicant submitted a more general carbon mitigation plan to Ecology, the  
7 | plan would need to include a date for submitting the more detailed plan. The detailed plan  
8 | would be an amendment to the original plan. The generalized plan would indicate the relative  
9 | quantities of mitigation anticipated to be accomplished by one or more of the three options.  
10 | For example if payment to a qualified organization is chosen as the means to meet the  
11 | mitigation requirement, then a general plan would identify this as the selected option and  
12 | indicate a date by which the organization will be identified and a contract signed. When the  
13 | contract is signed, the plan amendment would identify the qualified organization and how the  
14 | payment would be made (lump sum or five equal payments). If a self-directed mitigation  
15 | program is selected, the general plan should identify the kinds of projects that will be further  
16 | evaluated, the quantities of emissions anticipated to be mitigated, how leakage would be  
17 | minimized, where the projects would be located, etc. The detailed plan would describe the  
18 | projects in detail including how the mitigation is being accomplished, where the actual projects  
19 | are occurring, how they are being monitored, actual quantities of mitigation anticipated to or  
20 | being generated through the funded projects, and how much leakage is anticipated through  
21 | implementation of each project.

22 |         10.       I have seen the GGRP submitted by Energy Northwest. The GGRP does not  
23 | meet the requirements of RCW 80.80 nor does it meet the requirements of Chapter 80.70  
24 | RCW. In order to meet the requirements of those laws, the plan would need to include the  
25 | ///  
26 |

1 details that I discuss in this declaration as well as the criteria discussed in the Declaration of  
2 John Stormon.

3 DATED this 18 day of October, 2007, in Lacey, Washington.

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5 Alan R. Newman, PE  
6 Senior Air Quality Engineer