

BEFORE THE STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL

In the matter of:)
 Application No. 2006-01) Public Comment Meeting
) on Draft SEPA EIS
 PACIFIC MOUNTAIN ENERGY CENTER)
 POWER PROJECT) Pages 1 - 24
 _____)

A Public Comment Meeting in the above matter was held in the presence of a court reporter on June 6, 2007, at 6:30 p.m., at the Kalama Community Center, 126 North 2nd Street, in Kalama, Washington before Energy Facility Site Evaluation Councilmembers.

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MR. FIKSDAL: My name is Allen Fiksdal. I'm the manager of the State of Washington Energy Facility Site Evaluation Council. I want to welcome you all to the meeting tonight to give comments on the Draft Environmental Impact Statement for the Pacific Mountain Energy Center proposed by Energy Northwest.

To be begin with, I'll make a few introductions. We have some Councilmembers with us tonight. I just want to introduce those people. Mr. Jim Luce the Chair of EFSEC is here. Dick Fryling who represents the Department of Community Trade and Economic Development. Judy Wilson over here represents the Department of Natural Resources. Justin Erickson represents the City of Kalama and Vern Eaton represents Cowlitz County on the Council. Up front we have Stephen

1 Posner. He's on the staff as an I.

2 MR. POSNER: Allen, also Bruce Rader.

3 MR. FIKSDAL: Oh, Bruce Rader, I'm sorry,
4 representing the Port of Kalama. Excuse me. You can take
5 that out on me later.

6 MR. RADER: I'll forgive you this time.

7 MR. FIKSDAL: We're going to have Energy
8 Northwest give a very brief presentation about the project
9 to begin with and then we'll go into having comments on
10 the Draft Environmental Impact Statement.

11 So, Tom, I guess.

12 MR. KREUGER: Thanks, Allen.

13 Thanks. I appreciate it. It's good to be
14 here. I am Tom Kreuger. I'm the manager of Generation
15 Resource Development at Energy Northwest. We have Jack
16 Baker back here.

17 Jack, raise your hand.

18 He's our vice president and this is Ted
19 Beatty and he's the project manager. I appreciate you
20 coming tonight. We don't really have much of a
21 presentation. We just have a few comments, and I guess,
22 first of all, I'd like to start out by thanking the EFSEC
23 staff for the work they've done to bring this EIS document
24 tonight and the consultants that they have, as well as our
25 consultant, Katy Chaney.

1 Also I would like to just kind of clear the
2 air on something. We call this P MEC, Pacific Mountain
3 Energy Center, and P MEC is not dead. As a matter of fact,
4 you know, we believe that it's not only an impressive
5 resource for the Northwest, but we think it's a very
6 viable important resource for the Northwest. So we're
7 going to continue to work on as we have from the
8 beginning. We're going to look at ways--we're committed
9 to carbon and greenhouse reductions.

10 When we had the last meeting, we said we
11 wanted to slow down our process because there was a new
12 law passed, and it was ESSB 6001 and that's a new
13 greenhouse criteria for us. So we're trying to sit back
14 and take a step back, see how that criteria impacts our
15 project and appropriately move forward. Well, what we're
16 going to do just like the law requires, we're putting
17 together a sequestration plan and we plan on submitting it
18 to EFSEC and working through that.

19 But we're committed to reduce greenhouse
20 gases, and that's why we picked IGCC and we want this
21 project to be in Kalama.

22 So tonight anyway again we appreciate you
23 being here. We look forward to your comments. Ted is
24 going to take a couple minutes and just highlight some of
25 the important aspects of our EIS. So thank you very much.

1 MR. BEATTY: Thank you, Tom. Again, my name
2 is Ted Beatty and I am the project manager for this
3 Pacific Mountain Energy Center. We've been working pretty
4 hard on this Draft Environmental Impact Statement which I
5 think you can pick up copies or CDs of if you'd like and
6 also I think you can download them off the EFSEC website.

7 But this is a comprehensive document. It's
8 over 200 pages. It dovetails well with our site
9 application. So if you need more information, you can go
10 back to that original application and see that we've
11 covered all the areas that we see that are significant at
12 all.

