

EFSEC JULY 19, 2011 MONTHLY MEETING MINUTES

Page 1

STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL
P.O. Box 43172 - Olympia, Washington 98504-3172
July 19, 2011 Monthly Meeting Minutes

CALL TO ORDER

Chair Richard Fryhling called the July 19, 2011 monthly meeting to order at 1300 South Evergreen Park Drive S.W., Conference Room 206, in Olympia, Washington at 1:30 p.m.

ROLL CALL

Council Members present:

Richard Fryhling, Acting Chair, Department of Commerce
Jeff Tayer, Department of Fish and Wildlife
Andrew Hayes, Department of Natural Resources
Dennis Moss, Utilities and Transportation Commission
Doug Sutherland, Skamania County

Staff in attendance:

Al Wright, EFSEC Manager; Stephen Posner, Compliance Manager; Jim La Spina, Siting Specialist; Tammy Talburt, UTC Specialist 1; Kyle Crews, Assistant Attorney General; Kayce Michelle, Administrative Assistant 3; Amber George, Administrative Assistant

Guests in attendance:

C. Robert Wallis, Administrative Law Judge; Travis Nelson, WDFW; T. Patrick Sanchez, PacifiCorp; Eric Melbardis, Horizon Wind Energy; Nathan Baker, Friends of the Columbia Gorge; Darrel Peoples, Attorney at Law; Karen McGaffey, Perkins Coie; Todd Gatewood, Grays Harbor Energy

Guests in Attendance via phone:

Jennifer Diaz, Puget Sound Energy; Don Coody, Energy Northwest; Shannon Khounnala, Energy Northwest; Bruce Marvin, Counsel for the Environment; Eric Martin, Stoel Rives

1 PROPOSED AGENDA

2
3 CHAIR FRYHLING: The proposed agenda is before you. Is
4 there any changes that people would like to make to the
5 agenda?

6 MINUTES

7
8 CHAIR FRYHLING: If not, under the meeting minutes of May
9 17, I'd entertain a motion to approve, amend, change,
10 whatever. Any changes to that?

11 MR. MOSS: Mr. Chairman, I would move to adopt the minutes
12 of the May 17, 2011 monthly meeting as provided.

13 CHAIR FRYHLING: Do we have a second?

14 MR. TAYER: I'll second it.

15 CHAIR FRYHLING: It's been moved and seconded. All those
16 in favor say aye.

17 COUNCIL MEMBERS: Aye.

18 SATSOP - GRAYS HARBOR ENERGY PROJECT UPDATE

19 CHAIR FRYHLING: The first of our projects is Satsop, and
20 Todd Gatewood is here on his way out the door, but he's
21 going to give us some parting words.

22 MR. GATEWOOD: Good afternoon, Mr. Fryhling and Council
23 Members. This is the monthly meeting for June 2011. We
24 had no accidents or injuries for the month of June and none
25 here to date. We submitted our May monthly discharge
monitoring and submitted our second quarter 2011 emissions
report. So far we've operated zero days, zero days, and
zero days. Our year-to-date capacity factor is 0.4
percent. No noise complaints or concerns.

I'd like to talk a little bit about we made a commitment
last year to put in silencers on four of our steam relief
buildings around our exhaust enclosures and internal
silencers in our exhaust fans on both gas turbines. We
have completed everything with the exception of the steam
relief silencers. When we went to design those we hired
Kiewit to do the piping, and we needed to just change quite
a bit of the superstructure underneath for the load. So
we've ordered the new bellows, new material, and the new
I-Beams are being built.

1 The part about this that might be a little rough is that
2 they need about a week. So as long as the water keeps
3 running we might be okay and get them in, but as you know
4 the silencer reliefs they weren't there before. We'd like
5 to put them all in, but it would only be an instance if we
6 lifted a relief that it would be that loud again. So in
7 terms of the continuous noise that they hear, neighbors
8 hear, the whine and everything, we believe that's a done
9 deal. So those are all complete and functioning.

10 CHAIR FRYHLING: Good.

11 MR. GATEWOOD: So I don't have a completion date yet.
12 We're just waiting for the stuff to be built. Some of the
13 steel is being built in Tacoma, and we're just waiting on a
14 couple things. It all has to be kind of put together on
15 the ground and lifted up as a whole assembly and put in
16 place. That's the status of where that is so 85 percent
17 complete.

