

STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL
P.O. Box 43172 - Olympia, Washington 98504-3172
May 11, 2010 Monthly Meeting Minutes

CALL TO ORDER

Chair Jim Luce called the May 11, 2010 monthly meeting to order at 905 Plum Street, S.E., Room 301, at 1:30 p.m.

ROLL CALL

Council Members present:

Jim Luce, Chair
Jeff Tayer, Department of Fish and Wildlife
Richard Fryhling, Department of Commerce
Hedia Adelsman, Department of Ecology
Terry Willis, Grays Harbor County
Mary McDonald, Department of Natural Resources
Dick Byers, Utilities and Transportation Commission
Judy Wilson, Skamania County

Staff in attendance:

Al Wright, EFSEC Manager; Stephen Posner, Compliance Manager; Jim LaSpina, EFS Specialist; Mike Mills, EFS Specialist; Tammy Talburt, Commerce Specialist; Kyle Crews, Assistant Attorney General; Kayce Michelle, Office Assistant; Sonia Bumpus, Intern

Guests in attendance:

Brett Oakleaf, Invenergy; Karen McGaffey, Perkins Coie; Mark Anderson, Department of Commerce; Keven Warner, GHEC Satsop; Mark A. Miller, PacifiCorp Chehalis; Ben Vitale, The Climate Trust; Todd Gatewood, GHEC; Tim McMahan, Stoel Rives; Travis Nelson, WDFW; Joel Rett, Grays Harbor PDA; Dianne Hurt, The Riley Group; Bill Dickens, Tacoma Power; Sean Clark, Climate Trust

Guests in Attendance via phone:

Don Coody, Energy Northwest; Kelly Moser, Perkins Coie; Jennifer Diaz, Puget Sound Energy; Katy Chaney, URS; Bruce Marvin, Counsel for the Environment; Colin Meskell, Horizon Wind Energy; David Steeb, Desert Claim; Robert Wallis, Administrative Law Judge.

1 MINUTES

2 The minutes for the April 13, 2010 meeting were
3 distributed.

4 Motion: Mr. Fryhling made a motion to adopt the minutes,
5 Mr. Tayer seconded it, there was no discussion, and the
6 minutes were approved with an unanimous vote.

7 DESERT CLAIM WIND POWER PROJECT UPDATE

8 MR. STEEB: Thank you very much, Council. As everybody is
9 aware, the Governor signed the site certification agreement
10 in early February. Since that time we've shifted our focus
11 from getting the agreement in place to moving forward in
12 following the requirements that that lays on us for the
13 project. Looking forward to the first piece which is site
14 preparation, which we are targeting for late summer, early
15 fall this year to try to take advantage of the dry season
16 out there. As you can appreciate, there's a lot of
17 agencies that we're talking to right now, consultants and
18 contractors, working with the county on their road plan,
19 and it looks like a very wide end of a funnel right now as
20 we move towards that end. Tomorrow Ms. McGaffey and myself
21 will be meeting with EFSEC staff to start work on some of
22 the details of how the documentation and the process of
23 integrating into EFSEC goes forward. So that's a brief
24 update of where we are right now.

25 CHAIR LUCE: Thank you. Staff have anything to add to
that?

MR. LA SPINA: No, sir.

CHAIR LUCE: Anything else on Desert Claim?

WILD HORSE WIND POWER PROJECT UPDATE

CHAIR LUCE: Hearing nothing, we'll move ahead to Wild
Horse and the wind has been blowing out there.

MS. DIAZ: Yes, it has. This is Jennifer Diaz,
Environmental Manager for Puget Sound Energy at Wild Horse.
April generation totaled 87,300 megawatt hours for an
average capacity factor of 44.5 percent. This is a record
for us. The solar demonstration project generated 83,600
kilowatt hours in April. There were no lost-time accidents
or safety incidents to report for April, and under
compliance and environmental the April Storm Water
Discharge Monitoring Report for the expansion turbines was

1 submitted to the Department of Ecology. Precipitation in
2 April did not produce storm-water runoff, and storm-water
3 BMPs are in very good condition and the site remains in
4 compliance with the NDPES permit. That's all I have. Very
5 brief update. Are there any questions?

6 CHAIR LUCE: Are there any questions? Any staff comments?

7 MR. LaSPINA: No, sir.

8 KITTITAS VALLEY WIND PROJECT UPDATE

9 CHAIR LUCE: Kittitas Valley Wind Project.

10 MR. MESKELL: Yes, hello. This is Colin Meskell with
11 Horizon Wind Energy. We've begin moving along on the
12 construction at the Kittitas Valley Wind Project. Our
13 roads are about five percent complete right now. We have
14 just started to excavate the first foundation. On Saturday
15 I believe we excavated that. We've got about three percent
16 of our electrical circuits in the ground, and we have our
17 permanent met towers up in place right now.

18 As far as compliance issues, we have had a couple of
19 instances where our civil contractor went outside of our
20 established clearing limits. We issued them a notice of
21 nonconformance on those, and they have come back to us with
22 some recommendations that we establish or we allow a little
23 bit of adjustment to the clearing limits around the wind
24 turbines for their foundations. We are still well within
25 the permitted and temporary disturbance areas, and so we
26 are tracking that on a spreadsheet and making sure that
27 everything that they ask for is still going to be within
28 our permitted amounts of acreage there. As far as the
29 environmental issues go, as I mentioned we installed two
30 permanent met towers and three temporary met towers. We
31 installed a couple of those with assistance of low pressure
32 vehicles, as well as a helicopter to help let the impact on
33 the vegetation and the saturated soils that we had earlier
34 this spring. Soils are drying up nicely so that's nice.
35 Our weed survey is about 95 percent complete at this point,
36 and we are planting revegetation and seed mixes to get
37 those to our contractors right now so they can start
38 procuring those seeds this spring for fall planting when we
39 get to reclaiming those temporary areas. That is all I
40 have at this time.

