

**Site Certification Agreement
Between
The State of Washington
and
Energy Northwest/Duke Energy Grays Harbor, LLC
for the
Satsop Combustion Turbine Project**

**Located in: Grays Harbor County, Washington
Thurston County, Washington**

This Site Certification Agreement is made and entered into pursuant to Chapter 80.50 of the Revised Code of Washington by and between the State of Washington (which is also referred to as the "State" in this document), acting by and through the Governor of the State of Washington, Energy Northwest¹, a municipal corporation and a joint operating agency of the State of Washington organized in January 1957 pursuant to Chapter 43.52 of the Revised Code of Washington, and Duke Energy Grays Harbor, LLC (Duke Energy).

The initial Site Certification Agreement was executed on October 27, 1976, and provided for construction and operation of Nuclear Projects No. 3 and No. 5. On March 18, 1982, the Governor approved Amendment No. 1, which included changes to the terms for the operation of emergency diesel generators for Projects No. 3 and No. 5. On May 21, 1996, the Governor approved an Amended Site Certification Agreement incorporating Amendment No. 2, which provided authorization and the terms and conditions for construction and operation of the Satsop Combustion Turbine Project. On August 12, 1999, the Governor approved Amendment No. 3 which removed the terms and conditions for Nuclear Projects No. 3 and No. 5 (WNP-3 and WNP-5), but retained the terms and conditions for the Satsop Combustion Turbine Project. On February 12, 2001, the Energy Facility Site Evaluation Council approved by resolution the addition of Duke Energy as a co-agreement holder with Energy Northwest. On April 13, 2001, the Council approved, by resolution, technical changes to the project description.

The Satsop Combustion Turbine Project consists of two combined cycle combustion turbine power plant units and an associated natural gas pipeline. The Project is located on a 20-acre site within an existing construction laydown area on the former Satsop Power Plant Site. The balance of the site has been transferred to a political subdivision(s) of the Grays Harbor County to pursue economic development activity pursuant to county ordinances and RCW 80.50.300. Energy Northwest/Duke Energy (the Certificate Holder) retains ownership of the Satsop Combustion Turbine Project site and has agreements with the county corporation to ensure that all facilities and/or systems necessary to support the construction and operation of the combustion turbine project are available.

¹ The name of the certificate holder was changed from the Washington Public Power Supply System (Supply System) to Energy Northwest on June 2, 1999. The former corporate name is referred to in some of the Amendment No. 3 Conditions and Attachments.

This Site Certification Agreement is administered on behalf of the State by the Energy Facility Site Evaluation Council (also referred to as “EFSEC” or the “Council” in this document).

The parties hereto now desire to set forth all terms, conditions, and covenants relating to such site certification in this Site Certification Agreement pursuant to the provisions of RCW 80.50.100 (1).

ARTICLE I. SITE CERTIFICATION

A. Site Description

1. The site for the Satsop Combustion Turbine Project is located in Grays Harbor County, Washington, south of the Chehalis River near the town of Satsop, and is more particularly described in Attachment I, which is incorporated herein by reference.
2. The natural gas pipeline is to be located in Grays Harbor and Thurston counties, in the approximate location identified in the Application. The Certificate Holder shall provide the Council with a legal description of the natural gas pipeline within six (6) months after pipeline construction is completed.

B. Site Certification

1. The State hereby authorizes the Certificate Holder's combined cycle combustion turbine generating project, known as the Satsop Combustion Turbine Project, and as described below, to be located, constructed, and operated in the locations described in Section I.A.1 and I.A.2 hereof.
 - a. The Satsop Combustion Turbine Project consists of two natural gas fired combined cycle combustion turbine units, a single steam turbine generator, and an associated natural gas pipeline.
 - b. The combustion turbine generator (CTG) for each unit is a General Electric Frame 7FA turbines in a 2x1 combined cycle configuration with a General Electric D11 steam turbine. Each combustion turbine unit will generate a nominal gross power output of 175 megawatts and shall have a heat recovery steam generator (HRSG). The steam turbine generator (STG) will generate approximately 300 megawatts gross. Dry Low NOx Combustors in combination with Selective Catalytic Reduction (SCR) shall be used to minimize the formation of nitrogen oxides (NOx). An oxidation catalyst shall be used to control carbon monoxide (CO) and volatile organic compounds (VOC) emissions. Cooling will be provided by a cooling tower consisting of eight cells.
 - c. Natural gas shall be used as the fuel. Natural gas will be supplied through a 48-mile pipeline, approximately 16 – 20 inches in diameter,

connecting to the Northwest Pipeline Corporation's mainline near Vail, Washington.