18 CHAIR FRYHLING: Any questions of Mr. Gatewood?

19 MR. GATEWOOD: The other is Thursday is my last day with
20 Grays Harbor Energy. I've been there four years, enjoyed
21 working with EFSEC, been through quite a bit with the first
22 phase of construction commissioning and then delving into
23 the whole process of Phase 2. In the interim Mike Adams
24 will be the interim manager. He's been with the plant the
25 same length as I have except he has been the O&M manager
while I was the plant manager. The company plans to hire
from the outside rather than inside so they're searching
for -- as you know, Kevin left so we're searching for both
an environmental manager and a plant manager, and we don't
think that will take more than 8 or 12 weeks. We're pretty
slow.

CHAIR FRYHLING: Well, we've enjoyed your four years here.
I have anyhow. I think the rest of the Council has enjoyed
working with you. Thanks a lot.

MR. SUTHERLAND: Your future is?

MR. GATEWOOD: My future is I'm looking into I'll be
working with Calpine, a fairly big independent company in
the United States. I'm taking over a plant in Portland,
Maine for two or three years and then moving up the ladder.
So it's a career move to a bigger company with more upper
movement and not very flat, and I may end up back out here
in some other fashion in five or ten years.

1

MR. MOSS: Probably had to search long and hard to find a place with a worse climate than we have.

2

MR. GATEWOOD: I don't know if it's worse. It certainly is colder.

3

MR. SUTHERLAND: I wasn't sure which ladder you were climbing up, geographically or --

4

MR. GATEWOOD: Temporary, temporary, two or three years.

5

MR. SUTHERLAND: Well, good luck to you.

6

MR. GATEWOOD: Thank you.

7

CHAIR FRYHLING: Thank you, Todd.

8

9

CHEHALIS GENERATION FACILITY UPDATE

10

CHAIR FRYHLING: The next item on our agenda is the Chehalis Generating Facility.

11

12

MR. SANCHEZ: Good afternoon, Members of the Council. My name is Patrick Sanchez, Chehalis Power Environmental Analyst, reporting for the month of June 2011.

13

14

On safety there were no medical treatments or reportable incidents for the period. We've achieved 3,175 days of no lost-time accidents. Our storm water, waste water, and air emissions monitoring results are in compliance with the permits for the month of June 2011. We continue to work with the Confederated Tribes of Chehalis Reservation on the carbon offset project. Authorized plant staffing level was currently 19 positions and 19 positions are filled.

15

16

17

18

On our operations and maintenance side the plant generated 4,934 megawatts during June at a capacity factor of 1.39 percent. Year to date the plant has generated 61,739 megawatt hours at a capacity factor of 2.82 percent. Our Generator Step-Up Transformer No. 1 that failed in January of 2011 is still undergoing a root-cause investigation that is still expected to continue for several months. A new transformer specification was sent out for proposals on June 15. We received six responses on that, and those six are currently under technical review. The expectation is still to install the new transformer by the first half of 2012.

19

20

21

22

23

24

25

On regulatory and compliance, our emissions monitoring

1 report was submitted on the auxiliary boiler following the
2 June 22 burner tuning that was done on the auxiliary
3 boiler. A comment notice was issued June 24 on our
4 issuance of the Draft Title 5 Air Operating Permit. That
5 comment period extends through August 1.

6 There were no critical infrastructure protection standards
7 violations during this period per WAC, and we have no sound
8 monitoring or other noise issues to report. Questions?

9 CHAIR FRYHLING: Thank you. We need to back up a little
10 bit here and identify the people that are on the phones and
11 maybe we could start with that.

12 (All people on telephone identified themselves.)

13 CHAIR FRYHLING: The next item our agenda is Kittitas.

14 MR. WRIGHT: Excuse me, Mr. Chairman.

15 CHAIR FRYHLING: Yes.

16 MR. WRIGHT: Just a quick note. In your packet under
17 Chehalis there's a notice. This is just FYI that we're
18 going through the Title 5 Air Operating Permit approval
19 process. The end of comments are August 1. We're doing
20 this in cooperation with Southwest Clean Air Agency for
21 Chehalis. It's somewhat pro forma. There are no issues or
22 problems. We're just renewing the permit. It's in your
23 packet as FYI.