41 CHAIR LUCE: Thank you. Staff, do you have any comments or
42 observations with respect to the Kittitas Valley Wind
43 Project?

1 MR. LaSPINA: No, sir.

2 CHAIR LUCE: Anything you're working on?

3 MR. LaSPINA: No.

4 MS. ADELSMAN: How about on this compliance issue? It
looks like they were issued three at least noncompliance.
5 I mean that's a lot, three of them.

6 MR. LaSPINA: No, that's an internal thing. They issued it
to themselves.

7

MR. MESKELL: That is correct. That was an internal
8 document from Horizon to our contractor.

9 MS. ADELSMAN: Do we have a limit on the permit how much
they can disturb around where the construction is going to
10 be for the pads?

11 MR. LaSPINA: Well, there are delineated clearing limits.
What it sounds like is they exceeded their internal
12 controls on how much was disturbed, but it didn't really go
beyond what's in the approved plans.

13

MS. ADELSMAN: I think we just need to make sure we're
14 being careful that this contractor doesn't violate other
things. It looks like three violations. What's going to
15 prevent from doing more unless they really --

16 CHAIR LUCE: I agree with you, but it doesn't sound like it
was a violation, at least not of our site certificate
17 agreement. It may be a violation of what their own vision
was, but your point is very well taken. Anything else?

18

MS. McDONALD: I have a question on the weed survey, and
19 maybe just I didn't notice it. When did it start if it's
95 percent complete?

20

MR. MESKELL: They began that I can't pull up the exact
21 date for, but they began that the first week of May. They
actually were out there earlier in April, and there was
22 nothing growing yet so they went back out there the last
week, and as far as their survey it only took a couple
23 days. They're in the process of putting together the
reports and that's why.

24

MR. LaSPINA: I wanted to assure you that Horizon is
25 working very closely with Fish and Wildlife Rep Frank
Renfro on the Weeds Management Program so it's getting a

1 lot of oversight that way.

2 CHAIR LUCE: Let the record show Judy Wilson, the esteemed
3 member for Whistling Ridge Energy Project, has arrived.

4 MS. WILSON: Thank you.

5 CHAIR LUCE: Any other questions?

6 MR. BYERS: I just wanted to say I see in the written
7 report here that Horizon met with and was asked questions
8 from Richard Bell and Robertson. Could you provide any
9 elaboration on that? Was there anything specific that the
10 landowners were asking about?

11 MR. MESKELL: Yes, there's specific questions that they had
12 concerning the locations of the Wind Turbines A-1, A-2, and
13 their permanent met tower there. The initial question that
14 they had was they believed that they were not spotted
15 correctly as per our permit. When we met with them our
16 site manager met with them and gave them our map as well as
17 the permit. They then took a look at where the foundations
18 were going to go, and I believe that Mr. Bell then
19 contacted Jim LaSpina and stated that he had falsely jumped
20 the gun on that one and that we were putting it where it
21 was intended to go.

22 MR. BYERS: Is that correct?

23 MR. LaSPINA: Yes, sir, he did.

24 MR. BYERS: Okay. Thank you.

25 MR. LaSPINA: And I would also inform the Council that
Horizon has been working very closely with the county to
get the necessary permits for the turbine foundations and
turbine towers.

CHAIR LUCE: Okay. Thank you. Any other questions with
respect to Kittitas?

MR. WRIGHT: I want to say I wasn't going to bring this up
because we received the complaints yesterday, but that
issue on those two towers is not totally resolved.
Complaints have been filed with both our office yesterday
by Mr. Bell and Mr. Robertson and also with the Governor's
office so I don't have anything to say about it because I
haven't been able to do anything with it yet. But there
are complaints that are filed with our offices. We'll be
responding to that and probably have something a lot more

1 definitive to talk about at our next meeting, if not before
 2 then you will see something.

3 CHAIR LUCE: Thank you, Al.

4 COLUMBIA GENERATING STATION PROJECT UPDATE

5 CHAIR LUCE: We will move ahead to Columbia Generating
 6 Station. Don.

7 MR. COODY: Good afternoon, Chair Luce and Council Members.
 8 This is Don Coody. First, I would like to apologize for
 9 that brief little control room announcement that I wasn't
 10 able to silence. Regarding Columbia's operating status,
 11 we're currently operating at a hundred percent power
 12 producing 1143 megawatts gross, and the plant has been on
 13 line for 179 days. I have two plant activities I would
 14 like to discuss briefly.