13 And one thing that is important to know is
14 that this project is insignificant in its impacts in most
15 areas. The air, water, and land use all represent quite
16 well with this project. IGCC is similar to a natural gas
17 type project as far as emissions go, and that's an
18 important thing to realize.

19 This is not a typical coal plant of the old
20 days that people think of when they think of a type of
21 coal plant. It's not belching out lots of particulates
22 and other things and dirtying the skies. The emissions
23 you'll see in this environmental impact statement show
24 that it's a pretty clean project and we're proud of that.
25 We think this is important for the region. Like Tom

1 mentioned before, this is a valuable project for
2 Washington, and we have a lot of interest in this project.

3 And we are a public agency. We're not a
4 private developer trying to make money and build this
5 project around here. We are representing public entities
6 in this state and in Oregon as well who want to see new
7 resources that are base loaded, and this is where the
8 future is probably going to go.

9 We have the ability to potentially sequester
10 in the future carbon dioxide, and this is the first step
11 to really moving towards that goal of figuring a way to
12 handle greenhouse gases. If you don't build a project
13 like this, you will never be able to get the
14 sequestration. It really is the best way that we know to
15 be able to get there, and I think with that I'll pass this
16 on. I wasn't suppose to talk too long, move the process
17 along. So I'll pass it back to Allen.

18 MR. FIKSDAL: Thanks, Ted.

19 This EIS process is part of EFSEC's siting
20 process. We have several different activities that the
21 Council conducts, and this is in accordance with the State
22 Environmental Policy Act. I think if you were here
23 several months ago, we were here conducting a scoping
24 process where we took the information and questions that
25 you had and ideas that should be covered in the EIS,

1 develop the EIS, and now what we need and as part of the
2 SEPA process is comments on the Draft Environmental Impact
3 Statement, and that's why we're here tonight. The Council
4 also has other processes that it has to go through. One
5 was land use consistency process. They've completed that.

6 Another process that they need to go through
7 before they make a recommendation to the Governor is an
8 adjudicated hearing process, and that process we haven't
9 scheduled yet and we will do that in the future. We don't
10 know exactly when, but Energy Northwest has asked us not
11 to begin right away, but we don't think it will be too far
12 in the future when that process will start. And we'll be
13 announcing that process or when we decide to start we'll
14 be putting out a notice and all the information for that
15 process.

16 Again, we're here tonight to hear comments
17 on the Draft EIS, this document. So if you have signed
18 up, I think we have a list of people to speak. Please
19 come up to the podium. We have a court reporter here.
20 You can say what you have to say, the court reporter will
21 take it down, and it will become part of the record.

22 So with that we'll turn it over to Stephen
23 and he will call the people that have signed up.

24 MR. POSNER: Good evening. My name is
25 Stephen Posner and so far we have two people signed up.

1 Merritt Ketcham and Doug Smith. Is there anybody else
2 that wishes to speak?

3 MR. WILSON: Yes.

4 MR. POSNER: And your name?

5 MR. WILSON: Mark Wilson.

6 MR. POSNER: Okay. Anybody else?

7 The first sign-up was Mr. Merritt Ketcham.
8 If you could come forward, please.

9 If you could just state your full name and
10 spell it, please, and also your mailing address.

11 COMMENTS BY MERRITT KETCHAM

12 Sure. I'm Merritt Ketcham. I live at 170
13 Eli Avery in Kalama. My mailing address is P.O. Box 1790
14 also in Kalama. I also represent tonight my opinion as a
15 Cowlitz County PUD Commissioner and so it's an honor to be
16 able to speak to you in that regard.

17 One of my jobs as an elected representative
18 of the people of Kalama where I live is to make sure that
19 we have sufficient electrical power available when we want
20 it, discretionary power, dispatchable power. There's a
21 good deal of talk about what's the difference between
22 dispatchable and what's not and I'm sure you all are
23 familiar with that term.