24 KITTITAS VALLEY WIND PROJECT UPDATE

25

CHAIR FRYHLING: Kittitas Valley.

1

2 MR. MELBARDIS: Good afternoon, Chair Fryhling, Council.
3 This is Eric Melbardis for the Kittitas Valley Wind Power
4 Project with our July monthly project update. For the
5 month of June production summary we generated 22,189
6 megawatt hours with an average wind of 22-1/2 miles per
7 hour with a capacity factor of 30.6 percent.

8 MR. SUTHERLAND: Thank you very much. We appreciate that.

9 MR. MELBARDIS: You're welcome. I was going to convert
10 that to light bulbs, the megawatts.

11

12 We've had no OSHA recordable incidents year to date or
13 lost-time incidents. The project is in compliance as of
14 July 11, 2011. We're expecting an EFSEC site inspection to

1 go over the records and log books later this month.
2 We completed our semi-annual SPCC and SWPPP inspections in
3 June. We've had no new noise complaints. CH2M Hill was
4 performing the post-construction operations phase and noise
5 study that we committed to in response to the complaints
6 from earlier in the year. The monitoring equipment and
7 study was completed yesterday, and the equipment was
8 picked. So we're awaiting the results of the noise study,
9 and I'll report to the Council next month on that.

10 No new shadow flicker complaints. We don't see any shadow
11 flicker during the summer months, and we're testing our
12 automatic curtailment software based around our corrected
13 shadow flicker modeling in September. We are testing it
14 August 4 for implementation in September.

15 No environmental incidents to report. Our avian monitoring
16 and bat fatality surveys are underway. We have weed and
17 re-vegetation surveys ongoing. We completed our summer
18 weed spraying for noxious weeds and are evaluating our
19 one-year re-vegetation goals. We're planning for some fall
20 seeding in areas. Continuing to monitor all storm water
21 BMPs and improving them as necessary. We had some rain
22 this past weekend but almost none at the site.

23 CHAIR FRYHLING: Any questions?

24 MR. LA SPINA: I just wanted to add a follow up to the
25 shadow flicker and noise issues, Chair Fryhling.

EFSEC staff would like to notify the Council that on
June 28 EFSEC staff received an e-mail from Mr. and
Mrs. Robertson asking about the status of the revised
shadow flicker analysis and noise study that the company
had committed to doing. On July 7, EFSEC staff, the EFSEC
manager sent a letter to the Robertsons informing them of
the revised shadow flicker analysis that the company has
conducted and also that the promised noise study was at
that time underway. So it's just a simple notification to
the Council of the recent developments.

CHAIR FRYHLING: Okay. Thank you. Any questions?

Thanks, Eric.

MR. MELBARDIS: Thank you.

25

1 WILD HORSE WIND POWER PROJECT

2 CHAIR FRYHLING: The next item on the agenda is the Wild
3 Horse Wind Project.

4 Jennifer?

5 MS. DIAZ: Yes, sir. Good afternoon, Council Members. My
6 name is Jennifer Diaz. I'm the environmental manager for
7 Puget Sound Energy at the Wild Horse Wind Facility.

8 For June wind generation totalled 78,000 megawatt hours
9 with an average capacity factor of 40 percent. The solar
10 demonstration project generated 99,000 kilowatt hours.

11 Under safety our first lost-time accident occurred on
12 June 7 when a PSE employee was struck by a wind turbine
13 door during high winds and he fell down the stairs. The
14 employee suffered an ankle sprain and was released to work
15 without restrictions six days later. The root-cause
16 analysis for this injury was completed, and the wind
17 turbine entry policy was reviewed and updated to restrict
18 turbine entry during high winds, winds of over 40 mph.
19 Under compliance and environmental, the TAC members met on
20 May 10. This meeting focused primarily on reviewing
21 results from the second year avian and bat monitoring study
22 that was completed in 2010. Fifty bird facilities,
23 including seven raptors were found during standardized
24 carcass searches. The most common bird species found
25 included the chukar, horned lark, and gray partridge. No
eagles or federal or state threatened or endangered birds
were found. Six bat fatalities were found. All of them
were hoary bats and no federal or state threatened or
endangered bats were found.