15 One is our Columbia operating license renewal. The Nuclear
 16 Regulatory Commission is conducting an on-site license
 17 renewal scoping and screening audit this week from Monday,
 18 May 10th through the 14th. The purpose of the inspection
 19 is to verify the plant's system structures and components
 20 which we referred to as SSCs related to nuclear safety that
 21 have been adequately identified and documented. In
 22 addition, the inspection verifies that nonsafety-related
 23 SSCs whose failure could prevent a safety-related SSC from
 24 accomplishing its function is correctly included within the
 25 scope of the license renewal. The inspection also verifies
 through review of supporting documents and a walk down of
 select plant systems that the effects of aging can be
 adequately managed during the period of extended plant
 operation. This is the first of a series of three
 inspections that will occur at the site. The next will be
 at the end of the month, and that's focusing on the aging
 materials and then an environmental audit will be conducted
 starting June 7. As always, I put the link to the NCR
 website my notes if Council Members want to go look at that
 for current status.

Regarding the NPDES permit renewal the current permit
 requires that we submit an application for renewal no later
 than November 25. That permit renewal EFSEC staff sent a
 letter to Energy Northwest with the NPDES compliance issues
 for the next two years. The letter formalized EFSEC's
 guidance on the permit and renewal process with specific
 instructions to ensure that Energy Northwest remains in
 compliance with the permit and state federal water
 regulations during our planned condenser replacement

1 project that's scheduled for the spring of 2011. So we're
2 off to a good start for the NPDES permit renewal.

3 I have one brief item on the WNP-1/4 site certification
4 agreement amendment. Regarding that amendment Energy
5 Northwest participated in a conference call with the
6 Department of Ecology Yakima Office on May 4. The purpose
7 of the call was to provide Ecology with a brief update of
8 the SCA and the actions by the Council. Then additional
9 discussions with Ecology are planned for later this summer
10 to discuss the water right plans for WNP-1/4. That's all I
11 have. Are there any questions?

12 CHAIR LUCE: Questions?
13 Planned outage do you have any? You said spring 2011. Is
14 that the next one?

15 MR. COODY: Yes, so that will be our biennial refueling
16 outage. That's when we will replace the condenser.

17 CHAIR LUCE: How long is that outage scheduled for?

18 MR. COODY: Just about 90 days. It's going to be longer
19 than normal because of the condenser replacement.

20 CHAIR LUCE: Okay. And that is during the spring freshet,
21 is it?

22 MR. COODY: Yeah, I think it's just starting towards the
23 end of May, will go about approximately 90 days. Typically
24 they are about a 30-day duration.

25 CHAIR LUCE: Okay. Great. Thank you.

CHEHALIS GENERATION FACILITY

CHAIR LUCE: We'll move ahead now to Chehalis.

MR. MILLER: Thank you, Chair Luce and Chair Members,
Council Members. Just a couple brief items. Mr. LaSpina
did ask us to update on the carbon offset project. There's
some written notes here that are in front of you I believe.
For the month of April there were no medical treatments or
reportable incidents. We reached 2,759 days without a
lost-time accident. All waste water, storm water discharge
monitoring results are within compliance.

Specifically the carbon offset project on March 1
PacifiCorp received written notice from the Washington
State Department of Natural Resource withdrawing its formal

1 response, and I made comment to that last month. The
2 mitigation project that ranked behind the DNR project was
3 sold. The proposal was proposed for it by Ecotrust and
4 they sold that to another entity, Eco Products Fund, a
5 private entity firm. Therefore, PacifiCorp believes that a
6 lot of time has elapsed since that original RFP, and the
7 bids have become stale and they've proposed to resolicit
8 this summer. Timeline originalists PacifiCorp will be
9 utilizing lessons learned and work with Mr. Wright and
10 Mr. LaSpina on developing a new proposal.

11 One of the issues raised by the original bidders was that
12 there wasn't sufficient timing, an insufficient time to
13 allow bidders to fully develop compliance-eligible offset
14 projects. I think we made comment before that of the 25
15 solicitations that went out only four indicated a favorable
16 response to that RFP. During the period of time again
17 additional protocols have been developed relating in the
18 agricultural and forestry projection qualifications for the
19 offsets, and PacifiCorp is in the process of reinitiating
20 this process, and I guess we would look to make contact
21 with Mr. Wright and look forward to that. PacifiCorp still
22 has not assigned a particular individual to represent that
23 project since Mr. Davis has been transferred.

24 So if you have questions, Mr. Wright, as far as contacting
25 somebody at PacifiCorp, you can go ahead and address them
to me, and I'll forward them onto the holding company.

MR. WRIGHT: Okay.

MR. MILLER: There was some staffing changes this month.
After many years since the Chehalis plant was first built,
commissioned, and started out Rob Smith who was the plant
manager has chosen to move back to his previous employer
SUEZ who PacifiCorp bought the plant from. PacifiCorp
intends to name a current replacement towards the end of
the month.

Capacity factor was 44.2 for the month of April, generating
159,859 megawatt hours, and there were no other NERC CIPS
compliance issues or sound monitoring complaints this
month. Any questions?

CHAIR LUCE: I have a couple of questions.

MR. MILLER: Yes, sir.

CHAIR LUCE: It's been a long time to take this. I think
we had a million and a half dollars settlement on carbon

1 offsets and this has been going on more than a year. I
2 think we need to really take a hard look at streamlining
3 the process for this. I mean if you had, I don't know, you
4 said 20 different people, and only five responded or
5 something, it sounds like process is getting in the way, in
6 front of product. So I am concerned about that.

7
8 MR. MILLER: Okay.

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10 CHAIR LUCE: A million and a half I mean inflation is not
11 what it could be, but is all of this bureaucracy costing,
12 eating into the million and a half or is that on Pacific's
13 nickel?