24 PMEC is a dispatchable source, and it is
25 that sort of power source that Cowlitz County is excited

1 about entering into a purchase agreement for. We are
2 building a considerable amount of renewables for Cowlitz
3 County, but it doesn't match the needs of dispatchable,
4 and so as my job we look to P MEC and others to supply that
5 dispatchable power. We have a good deal of growth going
6 on in our county right now and we need to be visionaries
7 as PUD commissioners and managers to make sure we have
8 that power available to keep the engine of growth in
9 Cowlitz County moving.

10 So when P MEC became a viable alternative we
11 initially told the managers at Energy Northwest that
12 Cowlitz County was very much interested in participating,
13 not only because of it's in our back yard, it is close
14 enough that we have very few transmission issues, but also
15 for a couple of other very important reasons, and that's
16 principally why I'm here tonight.

17 Not only is it good for Kalama and Cowlitz
18 County as a responsible partner in our energy supply for
19 the State of Washington, it is also an opportunity for
20 Cowlitz County to participate in Governor Gregoire's
21 vision for energy independence. You're all familiar with
22 her executive order. You're familiar with House Bill 6001
23 that has moved us in an alarming rate into considering our
24 power sources and their impact on climate change. We
25 think the Pacific Mountain Energy Center fits well with

1 the Governor's vision for our state and the legislature
2 who passed House Bill 6001. We think that it is in
3 parallel with that vision as well.

4 Why do I think so? It is primarily because
5 the executives and the managers at Energy Northwest have
6 decided on the process of IGCC with carbon sequestration.
7 As you know carbon sequestration is not a proven process,
8 and that brings to the table the element of vision. Do we
9 believe that we can make it work? Many of us who are
10 close to the process believe that ultimately carbon
11 sequestration is going to work. Will it work in time to
12 meet the demands of House Bill 6001 and the Governor's
13 executive order? That's a good question and one that we
14 need for those of us who are in favor of the plant needs
15 some clear answers from EFSEC and government.

16 I'd like to encourage the siting council to
17 approve the permit on the basis of the good science and
18 the science that will develop from this. We have to take
19 a leap of faith here. We have to believe that the
20 opportunity for the development of carbon sequestration is
21 in the best interest and best public policy. We have
22 little control over developing countries what they do with
23 their carbon footprint, but we have a lot of choices of
24 what we can do, and one of our contributions can be the
25 development of the science of carbon sequestration.

1 If we're not allowed to build a PMEC center,
2 we will not be a player in that development, that
3 scientific development. And so when you make your
4 decision, consider the opportunity that the State of
5 Washington has to exercise its vision to develop a
6 scientific process that is truly a of global solution to
7 climate change. Thanks for your time.

8 MR. POSNER: Thank you.

9 Next up is Doug Smith.

10 COMMENTS BY DOUG SMITH

11 I'm Doug Smith. My address is 3321 Wishka
12 Road in Aberdeen, Washington, and I appreciate the
13 opportunity to speak to you tonight. I am here
14 representing the Grays Harbor PUD. I'm the assistant
15 general manager at Grays Harbor PUD. We are a member of
16 Energy Northwest. One of our locally elected
17 commissioners serves on the executive board of Energy
18 Northwest. We have participated with Energy Northwest in
19 all three phases of the Nine Canyon Wind Project. We've
20 also signed on as a supporter of this project, and the
21 reason we did Commissioner Ketcham mentioned many of the
22 reasons that we have decided to support this project. We
23 feel that it's very important not only to the region, but
24 I don't think it's overly dramatic to say that it's
25 important to our entire country. We feel that it's very

1 important that we have a diverse energy supply and that we
2 take full advantage of our domestic resources. Coal is
3 very abundant in the United States. This is an
4 opportunity to use coal in clean coal technology. The
5 opportunity for carbon sequestration, if we can develop
6 that, can be very important for the United States as we
7 move forward.

8 We feel that Energy Northwest is a great
9 organization. We've been very happy with our
10 participation in the Nine Canyon Wind Project. We feel
11 that they're the right organization and this is the right
12 project at the right time, and we would urge you to
13 approve the project. Thank you.