- d. The electrical output of each unit of the Satsop Combustion Turbine Project will be delivered through the Bonneville Power Administration's high-voltage system to the existing Bonneville Power Administration Satsop substation.
2. Construction of either or both units of the Satsop Combustion Turbine Project may begin within ten (10) years from May 21, 1996, which is the date of signing the Second Amended Site Certification Agreement (Amendment No. 2) authorizing the construction and operation of the Combustion Turbine Project. Construction of each unit may begin separately or simultaneously within that ten-year period. Construction is deemed to begin upon the start of construction of a unit's major components (i.e., the combustion turbine or the natural gas pipeline), excluding site preparation, upon a schedule and with the intention of completing construction within eighteen months after commencement. If construction of either unit's major components has not commenced within ten (10) years of the signing of Amendment No. 2, i.e., May 20, 2006, rights under the Site Certification Agreement to construct and operate the combustion turbine unit that has not commenced construction shall cease.
 3. Six months before beginning construction, the Certificate Holder:
 - (a) during the first five years² after execution of Amendment No. 2 shall identify to the Council any substantial relevant change or certify the lack of substantial change in relevant environmental conditions, regulatory environment, or economically available technology, and
 - (b) during the second five years³ shall certify that the representations of the application, environmental conditions, pertinent technology, and regulatory conditions remain current, or identify any changes and propose appropriate resulting changes in the Site Certification Agreement to deal with changes. Construction may begin only upon prior Council authorization, upon the Council's finding that no changes to the Site Certification Agreement are necessary or appropriate, or upon the effect of any necessary or appropriate changes.
 4. Not less than six months prior to beginning construction of each generating unit of the combustion turbine project, (the Certificate Holder) must provide EFSEC with evidence that the Certificate Holder has satisfied its obligations under this Site Certification Agreement as follows:
 - a. That it has entered into one or more power purchase agreements that provide in the aggregate for the purchase and sale of at least 60 percent of the design capacity of the unit or units being constructed.

² May 21, 1996 through May 20, 2001.

³ May 21, 2001 through May 20, 2006.

- b. That any such power purchase agreement shall have a term of at least five (5) years.
- c. That with respect to any purchaser entering into a power purchase agreement for more than 40 percent of the capacity of the generating unit, the Certificate Holder must ensure that the following conditions are met:
 - i. If the purchaser has developed an integrated resource plan as defined in 16 U.S.C. § 2621(d)(7) & 2602(19), then the combustion turbine project must be of the type included in the purchaser's preferred resource acquisition strategy.
 - ii. If the purchaser has not formally adopted an integrated resource plan, then either:
 - (a) the purchaser must have reviewed commercially available supply and demand side resources,
 - (b) the purchaser must be located in the service territory of a utility that has an integrated resource plan meeting the criteria set forth in section I.B.6.c.i., or
 - (c) the combustion turbine project must be consistent with the priorities and principles expressed in the Northwest Conservation and Electric Power Plan promulgated by the Northwest Power Planning Council.

ARTICLE II. GENERAL CONDITIONS

A. Legal Relationship

1. This Site Certification Agreement is made in lieu of any permit, certificate or similar document required by any department, agency, division, bureau, commission, board, or political subdivision of this state.
2. The Certificate Holder agrees to enter into a lease with the State Department of Natural Resources for use of certain public state land if needed for the Satsop Combustion Turbine Project and associated pipeline.
3. Liquid discharges from the Satsop Combustion Turbine Project to navigable waters shall be made in accordance with the National Pollution Discharge Elimination System (NPDES) permit issued by the Council (Attachment II or as reissued by the Council).
4. Discharges from the Satsop Combustion Turbine Project into the atmosphere of gases or substances shall be made in accordance with the Prevention of

Significant Deterioration (PSD) permit issued by the Council (Attachment V or as reissued by the Council).