14 MR. MILLER: It's all on Pacific's nickel.

15 CHAIR LUCE: Okay. We need to do a better job here, and
16 I'm not --

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18 MR. MILLER: No, I understand.

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20 CHAIR LUCE: And I'm not complaining to you.

21
22 MR. MILLER: I was concerned that you had been interested
23 in this.

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25 CHAIR LUCE: Right. I think I'm just going to ask Al and
staff to take a look at what the options are in terms of
how to proceed with this. I can't recall all the details
that are in our agreement whether PacifiCorp was to
monitor. I know initially you were going to go out and
look and you were going to come back and then there was
going to be a vetting process; tell a lot of people and
talk to a lot more people and then eventually something
might be done. I mean, you know, the world will be an
iceberg by the time this global warming project gets done.

MS. ADELSMAN: I thought we were warming.

CHAIR LUCE: I'm working in the opposite direction as you
are as usual I might add, but seriously I mean the process
is getting in the way of the product.

MR. MILLER: So I would encourage --

MS. ADELSMAN: Can I ask him a quick question or are you
getting to that?

CHAIR LUCE: Well, let me get to that. I just took a
moment to let him answer.

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MR. MILLER: No, my response is that's why I really kind of made specific notes to Mr. Wright. We know that he's new to the leadership for EFSEC and that the transition, you know, really unknown as far as when Kyle will have a replacement. There are three other or two other PacifiCorp members that were on that original evaluation group along with Mr. Fiksdal so, you know, go ahead and press me.

CHAIR LUCE: Not you personally, PacifiCorp.

MR. MILLER: I understand, but it has to start somewhere.

CHAIR LUCE: Well, it just seems to me that we need to look at the process he used last time and see whether -- there are a lot of projects out there, and they may not all meet every criteria of every interest group, but the last time I talked to Jeff planting trees along streambeds that needed fishery rehabilitation was a good idea.

MS. ADELSMAN: As long as you water them. There's a water right to put on them so it's not going to die.

CHAIR LUCE: You can take care of that.

MS. ADELSMAN: I've seen it.

CHAIR LUCE: Seriously, there's got to be some projects, some common sense projects out there that don't require six, eight months of bureaucracy to get done. So that's what I would ask Al and staff to look at.

MR. MILLER: With DNR not having the ability to support it.

CHAIR LUCE: Yes, I wouldn't say anything about DNR.

MR. MILLER: That's a difficult constraint.

MS. McDONALD: Yes, I guess there was some contract condition, but I don't have the --

CHAIR LUCE: And I don't know what they were either. It's just a long time. We all agree on that.

MS. ADELSMAN: I have a couple of questions on this one question.

MR. MILLER: Yes, ma'am.

MS. ADELSMAN: When did you guys go ahead and come to an

1 agreement with DNR to do the work, how long it took? Like
when was that agreed to?

2

MR. MILLER: The contract was awarded -- I have the
3 specific notes here -- was awarded somewhere back in, I
apologize, it would have been following their February 17
4 discussion that DNR issued a letter on March 1 withdrawing
their proposal.

5

MS. ADELSMAN: So it didn't take that long for the
6 agreement to be valid with DNR.

7 MR. MILLER: Once the proposal is in. It took quite a
while to get the original proposal, request for proposal
8 out, and then there was a short timeline, I think
relatively short. Mr. Fiksdal knows that better than I,
9 but he's not here. Because we don't know what that
included in the plant level, but I think they came back in
10 November and there was a discussion and then award made.
Our procurement process at PacifiCorp and MidAmerican
11 Energy Holdings is very separated from the rest of the
business.

12

MS. ADELSMAN: I think my second comment really goes to
13 what the Chair is saying, you know, where the agencies were
working on, the offset protocols for forestry being
14 involved with many others, and I think we want to make sure
that there are some really good protocols. There are
15 several things that are important when we get into some of
the offsets and to rush in and to just say plant some trees
16 around. And I wasn't joking when I said people have
planted trees around along the shore and they didn't get
17 watered or a beaver came and took them all down. It has to
be a project that is going to be there permanently, and so
18 there's some really key criteria to be followed that's not
to rush into just getting any project. So I have to
19 disagree a little bit with the Chair in saying let's just
take any project, walk out in the street and say yes. I
20 think we have to be really careful. I mean I would urge
you guys to consult with some people at Ecology. We have
21 several people working to really come up with, "So what do
we look for?" And Kyle was very involved in a lot of that
22 so that's a really big loss for you guys from my
perspective.

23

CHAIR LUCE: I meant I don't think you're really
24 disagreeing with me. I think what we're both saying,
hopefully what we're both saying --

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MS. ADELSMAN: You're willing to give the money to anybody.

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CHAIR LUCE: We've got a million and a half dollars here which is not in the total scheme of things an incredible amount of money. We have some, probably some comments and projects that DFW or DNR or other agencies including Ecology could implement very quickly, and my simple observation that I think since we signed the agreement with PacifiCorp and then it became MidAmerican it's been about two years.

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6 MR. MILLER: September of 2008.

7 CHAIR LUCE: So it's a long time, and I'm confident that we could find a project that will allow us to plant trees and make sure they're watered. So that's my observation. I would like to move ahead with this as expeditiously as possible. Question?

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10 MR. TAYER: Question. I recall that part of the conversation was about the geography of the project trying to keep it close to the plant.11
12 MR. MILLER: It would be desired somewhat near Chehalis, but clearly in the state of Washington and this project was up in the Olympic forest.13
14 MR. TAYER: Okay. I wondered if that's in the RFP if that's clear enough that you're eliciting state wide.

