



STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL

PO Box 43172 • Olympia, Washington 98504-3172

July 2, 2015

Mr. Keith M. Casey
EVP Operations
Tesoro Corporation
Vancouver Energy
P.O. Box 66008
Vancouver, WA 98666

Mr. Nathan N. Savage
Sr. VP Oil and Group Leader & Gas Midstream Solutions
Savage Companies
Vancouver Energy
P.O. Box 66008
Vancouver, WA 98666

Dear Mr. Casey and Mr. Savage:

Subject: Vancouver Energy Project – Application No. 2013-01, Docket: EF-131590

This is in response to your June 24, 2015 letter to EFSEC Chair William Lynch in which you expressed concerns about the updated Vancouver Energy (Project or Applicant) draft environmental impact statement (DEIS) schedule posted on the EFSEC website. You also requested a schedule for all steps remaining to complete the work required to make a recommendation to the Governor.

Included in my letter to Mr. Kelly Flint, dated April 3, 2015 was a listing of the required State Environmental Policy Act (SEPA) criteria for analyzing or evaluating the potential Project impacts. SEPA requires EFSEC, as lead agency to conduct a fair, balanced and thorough analysis of potential impacts. I assure you we are making every effort to comply with these statutory requirements as efficiently as possible.

Contrary to the statement in your June 24 letter, the preliminary DEIS (PDEIS) submitted by the Applicant was not comprehensive. Throughout the PDEIS the Project was described in an approving manner. This is inconsistent with the requirement that lead agencies conduct an unbiased analysis when developing SEPA documents. Nor did it meet even the basic requirements for fully describing and analyzing Project impacts.

As a result, Cardno EFSEC's independent consultant, under the direction of EFSEC staff, has been undertaking a major rewrite of the document submitted by the Applicant. This rewrite is also necessary as a result of shortcomings in the PDEIS in the areas of emergency response, marine and rail risk analysis and seismic risk. The PDEIS superficially addressed these areas and was found to be incomplete and lacking in critical information, thus requiring a more thorough analysis. In addition, Project design changes only recently received from the Applicant will need to be analyzed to determine what impact they will have on the ongoing environmental analysis.

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During a meeting on June 26, 2015 representatives from EFSEC, Cardno and the Applicant met to discuss the numerous factors contributing to development of the updated DEIS schedule. The schedule submitted by Cardno has numerous specific timeframes for reaching various milestones to be completed before a final DEIS can be issued for public comment. The development of this schedule adds more certainty to the process, since certain steps in the adjudicative process are contingent upon issuance of the DEIS.

Once the DEIS is issued and the public comment period begins, the parties to the adjudication will have 45 days to develop their preliminary lists of issues. Because of the large number of parties and the uncertainty of the issues to be raised it is difficult to predict how long the adjudicative process will take but it is continuing to move forward as quickly as possible.

The permitting process for the air and two water permits is moving forward with the development of these permits by the Department of Ecology (Ecology), on behalf of EFSEC. Recent correspondence sent to the Applicant requested more information necessary to continue this process. Once the permits are drafted the Applicant will have an opportunity to review them before the public comment period begins.

Each permit will have a separate comment period. To add efficiency to this process we are planning on issuing all the draft permits at the same time and will hold the 3 public comment periods concurrently. We expect to receive several thousand comments for each permit and all comments will need to be reviewed and responded to. We are consulting with Ecology and EFSEC's on-call consultant to determine resource needs to complete various tasks required before the permits can be finalized. The development process for the 3 permits will need to be completed as part of the recommendation package to the Governor. I do not expect the permitting process to delay a Council recommendation to the Governor.

The Council is committed to conducting a thorough and timely review process for the Project. This includes evaluating the application for site certification, drafting permits, conducting adjudication and development of a draft and final EIS. I share your concern regarding completing these processes in a timely manner. Equally important is the need to do a thorough analysis of the complicated issues concerning the Project. Many of these issues are unprecedented in the permitting of proposed energy projects in the state of Washington and must be fully analyzed, before making a legally defensible recommendation to the Governor.

Sincerely,



Stephen Posner
EFSEC Manager

cc: Kelly Flint, Vancouver Energy
Jared Larrabee, Vancouver Energy
Jay Derr, Van Ness Feldman
Irina Makarow, BergerABAM