5. This Site Certification Agreement shall bind the Certificate Holder and the State and its departments, agencies, divisions, bureaus, commissions, boards, and political subdivisions subject to all the terms and conditions set forth herein.
6. This Site Certification Agreement is subject to federal law and regulations applicable to the project and to the terms and conditions of any permits and licenses which may be issued to the Certificate Holder by appropriate federal agencies.
7. This Site Certification Agreement constitutes the whole and complete agreement between the parties and supersedes any other negotiations, representations or agreements, either written or oral, and not set forth herein, *Provided*, that any representations and/or commitments made of or on behalf of the Certificate Holder in the application and on the record during the adjudicative proceeding, are incorporated herein by this reference and made a part hereof as though set forth herein.
8. The Certificate Holder agrees to submit any requests for waivers from the requirements found at Section 480-93-020 and -030, Washington Administrative Code, for the natural gas pipeline to the Council. The Council will act upon any such request after considering any relevant information or recommendation presented by the Certificate Holder, by the Washington Utilities and Transportation Commission (WUTC) or its authorized Staff, and by any other interested person or persons.
9. The Certificate Holder shall assure that measures are taken during construction and operations at the Satsop Combustion Turbine Project and pipeline route that will protect public health and safety from flood hazards. Such measures include minimizing impacts at river and stream crossings and other areas within the 100-year floodplain and floodway, as identified by Federal Emergency Management Agency maps, to provide for adequate conveyance of flood waters, including the assurance of no significant rise in base flood elevations.

B. Enforcement

1. This Site Certification Agreement may be enforced by resort to all remedies available at law or in equity.
2. This Site Certification Agreement may be revoked, suspended, or modified by the State for failure by the Certificate Holder to comply with any of the terms and conditions herein, or for violations of Chapter 80.50 RCW, regulations issued thereunder, any other applicable state or federal laws or regulations, or for violation of any order of the Council, pursuant to the provisions of Chapters 80.50 and 34.05 RCW and Title 463 WAC.

3. When any action of the Council is required by or authorized in this Site Certification Agreement, the Council may, but shall not be required to, conduct a hearing pursuant to Chapter 34.05 RCW. If the Council withholds or refuses approval of a required or requested action and the Council grants a hearing, it shall be conducted pursuant to Chapter 34.05 RCW.

C. Notices and Filings

Filing of any document or notice required by this Site Certification Agreement with the Council shall be deemed to have been duly made when delivered to the Council's offices in Olympia, Washington. Notice to be served upon the Certificate Holder shall be deemed to have been duly made when deposited in first class mail, postage prepaid, addressed to the office of the Chief Executive Officer of Energy Northwest, and to the President, Duke Energy Grays Harbor, LLC.

D. Right of Inspection

The Certificate Holder agrees to provide access to the Satsop Combustion Turbine Project site and all associated facilities, and to all records regarding the construction and operation of project facilities, to designated representatives of the Council in the performance of their official duties.

E. Site Certification Agreement Compliance Monitoring and Costs

The Certificate Holder shall pay to the Council such reasonable costs as are actually and necessarily incurred for monitoring and compliance activities during the construction and operation of the Satsop Combustion Turbine Project, including the natural gas pipeline, as authorized in this Site Certification Agreement and as required in Chapter 80.50 RCW. EFSEC shall prescribe the amount and manner of such payment subject to applicable rules and procedures.

F. EFSEC Liaison

The Certificate Holder shall designate a person to act as a liaison between the Council and the Certificate Holder for matters relating to the Satsop Combustion Turbine Project.

G. Site Restoration

The Certificate Holder is responsible for site restoration pursuant to Council rules. At least six months prior to beginning construction, the Certificate Holder shall present to the Council its initial site restoration plan. Construction may not begin until the Council has approved a plan adequately providing for site restoration and for the funding of site restoration in the event of the Satsop Combustion Turbine Project being terminated before it has completed its planned useful operating life. A detailed Satsop Combustion Turbine Project site restoration plan shall be submitted to the Council, consistent with its rules.