15

16 MR. MILLER: No, I think where the Council would be able to see that the people that they we're soliciting to are a pretty diverse group. We have 25 solicitations. Again the Ecotrust I think owns 18,000 acres of land in the Olympic forest area, and for this portion was sold to another private equity fund for trading in C02 credits.

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19 CHAIR LUCE: Okay. Great. Thank you very much.

20 MR. BYERS: Mr. Chair, just one brief follow up on one point Jeff raised. Yeah, I too recall that there was a lively discussion about whether priorities are placed upon projects that were in the state of Washington for this money or not, and I guess it's my view that the priority should be placed on getting the money on the ground providing benefit as soon as possible. If that conflicts with the notion of prioritizing projects in the state of Washington, it seems to me we ought to get things in place regardless of where they are. So if one of the problems is that there's a paucity of projects coming forward that would meet the state of Washington geographic criteria and

1 there are a greater probability of there being projects
2 that could be done quickly that were broadened a bit, my
inclination would be to broaden it.

3 CHAIR LUCE: I would agree. I don't think there's a
4 paucity. I think there's a bureaucracy, and I'll just
leave it at that. Thank you very much.

5 MR. MILLER: I look forward to working with Mr. Wright
6 then. Thank you.

7 WHISTLING RIDGE ENERGY PROJECT UPDATE

8 CHAIR LUCE: All right. That was a good discussion.
Whistling Ridge another good discussion.

9 MR. POSNER: Good afternoon, Chair Luce, Council Members.
10 We'll give you an update on the project, what we know
concerning the Draft Environmental Impact Statement. The
11 latest word we have through BPA is that the DEIS will be
published in the Federal Register on May 28. We have a
12 public meeting scheduled for June 16 in Underwood and
June 17 at the Skamania County Fairgrounds in Stevenson.
13 Both meetings are scheduled from 6:30 to 9:30, and on
June 17, we will have a prehearing conference at the
14 Skamania Lodge that starts at 1:30, and the overnight
accommodations you should have received an e-mail from our
15 staff informing you that we have rooms reserved at the
Skamania Lodge for the 16th and 17th. And you can either
16 contact the lodge directly or contact Kayce and she can
make the reservations for you. That's all I have.

17 CHAIR LUCE: Question. The DEIS cannot be made published
18 until it's published in the Federal Register?

19 MR. POSNER: That's my understanding.

20 CHAIR LUCE: What's May 28th, the day is?

21 MR. POSNER: That's when it's suppose to be published in
the Federal Register.

22 CHAIR LUCE: No, Monday, Tuesday?

23 MR. POSNER: That's Friday.

24 CHAIR LUCE: So it wouldn't be ready and available until
Monday at the earliest?

25 MS. WILSON: Which is a holiday.

1 MR. FRYHLING: If the document is prepared and published on
Friday, why can't the document be sent on Friday?

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3 MR. WRIGHT: That's a BPA procedural issue as to how it's
4 published in the Federal Register. If it's published
5 Thursday afternoon and then it falls on a Friday, then
6 officially you start counting days. One of the problems we
7 have, and it's been kind of an ongoing problem, is trying
8 to figure out how to schedule this. And the Draft EIS
9 target keeps moving, and we have to have 15 days notice
10 before we hold the hearings on the Draft EIS. So we are
11 now to the point since we have this schedule, we are now to
12 the point that if it comes out on the 28th that is 15 days.
13 So we're right down to the line of being able to -- and as
14 far as I'm concerned you probably want to hold onto these
15 hearing dates for a whole lot of reasons, including your
16 time and being able to get all of you together for those
17 hearings. So we're very hopeful that is all going to come
18 together on Thursday night or Friday morning of the 27th
19 and 28th.

20

21 MR. FRYHLING: My concerns are for those of us sitting on
22 the Council that have to review this we go to those
23 hearings with some knowledge in our heads here of the
24 documents and plenty enough time to review it properly.

25 MR. WRIGHT: If you don't get it on the 28th, we will have
to do something with the dates. I don't know what that is.

26

27 CHAIR LUCE: I'm interested about the time for me to
28 review, but I'm equally more interested perhaps because I
29 could review it about the amount of time that people will
30 actually in the community have to review this document. I
31 mean it's going to be I assume somewhat complex in the
32 sense it's Bonneville and EFSEC doing a joint EIS, and by
33 the time it reaches Stevenson, Skamania County, you know,
34 there might be a week left. So any other Council Members
35 have thoughts about that because I'm just a little bit
36 concerned about the public having -- and I totally
37 understand about what you're saying about hanging onto the
38 dates, but having time -- and it's not our issue. It's a
39 Bonneville issue, procedural issue, but I'm concerned that
40 we're going to go to this meeting at this grange hall and
41 we're going to hear from the public that they have not had
42 an opportunity to review this document and that the
43 meetings won't be anywhere as productive as they otherwise
44 should be.

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MS. ADELSMAN: Actually they will have it even less and
less because if it comes out Friday, Monday is a holiday.

1 So you already have three days gone, you know.
2 Personally I think a minimum we need to give people two and
3 maybe even three weeks to review the draft. This is a very
4 controversial project. There is a lot of people that
5 really express a lot of concern, and I think we're playing
6 it really close.