The fatality estimates in 2010 were calculated by adjusting
search results for carcass removal, observer detection
bias, and a proportion of project turbine search. For
birds the overall estimated fatality rate was 2.01 birds
per megawatt, for raptors it was 0.18 raptors per megawatt,
and for bats the overall estimate was 0.19 bats per
megawatt. In comparing the pre-construction predictions
for the post-construction results it showed that all bird
and bat mortality estimates were within the predicted range
during permitting for Wild Horse, and compared to other
wind energy fatality rates in the Pacific Northwest both
the 2010 and the two-year average for Wild Horse estimated
bird and bat fatality rates were lower than many other
Washington and Oregon projects.

1

So the TAC members will be meeting again on August 9 to review and recommend the timing and protocol for the final year of the avian and bat monitoring within the expansion area.

3

4

In addition and in accordance with Article VI of the SCA, post-construction aerial raptor nest surveys were completed in the expansion area this past April 2011. Based on the results, the distribution and number of nests within the expansion area remain similar across the pre- and post-construction surveys. No bald or golden eagle or sensitive raptor species nests were found.

5

6

7

8

Under weed control in coordination with the Kittitas County Noxious Weed Board, noxious weeds are being sprayed as needed throughout the site, including at the springs we have on site.

9

10

That's all I have for you. Are there any questions?

11

CHAIR FRYHLING: Are there any questions?

12

13

MR. HAYES: Yes, Jennifer, this is Andy Hayes with DNR. I was curious if you could tell me what, if you know, species those seven raptors fatalities were.

14

15

MS. DIAZ: They were red-tailed hawk, American kestrel, and northern harrier, and that occurred at the substation.

16

17

MR. HAYES: Thank you.

18

CHAIR FRYHLING: Any other questions?

19

Thank you, Jennifer.

20

MS. DIAZ: Yep.

21

COLUMBIA GENERATING STATION UPDATE

22

CHAIR FRYHLING: Next item on our agenda is the Columbia Generating Station, Don.

23

24

MR. COODY: Good afternoon, Council Members. This is Don Coody with Energy Northwest reporting Columbia Generation Station operational status. Before I do I'd like to mention that I'm going to be retiring in August so I will be turning over the coordination and single point of contact with EFSEC to Shannon Khounnala who's in my group, and I think a lot of EFSEC staff knows Shannon and have

25

1 dealt with her.

2 Refueling outage. There's not a lot to report, but we're
3 still in refueling outage. Today is day 104 of Columbia's
4 refueling outage which started on April 6. Other than the
5 exception of the condenser replacement project most of the
6 outage work has been completed or will be completed by the
7 end of July. Last week a contractor for the condenser
8 project provided a revised work schedule showing the
9 startup of Columbia will now be in late August. Based on
10 our assessment we believe this timeline more closely aligns
11 with the contractor's work progress to date.

12 We are disappointed with the additional extension date, but
13 we've used the time to accomplish more inspections and
14 maintenance. We've overhauled Diesel Generator 1, and
15 we're replacing deteriorated fill material in one of the
16 cooling towers. Both of these major projects were added
17 nearly a month into the outage to make the best of the
18 unanticipated condenser delays.

19 We're acutely sensitive to the impact any outage delay may
20 have on Bonneville Power Administration's effort to manage
21 power this summer. They're aware of the delay. We're
22 keeping them close to the issue. Fortunately BPA has had
23 much greater than anticipated water levels and hydro to
24 produce ample generation thus far. Questions?

25 CHAIR FRYHLING: No, don't see any, Don. Is that it?

MR. COODY: That's it. Thank you.

CHAIR FRYHLING: I want to thank you for your participation
over the years that I've been on the board. So have a good
retirement.

MR. COODY: Thank you.

TRANSMISSION LINES UPDATE

CHAIR FRYHLING: Transmission Lines updates, Stephen.