14 MR. POSNER: Thank you.

15 Mark Wilson.

16 MR. WILSON: The podium is a little short.

17 MR. FIKSDAL: Your legs are too long.

18 COMMENTS BY MARK WILSON

19 My name is Mark Wilson. I manage the
20 planning development for the Port of Kalama, and I'm a
21 lifelong Kalama resident. I was born and raised here and
22 spent most of my life here in this town, and for about the
23 last 25 years I've worked for the Port of Kalama and have
24 devoted a great share of that time in making this
25 community a better place to live through economic

1 development and development of other resources like the
2 waterfront down here in town that makes this place a great
3 place to live.

4 So when I talk about this project, I speak
5 from the perspective of this is my home and this is a
6 place that I want to see continue to be as great a place
7 to live as it is now and on into the future.

8 When Energy Northwest first approached us
9 with this project, my initial reaction was the same that I
10 think almost everybody is. A coal plant here. No way.
11 But I took the time to be educated about what IGCC was and
12 to learn about it, and we even took a trip to Florida to
13 see an IGCC plant in operation. And everybody can talk
14 about the smokestacks belching black smoke, but when you
15 really get down to it and you look at what we saw when we
16 got there, this is the smokestack while this power plant
17 is generating 318 megawatts of power that day, and there's
18 not a single bit of particulate or anything visible coming
19 from that stack. And that's what really changed my mind
20 about this project when we really got to talk to the
21 people, see the site, and see one in operation. It was
22 remarkable the technology that was available to us.

23 The beauty of the IGCC technology and the
24 thing that really attracts me to it is it's an opportunity
25 to move our energy policy, our policy generation forward.

1 We've traditionally done the old style coal plants that
2 have some real environmental issues associated with them,
3 and this is a big step forward in my mind. And one of the
4 things that really intrigues me about this project is that
5 it has the opportunity to put us, Washington State and
6 particularly Kalama, on the map as a real leader in
7 technologies and energy for the foreseeable future.

8 The facility is on our site, the Port of
9 Kalama's site. It's a site that we've been developing for
10 a number of years as an industrial site. It's a site
11 that's set aside for heavy industrial, and we feel this
12 project really is an optimum use of that site. It takes
13 advantage of the deep water aspect, it takes advantage of
14 the rail aspects, and it's the right kind of use for that
15 site.

16 We also see that the project has fairly
17 limited environmental impacts. When you look at the scope
18 and the rest of this project, you're really looking at
19 natural resource issues that are fairly minor: a couple of
20 issues where you impact a small area of wetlands and a
21 couple other minor things. But overall this is a
22 relatively minor impact in the overall scheme of a project
23 this size.

24 I guess my last comment that I would make on
25 the project is my home is about four miles from this

1 project, and I have a couple young children at home. The
2 last thing that I would want to do is put them in a spot
3 where they would be in harm's way as a result of something
4 that I did here or that I would do that to my friends and
5 my family who have lived here in this community. I
6 support the project and I think it's a good project in
7 this community. Thank you.

8 MR. POSNER: Thank you. Is there anybody
9 that would like to speak?

10 That is everybody who signed up to speak.
11 I'll remind everybody that the public comment period
12 extends through the 13th which is next Wednesday I
13 believe. So if you wish to file comments, written
14 comments, make sure that you get them to our office. They
15 need to be postmarked by that date.

16 So if there's nobody else that wishes to
17 speak, I want to thank everybody for coming out.

18 Allen, do you have any other comments?

19 MR. FIKSDAL: I guess we do have a little bit
20 of time. We thought there would be more people. Is there
21 questions that people have that we might be able to answer
22 regarding either the EFSEC process or the people from
23 Energy Northwest could answer?

24 Yes, sir. Could you come up or at least say
25 your name.

1 MR. OHALL: Sure. My name is Dan Ohall. I
2 live on 235 Eli Avery Avenue in Kalama and I have a
3 general question. I'm coming from the outside, not really
4 having a chance to look at the environmental impact study.
5 But does success of this facility depend solely upon
6 carbon sequestration, the success of that? It's a
7 science. It's been proven in the labs and let's say it
8 doesn't pan out. It doesn't work. I notice that you're
9 planning to set this facility so that you can burn natural
10 gas as well, but what happens if the technology does not
11 pan out?