7 CHAIR LUCE: Hypothetically if we push it another week to
8 give people more time what are we running into, Al?

9 MR. WRIGHT: I don't know and we have Skamania County here
10 that I think she may want to address it. I don't know what
11 all the other constraints are. One of them is your
12 collective time which I don't know if you have. Do you
13 have those charts with you?

14 MS. MICHELLE: No.

15 MR. WRIGHT: I don't think the next week works at all, if I
16 remember right.

17 MS. TALBURT: We have three Council Members off.

18 MS. ADELSMAN: Then we get into the Fourth of July, and
19 then we have a furlough day the week after that.

20 CHAIR LUCE: But correct me if I'm wrong, I don't think we
21 need as long as the Council Members read the transcript you
22 don't need a quorum to have a meeting on a Draft
23 Environmental Impact Statement.

24 MR. WRIGHT: It's not necessary. We were kind of operating
25 under the assumption that it would be nice but not
26 necessary and that was driving us. I guess --

27 MR. TAYER: The signal that would send if we did that.

28 CHAIR LUCE: No, I understand that.

29 MR. WRIGHT: How much time do you think the people in
30 Skamania County would want? Do you have a response?

31 MS. WILSON: I don't have a clue.

32 MR. WRIGHT: I don't want to put you on the spot.

33 MS. WILSON: Some of it's the public too.

34 CHAIR LUCE: Yes, the public.

1 MS. ADELSMAN: Yes, more than the county.

2 MS. WILSON: Well, the issue to me is because if it comes
3 out on the 28th is when it is actually going to be
4 available? I mean are we going to be able to put it on our
5 website on the 28th? And if it's available for our website
6 on the 28th, which it probably won't be so now you're
7 talking probably Tuesday. I'm not sure. Is the holiday
8 the 24th or the 31st?

9 MS. TALBURT: The 31st.

10 MS. WILSON: Is it the 21st?

11 MS. TALBURT: Memorial Day weekend is the 31st.

12 MS. WILSON: So that means that people wouldn't even be
13 aware that it's available until the 1st of June.

14

15 MS ADELSMAN: Yeah.

16

17 MS. WILSON: I don't think a couple weeks is sufficient.
18 That's my concern, but I know that when I saw the notes on
19 all the dates for when people were available it didn't look
20 like there were a lot of people available the following
21 week.

22

23 MR. FRYHLING: How about if we keep those two dates and we
24 can schedule a third date sometime in July or later? I
25 don't know.

26

27 MS. WILSON: What's the rule on it?

28

29 MR. WRIGHT: I guess it would -- I think we've got Satsop
30 also. Now is the time. If you do want to reschedule I
31 guess now is the time, but I wouldn't want to hold these
32 and then try to augment that. I think we're going to run
33 into procedural problems as well as other issues. I would
34 rather just do it. If we have to move them, we have to
35 move them I guess.

36

37 MR. McMAHAN: Mr. Wright, Tim McMahan here. I'm counsel on
38 behalf of the applicant, Stoel Rives Law Firm. One thing
39 I'm trying to remember, Mr. Wright, is that there is a BPA
40 related rule. I just can't off the top of my head think of
41 the minimum time between those of availability and public
42 meetings and hearings.

43

44 MR. WRIGHT: It's my understanding it's 15 days.

1 MR. McMAHAN: That's the federal rule.

2 MR. WRIGHT: Yes, and I think it's also SEPA.

3 MR. POSNER: They're both 15 days.

4 MS. WILSON: So you can't have the meeting 15 days from the date that it's out.

5

MR. POSNER: From the date it's published.

6

MS. WILSON: So we would be just about there.

7

MR. POSNER: One thing to keep in mind is it will be a 45-day public comment period. So we're having the meeting 15 days after the document is issued and then there's another 30 days until comments are due.

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MR. POSNER: Well, I know typically that when we've done SEPA public meetings for Draft EIS documents we schedule the meeting towards the --

(Phone interrupted making announcement.)

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CHAIR LUCE: I'm just really concerned about that's not enough time; that the first thing we're going to hear and we'll hear it throughout the meeting is you're jumping on us again, you're ambushing us here at the last minute, and the public needs to have an opportunity. I don't want to hear that. This is a complicated project and controversial project to begin with, and the last thing we need is to have people say we didn't have a fair chance to review the documents. It isn't going to work.

21

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MR. BYERS: I think you're right, Mr. Chair, and I agree. Now what the practical solution is I don't know.

23

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25

CHAIR LUCE: I'm going to ask Al to consult the calendar and let's go ahead with staff reports on a couple of these other things, and then we'll come back to that at the end of the agenda.

25

MS. WILSON: So we haven't published these dates; is that

1 correct?

2 MR. WRIGHT: No, we purposely have not put the notices out
3 for obvious reasons until we knew that we could comply with
4 the requirements.

4 CHAIR LUCE: So we'll come back to Whistling Ridge in a
minute.

5 SATSOP - GRAYS HARBOR PROJECT UPDATE

6 CHAIR LUCE: Satsop Grays Harbor Greenhouse Gas Mitigation
Project.

7

8 MR. CLARK: Thank you, Mr. Chair, Council Members. Good
9 afternoon. A brief introduction. My name is Sean Clark.
10 I'm with The climate Trust. I'm the director of offset
11 programs. I've been working with the Council for the last
12 couple of years around this mitigation planning program,
13 also on the implementation side. A new face I want to
14 introduce to my left is Ben Vitale, President of the
15 Climate Trust. I thought it would be a little opportunity
16 for him to get introduced and meet the Council Members.
17 I'll be doing most of the yakking, but he'll give you some
18 information as well reporting on the current status of the
19 Satsop Greenhouse Gas Mitigation Plan. The last time I was
20 here was about a year and some change ago so I wanted to
21 provide an update to the Council Members. There's no
22 formal reporting requirements as part of the mitigation
23 plan, but we feel it's important to maintain updates with
24 all of our program partners.