H. Modification of Site Certification Agreement

1. This Site Certification Agreement may be amended pursuant to Council rules and procedures then in effect, and in like manner as the development of the original Site Certification Agreement, including, but not limited to, obtaining approval of the Governor. Any such amendments to this Site Certification Agreement shall be made in writing.
2. Any change of the terms or conditions of a PSD or NPDES Permit or this Site Certification Agreement required by federal law or regulations shall be governed by applicable law and regulation and shall not require modification of this Site Certification Agreement in the manner prescribed in H.1, above. Any changes in the terms or conditions of Attachment I–Site Legal Description; Attachment III–Water Withdrawal Authorization; and Attachment IV–Mitigation Measures and Project Conditions; shall not require modification of this Site Certification Agreement in the manner prescribed in H.1 above, unless otherwise required by Council rules or regulations.
3. In circumstances where a significant degree of adverse impact on the environment exists or is imminent, the Council may impose specific conditions or requirements upon the Certificate Holder in addition to the terms and conditions of the Site Certification Agreement as a consequence of those circumstances. Such additional conditions or requirements shall be effective only while needed to protect the public health, safety or welfare from the adverse circumstances, for not more than 90 days, and may be extended for additional 90-day periods if deemed necessary by the Council.

ARTICLE III. PROJECT CONSTRUCTION

A. Construction Commencement and Reporting

1. **Pre-construction requirements:** At least six months prior to beginning construction, the Certificate Holder shall provide to the Council the following documents for the Council's review and approval, and it shall not begin construction until it receives approval to do so:
 - a. Pipeline design and location plans, drawings, and other appropriate materials.
 - b. Reports as to validity of environmental, regulatory, and technological requirements of the Site Certification Agreement.
 - c. Initial site restoration plan, as provided in II. G., above.
 - d. The Certificate Holder shall submit other documents at the appropriate times as required under the terms of this Site Certification Agreement (See, e.g., section A.3.a, below.)
2. **Construction Schedule**

- a. Thirty days prior to beginning construction, the Certificate Holder shall submit an overall construction schedule. The Certificate Holder shall submit a quarterly Construction Progress Report to the Council, within 30 days after the end of the quarter, during the construction period.
- b. The Certificate Holder agrees to:
 - i. notify the Council immediately in the event of any significant change in the construction schedules on file with the Council, and
 - ii. serve copies on the Council of all "Notices to Proceed" which are issued to contractors with respect to contracts requiring work in the Chehalis River.

3. Plans and Specifications

- a. The Certificate Holder shall submit to EFSEC or its designated representative for approval, at the appropriate time, those design documents that demonstrate compliance with the conditions of this Site Certification Agreement. The design documents shall include, but are not limited to, conceptual design studies, flow diagrams, system descriptions, detailed design drawings and specifications as appropriate, and vendor guarantees for equipment and processes.
- b. The Certificate Holder shall design the proposed facility to comply with requirements for construction in Seismic Zone 3.
- c. Project buildings and structures shall comply with requirements of the Grays Harbor County construction codes and with Section 301(a) of the Uniform Building Code (UBC). Buildings and structures are defined in Sections 403 and 420 of the UBC. Work exempt from compliance is defined in UBC Section 301(b) or by approval of the Council.

B. Aesthetics and Landscaping

- 1. The Certificate Holder agrees to construct the Satsop Combustion Turbine Project in a manner aesthetically compatible with the adjacent area.
- 2. The Certificate Holder agrees to landscape Satsop Combustion Turbine Project lands within the fenced perimeter in a manner compatible with the surroundings, using indigenous plants and vegetation where possible.
- 3. Two screening berms will be built between the Satsop Combustion Turbine Project and Keys Road. The berms will be vegetated with indigenous plant species in a random arrangement to simulate native patterns.