MR. POSNER: Good afternoon, Council Members, just a quick
update. On the Big Eddy-Knight Transmission Line Project
the Final EIS was issued the 12th of July, and BPA expects
that they will issue their record of decision (ROD) in
early September.

The I-5 project nothing new to report. The DEIS is due out
late 2011, and the FEIS is fall 2012, and the ROD is

1 sometime in 2013. That's all I have.

2 CHAIR FRYHLING: Thank you. Any questions?

3 WHISTLING RIDGE ENERGY PROJECT UPDATE

4 CHAIR FRYHLING: Whistling Ridge Energy Project, Project
5 DEIS update, Stephen.

6 MR. POSNER: Just another quick update. We expect that the
7 EIS will be available very early in August. It's
8 undergoing some final edits with BPA at this time, and we
9 are shooting for early August. That's all I have.

10 CHAIR FRYHLING: Thank you. Adjudicative update, Judge
11 Wallis.

12 JUDGE WALLIS: Thank you, Mr. Chairman. The Council
13 continues to be engaged in deliberations on the Whistling
14 Ridge project, and we expect the process to be concluded at
15 the earliest possible date.

16 CHAIR FRYHLING: Thank you. Any questions?

17 BP CHERRY POINT UPDATE

18 CHAIR FRYHLING: Next item on the agenda is BP Cherry
19 Point, and this one has been around as long as I have.

20 MS. MCGAFFEY: This is Karen McGaffey from Perkins Coie
21 representing BP. As many of the Council or at least some
22 of the Council Members recall, back in 2004 the Council
23 issued a site certification agreement for a 720-megawatt
24 combined cycle natural gas fired cogeneration project that
25 would be adjacent to the BP Refinery in Cherry Point up in
26 Whatcom County. That site certification agreement was
27 issued to one of BP's subsidiaries called BP West Coast
28 Products, LLC, which is the subsidiary that owns and
29 operates the Cherry Point Refinery, as well as other BP
30 assets.

31 As you all know that cogeneration project has not been
32 constructed to date. The term on the site certification
33 agreement is ten years so they still have a little time to
34 do that. In 2008 BP came to the Council and asked that the
35 site certification agreement be transferred from BP West
36 Coast Products to a project specific entity called the
37 Cherry Point Cogen, LLC.

38 BP seems to reorganize itself every few years and assets

1 get traded around between different subsidiaries. So it
2 did a reorganization then and the Council approved the
3 transfer. Now a couple more years have gone by, and I'm
4 coming back because BP is reorganizing again and wants to
5 transfer the site certification agreement back to BP West
6 Coast Products, LLC, that runs the refinery. So by letter
7 earlier this summer we requested the Council to approve
8 that transfer.

9
10 MR. LA SPINA: Are you finished?

11
12 MS. MCGAFFEY: I am.

13
14 MR. LA SPINA: Oh, okay. Well, I just wanted to point out
15 that the letter requesting the SCA amendment is in white
16 and also in white is the SEPA checklist submitted by the
17 certificate holder. The bright pink sheet is the schedule
18 for the amendment request that EFSEC staff is recommending
19 approval of.
20 So just real briefly, EFSEC staff intends to begin public
21 notice later this week. Public notice would run until
22 August 16 at 5:00 p.m. August 16 is also the date of your
23 next Council meeting, and we propose that we have an
24 informational meeting and public hearing beginning at
25 2:00 p.m. We've done this in the past where we would close
the Council meeting, hold the public hearing and
informational meeting, and then close that and return back
to the Council meeting. So EFSEC staff requests that you
adopt that schedule.

16
17 MR. SUTHERLAND: Mr. Chair, recognizing that our meeting in
18 all probability will be in Stevenson in Skamania County
19 that may cause some problems for a public hearing.

20
21 MR. WRIGHT: Mr. Chairman, we didn't know we were going to
22 have a meeting in Stevenson County until this morning so I
23 was aware of that. It just means we will most likely hold
24 the hearing the day before, whatever Council Members want
25 can attend the hearing, and then you can still approve it
in a meeting in Stevenson. Approving it isn't the problem.
Obviously we wouldn't hold a hearing down there.

22
23 CHAIR FRYHLING: Do we need a vote to approve this
24 schedule?