16

17 I do see some new faces around the table so by way of brief
18 introduction to the organization the Climate Trust we're
19 based in Portland, Oregon. We're a nonprofit carbon offset
20 management organization. We run programs and we also run
21 some compliance offset programs on behalf of several states
22 and other stakeholders. Primarily we're the offset
23 organization recognized under the Oregon Greenhouse Gas
24 Oregon CO2 requirement for already sited power plants down
25 there. We're also recognized under the Washington State
80.70 piece of legislation requiring sited power plants to
do their mitigation work, and our role under the Satsop
Mitigation Plan wasn't officially under 80.70, but we are
recognized by the Council as one of the independent
qualified organizations to perform offsets under that
program.

24

25 So some brief background on the mitigation plan. In the
middle of 2008, the Climate Trust was approved as the
mitigation agent for the Satsop Combustion Turbine

1 Greenhouse Gas Mitigation Plan. This was the firm that was
2 originally held by Duke Energy and we got transferred over
3 to Invenergy and then moved the plant commercial operation
4 which then triggered the offset requirement. Since then
5 we've received a total of three payments. Under that
6 mitigation plan there's an annual payment stream
7 requirement, and this report is on the synthesis of our
8 work to date on the program.

9 As of the last status update we gave at the beginning of
10 last year we had just received our first mitigation payment
11 from Invenergy, and we also had just succeeded in purchasing
12 a reduction of emissions for a small project and updating
13 you on that activity. As I mentioned, we received a total
14 of three payments to date, and then in December of 2008 we
15 were successful in executing an emissions reduction
16 purchasing agreement for the first of methane reduction from
17 a small dairy digester project in Mount Vernon, Washington.
18 Our project partner with that is Farm Power which is a small
19 locally owned company focused exclusively on dairy digesters
20 in the region. And the project collects dairy manure waste
21 from two farms, Harmony Dairy and Beaver Marsh farms.

22 Prior to our project coming on line the normal activity for
23 the manure was to leave it on the field and then the methane
24 would off gas. So the project aggregated from that and put
25 the manure into a covered lagoon to reduce and avoid methane
emissions from that and then they generate power, and that
power is purchased by Puget Sound Energy. So that's one of
the other revenue streams associated with the project.
Commercial production on the project began in August 2009,
and we've been generating power consistently since that
time. And we're expecting our first official delivery of
carbon offsets to occur at the end of this year so we'll
have some more specific performance numbers next year. That
will be our first full year of the project.

19 We're pretty proud of this project. We were excited to be
20 able to identify a project that was scaled at about the
21 right size of carbon finance needs that was in the state and
22 was with a local company. This project is the first
23 biodigester by Farm Powers so it's getting them started.
24 They're working on an expansion so we're very pleased to be
25 able to promote the job growth and the green technology and
the green economy benefits associated with the project as
well. And it's up and running and performing so we've been
pleased with the performance of the project thus far. There
is a memo I believe that was distributed with your packets a
little earlier. That contains a little bit more details
about the project and our performance to date.

1 I did want to speak a little bit to the disposition of funds
2 that we have so far. There's a chart that's on page 2 of
3 the memo referencing that. So to date we've received a
4 total of about \$709,000 of mitigation funds from Invenergy.
5 That's those three payments. One payment we just received
6 last month. That was about \$300,000. So a third of that we
7 just received, and that does not include the \$240,000 that
8 we're able to access for management of the program over
9 time. These contracts have ten-year terms, and the funds to
10 identify for the contract as well. So of that \$709,000
11 we've obligated \$290,000 into the Farm Power Project, and of
12 that \$290,000, \$240,000 has been expensed to the project
13 developer. The remainder will be delivered upon that.
14 We've got a performance contract with them. So as they
15 deliver the carbon offsets to us then that will trigger the
16 subsequent payments. So that leaves about \$180,000 of
17 unspent mitigation payments. Again most of those funds are
18 funds that we recently received.

19 Our plans for the remaining payments is to leverage our
20 existing project acquisition work to see if there might be
21 an opportunistic project that would place the funds into
22 that would give us high quality, cost effective. But with
23 that small amount of funding that's available mostly likely
24 what we'll do is we'll wait for the next payment from
25 Invenergy, and that will give us a little deeper stack of
carbon funds to walk around with and identify a project
opportunity with those that might be a more eligible
recipient for a little more carbon funds.

So that's a quick update, and other than that I definitely
wanted to say that we are pleased with the performance of
the project thus far and also pleased with our work thus far
with the Council and also offer ourselves as a resource for
the offset projects and carbon mitigation strategy,
especially different departments are engaged in the staff
planning for the state and other types of mitigation
activities that we would be happy to search for a resource
for that.

CHAIR LUCE: Great. Thank you. Questions?

MR. CLARK: I'm sorry. One other note. As far as
standards there is a little talk of methodology involved
for the prior one where we were utilizing The Climate
Action Registry Protocol and Methodology for this project,
and it's currently listed on The Climate Action Plan
Registry.