4. The Certificate Holder agrees to comply with the mitigation measures set forth in Attachment IV.

C. Surface Run-off and Erosion Control

1. During construction, the Certificate Holder agrees to require its contractors to employ all means necessary to meet standards set forth in this Site Certification Agreement and to use any other reasonable means in order to avoid soil erosion. The Certificate Holder agrees to set forth such conditions as are necessary for compliance thereto in its bidding documents, plans, and contracts, which will be developed in consultation with the Council.
2. Sedimentation, erosion control, dust control, and related construction plans pertaining to work on the site, permanent and/or temporary roads and the natural gas pipeline must conform to requirements set forth in Attachment IV or alternative plans submitted by the Certificate Holder to, and accepted by, the Council.
3. The Certificate Holder agrees to make available all sedimentation and erosion control system plans to the Council for its approval upon request.
4. In the event of unforeseen surface water runoff during construction, the Certificate Holder agrees to comply with all pertinent industry standards for control of such runoff during construction. The Certificate Holder further agrees to take such actions as are deemed necessary and reasonable by the Council to control said runoff. The Certificate Holder agrees to promptly notify the Council of the occurrence or likely occurrence of any surface water runoff problem.
5. The Certificate Holder shall take such steps as are necessary to assure that all construction activity will not result in a violation of applicable turbidity criteria in the State of Washington Water Quality Standards. The Council may, in its discretion, grant a temporary waiver of such standards upon request by the Certificate Holder.

D. Transmission Lines

1. Associated transmission lines for the Satsop Combustion Turbine Project will connect the project to the Northwest Power grid at the Bonneville Power Administration Satsop Substation. The transmission lines will be placed in the existing Bonneville Power Administration rights of way. Towers will be placed to avoid unstable areas along Fuller Creek.
2. All associated electrical transmission and service lines shall comply in design and construction with all applicable state, federal, and industry standards, including any applicable standards specified in earlier versions of this Site Certification Agreement to the extent that they have not been superseded. In the event of inconsistency among applicable standards, the most stringent standard shall apply.

E. Construction Clean-Up

The Certificate Holder agrees upon completion of construction to dispose of all temporary structures not required for future use. The Certificate Holder also agrees to dispose of used timber, brush, refuse or flammable material resulting from the clearing of lands or from the construction of the project in a manner approved by the Council.

F. As-Built Drawings

The Certificate Holder agrees to allow access to the Council or its designated representatives, on request, to complete sets of as-built drawings for the following listed project components and for other components as the Council may require in the future:

1. Sedimentation and erosion control systems,
2. Sanitary waste disposal systems,
3. Cooling towers and condenser coolant loop,
4. All associated electrical transmission and service lines and substations,
5. River gauge station, and
6. Natural gas pipeline.

G. Archaeological Site Protection

1. The Certificate Holder agrees to coordinate with the Council and local Tribes to develop an acceptable construction monitoring plan, and will implement the plan during construction of the Satsop Combustion Turbine Project, including the natural gas pipeline.
2. The Certificate Holder agrees to halt relevant construction activity immediately and report to the Council all archaeological or historical findings made during the course of excavation and construction of any project authorized herein, including associated natural gas pipeline and electrical transmission lines.
3. The Certificate Holder agrees to consult with the Council to arrange for preservation of artifacts and for interpretation of any archaeological or historical site discovered in the course of any construction.

H. Natural Gas Pipeline

1. The Certificate Holder shall be permitted to construct and operate a natural gas pipeline associated with the Satsop Combustion Turbine Project. The Certificate Holder agrees to design, construct, and operate the natural gas pipeline in accordance with pertinent state and federal regulations, including the requirements of Washington Utilities and Transportation regulations found at Chapter 480-93, Washington Administrative Code, and with the conditions and requirements stated in this Site Certification Agreement.