12 MR. FIKSDAL: I think I'll ask Energy
13 Northwest to answer what their plans are.

14 MR. KREUGER: So the question is what if
15 carbon sequestration doesn't pan out and how does that
16 impact our project.

17 That's exactly why we at the last EFSEC
18 meeting after 6001 was passed we had to step back and ask
19 that question. And 6001 actually has a few different ways
20 it's committed to reduce CO2 or greenhouse gases and we're
21 committed to do that. There's a lot of different ways to
22 do that. The part that we all want to see happen is
23 carbon sequestration where you're taking large amounts of
24 CO2 and you're injecting and storing them in geological
25 formations.

1 Here locally in this region we have three
2 major geological formations that DOE has identified. One
3 is the basalts that we all see around us. They've found
4 that you can store CO2 in there. It essentially
5 mineralizes and turns into a limestone. Another one is
6 the deep salient aquifers. They're about 2,000 feet deep
7 and again you can store CO2 in those. Another one is we
8 have a large coal deposit in between Centralia and Castle
9 Rock and there's an opportunity potentially to use those
10 unmineable coal deposits to extract out methane or natural
11 gas and then replace that with CO2 and store it in there.
12 So we have some pretty optimistic ways to do that.

13 Right now there's a program at DOE called
14 FutureGen and there's a project in Texas, and they're
15 pushing for it. A lot of that work is being done in
16 Pacific Northwest labs in Richland, Washington. As a
17 matter of fact, they're the leader in the country, and
18 they're part of the Big Sky Carbon Sequestration
19 Partnership and we're working with them. They're making a
20 lot of projects right now on sequestration and they have a
21 goal to have some sequestration on the FutureGen Project
22 operating in 2013.

23 We want to get this project up in 2012, and
24 so what we he need to do is we need to find other ways and
25 work with the state and EFSEC on how can we reduce our

1 carbon now at the beginning of the plant so we're in
2 compliance. But as that technology moves forward and the
3 state develops policies to permit sequestration that's
4 another issue: How can you permit that?

5 As those policies get established, then we
6 can move toward sequestration, but sequestration is the
7 biggest part of reducing greenhouse gases. So if you look
8 at the ways they're going to reduce greenhouse gases and
9 solve the problem we need to find a way to do
10 sequestration. So that's why the first step is getting
11 IGCC put in place as a way to capture the carbon instead
12 of trying to capture it out of the flume and stacks. We
13 have the ability to capture it in pipes in a sophisticated
14 way. So that is what we're going to be working on.

15 But there is different ways to do that and
16 the law does allow for some offsets and some other types
17 of permanent sequestration and we're going to have to work
18 through EFSEC to define what those are so we can be in
19 compliance.

20 MR. OHALL: Then we have current ways to
21 reduce emissions?

22 MR. KREUGER: Yes, there is.

23 MR. OHALL: And you're looking at this new
24 technology to be introduced in 2013 plus?

25 MR. KREUGER: Yes, plus. Yes.

1 MR. OHALL: The question is to put this
2 plant in is it contingent upon the success of the new
3 technology in order to make this profitable and to meet
4 state and federal requirements?

5 MR. KREUGER: So we have to be in compliance
6 with state requirements and we have to meet our
7 permitting, whatever our permit says we can do.

8 MR. OHALL: And today you could do that with
9 current technology?

10 MR. KREUGER: If not, you could shut down.
11 You can shut down plants. You can offset in different
12 ways. There's terrestrial sequestration. There's a
13 number of different ways that we're currently offsetting,
14 and there also is a trading program where it's called the
15 Chicago Climate Exchange where you can actually buy
16 credits. And this is how we've reduced SO2 and NOx and
17 different emissions in the past when we wanted to clean up
18 those plants.

19 You have to have a way to do it the least
20 cost way. We're going to be looking at all of those
21 things. You know, they're all certifiable methods that
22 you have to present to the state, and those will be done
23 by independent sources and we'll get those certified. So
24 that's how credits are established and traded. So there's
25 ways to do it. It's not necessarily cheap.