25 Okay. I'd entertain a motion to that effect.

MR. MOSS: So move.

1 CHAIR FRYHLING: Second?

2 MR. HAYES: I'll second that.

3 CHAIR FRYHLING: Moved and seconded. All in favor say aye.

4 COUNCIL MEMBERS: Aye.

5 MS. MCGAFFEY: Thank you.

6 CHAIR FRYHLING: Thank you.

7 OTHER AND EFSEC COUNCIL UPDATES

8 CHAIR FRYHLING: Well, I was ready to go home, but I guess
 9 we've got a couple more items here under EFSEC Council and
 other business, cost allocation.

10 MR. POSNER: In your packets there is a sheet. I'm looking
 11 for it now. Let's see if I can find it. It's a breakdown
 12 of the cost allocation. At the beginning of every quarter
 13 we calculate our cost allocation, our indirect costs that
 14 we charge to your projects, and this calculation is for the
 first quarter of fiscal year 2012, July 1 through
 September 30, 2011. It lists the percentages for each of
 the projects. I'll go ahead and just read those out for
 those on the line.

15 Kittitas Valley Wind Power Project, 11 percent; Desert
 16 Claim Wind Power Project, 3 percent; Whistling Ridge Energy
 17 Project, 27 percent; Columbia Generation Station, 16
 18 percent; WNP-1, 2 percent; Satsop Combustion Turbine,
 19 12 percent; Chehalis Generation Project, 10 percent; Wild
 Horse Wind Power Project, 9 percent; BP Cogeneration
 Project, 3 percent; Grays Harbor Energy, 7 percent. That's
 all I have on that. Any questions?

20 CHAIR FRYHLING: The next item on the agenda is the
 21 manager's update. What do you have to update?

22 MR. WRIGHT: Mr. Chairman, we just have two quick items.
 23 First of all, just FYI we have updated the greenhouse gas
 reporting rules to conform with the Department of Ecology,
 and Mr. La Spina is going to talk about that for just a
 minute.

24 MR. LA SPINA: Basically what EFSEC staff did was adopt by
 25 reference Ecology's greenhouse gas reporting rule. The
 legislation requires that EFSEC's rule be consistent with
 Ecology's rule so we just adopted it wholesale. The rule

1 was adopted in June of this year and became effective
2 July 10. So we now have, EFSEC now has a greenhouse gas
reporting rule.

3 CHAIR FRYHLING: Okay. Thank you.

4 Contract updates.

5 MR. WRIGHT: The last item is we wanted to give you an
6 update. Remember at the last meeting we talked about the
7 number of contracts and subcontractors we had to renew, all
8 of which had to be renewed for the beginning of the
9 biennium, and we have completed at least 85 to 90 percent
of that endeavor now and incorporated them into the UTC
contracting process as opposed to the two-year contracts
previously that were with Commerce.

10 Mr. Posner has been in charge of that and I think he wants
to go through a little bit of that.

11 MR. POSNER: Not a whole lot to report. As Al said we're
12 pretty much done with all the contracts. They're all
13 finalized except for the Department of Ecology. We've been
14 working with Hedia to finalize the master contract, and
15 then the task orders will follow after that. We were able
16 to get an extension. We were coming up against a deadline
17 of the biennium and the end of the fiscal year so we
18 extended existing contracts or task orders through August.
19 UTC management approved that, and Ecology was fine with
20 that. So basically to ensure that we have no lapse in
21 service we hope to have it completed by the end of the
22 month. That's our plan.

23 CHAIR FRYHLING: Thank you.

24 MR. WRIGHT: Mr. Chairman, that also severs the last of the
25 ties EFSEC has with the Department of Commerce so we are
now truly fully under the administrative auspices of UTC.

CHAIR FRYHLING: I guess that's good. I won't comment.

Is it good, Dennis?

MR. MOSS: Absolutely.

CHAIR FRYHLING: Let's see. That's the end of our agenda
items. If there isn't any additional information or
thoughts to come before the Council, I will wrap this and
say we're done. Thank you.

* * * * *

1 (Whereupon, the meeting was adjourned at 2:08
p.m.)

2 (These are minutes and not a verbatim report of
proceedings.)

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25