2. The Certificate Holder agrees to consult with the Council or with its designated representatives in development of plans, bid documents, and contracts for construction of the natural gas pipeline, all of which the Certificate Holder agrees to make available to the Council upon request.
3. The Certificate Holder agrees to submit in a timely manner, no later than six months prior to the anticipated beginning of construction, specific location plans, drawings and construction contracts for installation of the natural gas pipeline to the Council and its designated representatives for review and approval. If the Council has objections or concerns regarding any of the particulars of the materials submitted, it shall forthwith advise the Certificate Holder of those objections, etc., and the reasons therefor. The Certificate Holder agrees to take such corrective action as may be necessary to satisfy the objections before commencing any site preparation or construction of the natural gas pipeline. The Certificate Holder will submit a pipeline safety plan for Council review and approval no less than three months before beginning pipeline operation.
4. Construction related activity within an active stream or river channel and/or within 50 feet of stream or river banks shall be limited to the period of July 1 to September 30, unless otherwise specifically authorized by the Council.
5. The Certificate Holder agrees to comply with the mitigation measures identified in Attachment IV.
6. The Certificate Holder shall apply the priority of mitigation principles (avoid, minimize, restore, and replace in that priority order) in its decisions and actions in planning, constructing, operating, and maintaining the natural gas pipeline.
7. The Certificate Holder shall submit to the Council for its review and approval, no later than six months prior to beginning of combustion turbine operations, a five-year monitoring plan to assess mitigation success. The success of wetland and riparian revegetation shall be monitored annually, with annual written reports to the Council and its designated representatives, until the Council terminates the requirement.

I. Construction Phase Spill Prevention

The Certificate Holder shall submit for Council review and approval a spill prevention and countermeasure program that complies with the provisions of the Satsop Combustion Turbine Project's NPDES permit three months prior to beginning construction of the project. This program shall address oil/chemical storage, containment, site security and personnel training. The program shall also address measures that will be taken to control and contain discharge, cleanup actions, notification of appropriate agencies and a list of available cleanup materials.

J. Septic System for the Satsop Combustion Turbine Project

1. The Certificate Holder shall be permitted to construct, maintain, and operate a septic system for the Satsop Combustion Turbine Project.
2. A preliminary report on the septic system design for the Satsop Combustion Turbine Project shall be prepared and submitted to the Council for its review and comment. The report shall include: site conditions, schedule of development, water balance analysis, and overall effects of the proposed system on the surrounding area.

K. Coastal Zone Management

The Certificate Holder shall ensure consistency with the requirements of the Coastal Zone Management Program, the Shoreline master programs of Thurston and Grays Harbor counties, the Federal Water Pollution Control Act, and the State Water Pollution Control Act.

L. Noise

1. No construction activities are permitted on Sundays, legal holidays, or between 10:00 p.m. and 6:00 a.m. within 1000 feet of an occupied residential dwelling.
2. All construction equipment shall have noise control devices no less effective than those provided originally by the equipment's manufacturer.
3. Pile driving or blasting operations shall not be permitted within 3,000 feet of an occupied residential dwelling on Sundays or legal holidays or between 8:00 p.m. and 8:00 a.m. on other days.

ARTICLE IV. OPERATION OF THE PROJECT

A. Water Withdrawal

1. The Certificate Holder is hereby authorized to withdraw water for operation of the Satsop Combustion Turbine Project as follows:

The two combustion turbine units are limited to a total of 9.5 cubic feet per second, of which 8.6 cubic feet per second will be for power production, including quench water to meet the temperature limits of the NPDES permit. The remaining 0.9 cubic feet per second is for quench water to cool the Satsop Combustion Turbine Project discharge below the temperature set in the NPDES Permit. Withdrawal is subject to the terms as more particularly described in Attachment III, attached hereto and incorporated by reference.

2. The Certificate Holder is authorized to withdraw up to 300 gallons per minute from ground water in an area near the confluence of the Chehalis and Satsop rivers from a well known as the raw water well. Withdrawal of water from this well for any uses other than domestic supply and fire suppression will be

limited to 300 gallons per minute and will be limited by restrictions set forth in Attachment III on withdrawals during periods of low flows.