1 We need to be able to define what those are
2 so then we can put them in our financial pro forma and
3 bring that to our investors who make those decisions and
4 will be part of what we're hoping to define in the EFSEC
5 process.

6 Jack had some things to say.

7 MR. BAKER: That's such a great question.
8 Again, it's so key to our project. My name is Jack Baker.
9 I'm the vice president of Energy Business Services, and I
10 get the privilege of working with these great people and
11 try to bring resources to Buzz and to Doug.

12 We were very comfortable with the EFSEC
13 process before 6001 passed which it's a good bill. It's
14 an environmental performance standard. It's leadership.
15 It's dealing with CO2. But you have to read through the
16 law of 6001, and that is our business strategy. So the
17 preferred method for any kind of new fossil based project
18 and this plant is to try to capture and sequester. You
19 capture and then you sequester. We think the
20 sequestration part of it needs to be more developed.
21 We're hopeful it's going to happen, but you can't go out
22 and necessarily finance a 1-1/2 billion dollar project
23 that says if it doesn't work, too bad, shut down, and
24 somebody is going to have to pay for those bonds.

25 So the way 6001 is written it says you have

1 to prepare a sequestration plan and submit it to EFSEC and
2 Ecology for their review to talk about how can you capture
3 and sequester down to the 1,100-pound limit that's in the
4 bill within five years. And it says if you can't do that
5 because of technology or economic reasons, it says go look
6 at other ways that you can sequester carbon: terrestrial
7 sequestration, offset methane emitters over landfills. So
8 there's other things within the state law that you're
9 allowed to do.

10 And then for our project, our Pacific
11 Mountain Project, it's a unique exception in 6001. It
12 says if you can't do that for technical and economical
13 reasons, then you have to go someplace in it's called the
14 WECC, but it's 11 Western states, Alberta and British
15 Columbia. You have to go to a generator in the West Coast
16 and get them to reduce their CO2 emissions as an
17 allowance, an offset for your plant.

18 So we have those various strategies and
19 we're going to propose that plan to EFSEC here in the next
20 couple months. We're going to negotiate or talk to them
21 about what are the details, how do you implement that
22 strategy, and we'll be talking back and forth.

23 But that is our strategy. We are committed
24 to make the plan what we call capture ready. We are
25 drilled into the pro forma, the economics, the ability to

1 capture the first 20 percent of the CO2 through some
2 technology that we believe is mature and it's doable and
3 you scale that up. Our problem is what do you do with
4 that 20 percent CO2 until the Department of Energy, other
5 people, and the public policies are written to how you can
6 put that underground. So I don't believe we're going to
7 necessarily be at the end of five years of commercial
8 operation able to put in the ground. If we can, that's
9 great. That's what our goal is if it's economical and
10 technical. But because we do projects certainly from a
11 financial point of view, the state law allows us to go out
12 and get those other offsets. And so that's just as a
13 legitimate way to be in compliance with the law.

14 Is that fair, Tom and Ted?

15 MR. KREUGER: Yes.

16 MR. BEATTY: Yes.

17 MR. BAKER: And Allen?

18 MR. FIKSDAL: We'll wait for your plan.

19 MR. BAKER: Well, we'll reserve judgment on
20 your judgment too.

21 MR. FIKSDAL: Anybody else have any general
22 questions they are dying to hear or want some answers or
23 at least see if we can answer them for you?

24 If not, I guess we are done. I was trying
25 to stretch this a little bit, but so thank you all very

1 much for coming. We appreciate it very much.

2 Again, I want to remind everyone that
3 comments are due on the Draft Environmental Impact
4 Statement by the end of the day in our office on June 13.
5 So again thank you very much.

6 (Recess taken from 7:10 p.m. to 8:15 p.m.
7 awaiting further comment.)

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9 (The public comment meeting was adjourned at
10 8:15 p.m.)

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A F F I D A V I T

I, Shaun Linse, CCR, Certified Court Reporter,
do hereby certify that the foregoing transcript
prepared under my direction is a true and accurate
record of the proceedings taken on June 6, 2007,
in Kalama, Washington.

Shaun Linse, CCR

CCR NO. 2029