3. Should the withdrawal for operation of the Satsop Combustion Turbine Project impair existing water rights, the Certificate Holder agrees to compensate the holder of such rights for such impairment caused by the withdrawal, and to take necessary measures to prevent recurrence of such impairment.
4. Withdrawal of water for the Satsop Combustion Turbine Project from the Ranny wells shall be decreased (or stopped) as necessary to assure that the project does not affect the minimum base flows immediately downstream of the point of diversion. The required minimum base flows are established in Chapter 173-522-020, Washington Administrative Code, and set forth in Attachment III. All withdrawals are subject to the withdrawal restrictions set forth in Attachment III, and the additional 0.9 cubic feet per second of quench water withdrawal is also limited to periods in which an additional withdrawal will actually reduce the temperature of the discharge. This authorization is also subject to the provisions of Chapter 173-522 and Chapter 173-500, Washington Administrative Code.
5. Energy Northwest agrees that if it pursues future development on the former Satsop Power Plant Site, unrelated to any project authorized in this Site Certification Agreement, requiring water appropriation, Energy Northwest will apply for such appropriation to the Council or Department of Ecology, whichever has jurisdiction over the project. The priority date will be assigned at the time of application under applicable laws and regulations.
6. The Certificate Holder shall limit its withdrawals to that total amount authorized by the Council and/or Washington Department of Ecology.
7. The Certificate Holder may use stored water in order to provide the necessary water for the Satsop Combustion Turbine Project during the low flow periods set forth in Attachment III.
8. The Certificate Holder shall install and maintain a Council approved measuring device in accordance with RCW 90.03.360 and WAC 508-64-020 through 040 for water use.
9. Not later than six months prior to the start of construction of the Satsop Combustion Turbine Project, the Certificate Holder shall install a suitable river flow monitoring gauge at the location of Control Station No. 12.0350.02 (Chehalis River below the confluence with the Satsop River). The type, location, and installation of the gauge shall be approved by the Council in consultation with the Department of Ecology.

B. Water Discharge

All discharges by the Certificate Holder to state waters shall be in accordance with Chapter 90.48 RCW, this Site Certification Agreement, and the NPDES Permit, as issued by the Council and attached hereto as Attachment II, and as may be later amended by the Council.

C. Discharge Into Air

1. The Certificate Holder shall operate the Satsop Combustion Turbine Project so that all discharges to the atmosphere shall comply with the Approval of Notice of Construction and Prevention of Significant Deterioration Application as set forth in Attachment V, attached hereto and incorporated by reference.
2. The Certificate Holder shall properly operate and maintain in good working order all air pollution control equipment and monitoring equipment required in Attachment V.
3. The Satsop Combustion Turbine Project shall be subject to the time limitations for construction and renewal conditions as set forth in the Final Approval Notice of Construction and Prevention of Significant Deterioration Permit (Attachment V).
4. The Certificate Holder shall report immediately to the Council whenever the air monitoring programs disclose the existence of emergency conditions or conditions that might lead to a violation of the air emission permit as provided in Attachment V.

D. Vegetation, Fish, and Animal Life

1. The Certificate Holder shall comply with mitigation measures relating to vegetation, fish and animal life as provided in Attachment IV – Mitigation Measures and Project Conditions, attached hereto and incorporated by reference.
2. The Certificate Holder shall provide such additional measures for protection of wildlife, fish, and other aquatic life and the ecology of the area deemed necessary by the Council to minimize adverse impact from construction or operation of the project. The perimeter of the undeveloped lands protected under the 1994 Mitigation Agreement will be marked as appropriate to protect these lands.
3. The Certificate Holder agrees to the following pipeline right-of-way practices:
 - a. Herbicides and pesticides will not be used within 100 feet of a water body.
 - b. Vegetation maintenance practices over the full width of the permanent right-of-way in wetlands and riparian areas are prohibited. However, to facilitate periodic pipeline surveys, a corridor centered on the

pipeline up to ten feet wide may be maintained in a herbaceous state. In addition, trees that are located within fifteen feet of the pipeline and are greater than fifteen feet in height may be selectively cut and removed from the right of way.

E. Lighting

In specific locations where glare or light spillover would impact Keys Road or be obtrusive to nearby residences, lighting angles will be adjusted to minimize glare impacts, or supplemental light shields/vegetation will be used for extra screening.

F. Noise

1. The combustion turbines and other major sources of sound shall be enclosed within structures in which acoustical damping has been installed.
2. Acoustically absorptive silencers shall be installed on the combustion turbine air intake system, enclosure ventilating systems, and emergency relief valves.
3. Separate acoustical enclosures shall be installed for major noise sources including each combustion turbine and generator.
4. Acoustically absorptive insulation shall be installed in duct walls of the combustion turbine air intake and exhaust systems.

ARTICLE V. PUBLIC AND ENVIRONMENTAL PROTECTION

A. Emergency Plans

The Certificate Holder shall develop an Emergency Response Plan describing the methods, means, and resources available to provide for employee safety in the event of emergencies including fire or explosions, in association with the Satsop Combustion Turbine Project and associated pipeline. No later than three months prior to operation of the combustion turbines and natural gas pipeline, the plan will be submitted for Council review and approval. In preparing the plan, the Certificate Holder agrees to:

1. Coordinate such plan with local, state and federal agencies directly involved in implementing such a plan.
2. Follow the requirements of WAC 296-24-567 and 296-62-3112 and 29 CFR 1910.38, Emergency Action Plan.
3. Included detailed provisions for public health and safety, emergency medical treatment, special emergency training programs and prevention of property damage.
4. Periodically provide the Council with updated lists of emergency personnel, communication channels and procedures.
5. All employees, contractors, and visitors will be covered by the plan.

B. Security Plan

The Certificate Holder will submit a comprehensive physical Security Plan for the protection of the site and project facilities.

C. Habitat Management Plan

The Certificate Holder shall develop a management plan that will assure the protection and enhancement of wildlife values on the lands that are acquired to replace lost wetland and upland wildlife habitat values. The management plan will be fully implemented within five years of the commencement of operation of either combustion turbine unit. The Certificate Holder shall provide a draft of the Habitat Management Plan to the Council and its designated representatives for review and approval no later than six months after either unit begins operations. The management plan shall incorporate the mitigation measures and project conditions specified in Attachment IV.

D. Spill Prevention and Countermeasure Plan

1. The Certificate Holder shall prepare a Spill Prevention, Control and Countermeasure Plan (SPCC) for Council review and approval, consistent with the requirements of the NPDES Permit. The SPCC plan is to be approved by a Professional Engineer and include the amount and type of oils(s) and hazardous materials to be stored at the project site, patterns of usage, transfer procedures and other factors which will indicate the magnitude of spill potential. The SPCC plan shall also describe procedures for securing valves, type of gauges, dike size and design, site security, lighting, alarms, spill response materials and equipment, inspection procedures, personnel training, emergency procedures and spill notification requirements. This SPCC plan shall be submitted to the Council and its designated representatives within one year of beginning construction of the Satsop Combustion Turbine Project, and shall be updated a minimum of every two years.

E. Explosions

The Satsop Combustion Turbine Project shall be equipped with detectors to provide warning of the release of flammable or explosive gases. The detection system will be described in the final design plans.

ARTICLE VI. MISCELLANEOUS PROVISIONS

A. Discharge of Pollutants

Nothing in this Site Certification Agreement shall be construed to authorize discharge of pollutants from the project to state waters in any fashion other than that authorized in an NPDES Permit issued by Council. All discharges must also comply with the requirements of Chapter 90.48 RCW or other applicable regulations.

B. Greenhouse Gases and Carbon Dioxide Mitigation

1. The Certificate Holder shall prepare and submit a report to the Council no later than one year prior to each turbine coming on line, that presents and evaluates possible greenhouse gases and carbon dioxide mitigation techniques, and concentrates on those techniques that can offer cost-effective mitigation measures.

(Continued on Page 18)

2. If a comprehensive federal or state mitigation program is implemented, the Council reserves the right to exercise its authority under that program, considering and appropriately crediting any measures that the Certificate Holder has accomplished.

C. Attachments

Attachments hereto by this reference are included in the Site Certification Agreement:

- I. Site Legal Description
- II. National Pollution Discharge Elimination System Permit
- III. Water Withdrawal Authorization
- IV. Mitigation Measures and Project Conditions
- V. Final Approval Notice of Construction and Prevention of Significant Deterioration Application

SIGNATURES

Dated and effective this ___ day of _____, 2001.

FOR THE STATE OF WASHINGTON

/s/
Gary Locke, Governor

FOR ENERGY NORTHWEST

Chief Executive Officer

FOR DUKE ENERGY GRAYS HARBOR, LLC

President