CHAIR LUCE: Dick, you had a question?

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MR. BYERS: Actually I have a couple questions. One has to do with the metric that you used in the memo here which I'm actually unfamiliar with. It says that the production average is at this point in time something on the order of 525 kilowatt hours per minute. What's the capacity of the generator? This is a very big digester; is that right?

MR. CLARK: No, that may have been a misfiring on my part. I believe that it's definitely something megawatt generated. I can't remember off the top of my head how big it is, but it's relatively small.

MR. BYERS: Because this would imply 31 or so megawatts.

MR. CLARK: No.

MR. BYERS: So you might just because this will be in the actual record of the Council here you might fix that.

MR. CLARK: Okay. Thank you. We will.

MR. BYERS: The second question has to do with any information you might be able to provide us about what the experienced cost of the offsets is now. Since you've got some dollar numbers on here, you've got you've expended some dollars, how much do the offsets cost?

MR. CLARK: With an eye towards the sensitivity of the commercial transaction that was involved that I'd like to be a little cautious about disclosing the commercial terms of the contract. Perhaps it's a conversation that we could have outside the Council. I will say that the project was cost competitive to what the current market, carbon market prices are which are below eight dollars a metric ton CO2.

MR. BYERS: I guess I express a general concern, you know. I know that these are relatively immature markets. They're new, and one of the things that's important in the development of the market is it's going to have some efficiency and a fair amount of transparency in pricing. So while I understand that there's a need at the time that arrangements are negotiated for there to be confidentiality with respect to what bids are and that kind of thing, once arrangements are actually finalized, particularly in a situation like this where it's a matter of compliance with a state law, it seems to me as though that kind of information should be available to the public so that a Council like ours and the public in general has some idea of what offsets actually cost. So I guess I push back a

1 little bit on the issue of confidentiality and protection
2 of commercial interests since this is a contract that's in
3 place now, not one that is being negotiated.

4 MR. VITALE: I can respond to that. Thanks, Council and
5 Chair. Yes, so we do have some confidentiality around it,
6 but we're working to put in place guidelines so that the
7 project developers know what the prices are that we can
8 acquire from various programs. So we're tracking basically
9 if projects are following Climate Action reserve
10 methodologies in that market, then what we're doing is
11 we're trying to track our pricing to that market pricing.
12 We also recognize that our programs in Oregon and
13 Washington have a preference for projects in state. So
14 what we want to be able to do is provide some kind of a
15 premium to projects for whatever reason, either co-benefits
16 or for projects in the state, whatever the geographical
17 requirements may be or at least desirable. I may expect
18 it's not a hard requirement. So there are some ways that
19 we want to kind of target it toward market prices and give
20 a premium for those attributes that are various programs
21 for whatever reason would like to provide a premium plant.
22 Premium is between zero and three dollars is in our current
23 draft guidelines. So we're shooting for carb pricing and
24 recently it's kind of dipped. So it's in the four to five
25 dollar range. So we expect our department pricing to kind
of track that market pricing with an expected premium under
certain programs for either co-benefits or for other
requirements or geography.

MR. BYERS: So your target is on the order of seven to
eight dollars?

MR. VITALE: It could be a little bit more.

MR. BYERS: So the natural question that we would have is
how close is the pricing to that target?

MR. VITALE: It's in the range.

MR. CLARK: And the sensitivity with it although is in an
executed agreement that our project partner they're doing
subsequent agreements, and I know they would have some
sensitivity with the pricing point of this project, how
that would influence kind of their subsequent transactions.
So if it is all right, I could circle back with the project
developer to see if they would be comfortable disclosing
the pricing point in an effort to be responsive.

MR. BYERS: I'm not trying to get just on you here because

1 I think there's an endemic problem having to do with the
2 issue generally in a nascent market, and I'm concerned that
3 if this market is ever going to become as efficient as we
4 would like it to be, it needs to have pricing transparency.
5 So discovery is not just a matter of who's talking to who.
6 So I'm kind of raising this as a general issue, and
7 anything you can do to help in that regard particularly
8 with the kind of information that you've got now because
9 you've got projects that are up and running or a project
10 that's up and running, that could be very valuable.

11 MR. CLARK: There are several alternative pricing points
12 that we can provide the Council, whether the market indices
13 or our existing overall portfolio costs and price, things
14 like that.

15 MR. BYERS: All right. Mr. Chair, I guess the general
16 question I would have, and I don't know how we get an
17 answer to it, what is the Council's responsibility for
18 ensuring that the offsets that are purchased pursuant to
19 the requirements the Council imposes in its jurisdiction?
20 How much do we need to know to ensure that in fact this
21 stuff is being done cost effectively? And in the absence
22 of there is some kind of unit price that we can look at
23 yet, how can we actually fulfill that obligation, whatever
24 that obligation is?

25 CHAIR LUCE: You can't I mean to be honest. It doesn't
26 sound like you can. I've heard of premiums. It sounds
27 like a public broadcasting system on the solicitation week,
28 you know. But the premium of three to, what, four, five
29 dollars a ton, zero to three?

30 MR. VITALE: A base of current market price under CRTs are
31 trading four to six dollars depending and then provide an
32 additional zero to three dollars on the premium. A lot of
33 that is under our current draft pricing guidelines.

34 CHAIR LUCE: I don't know enough about this subject to
35 speak intelligently.

36 MR. BYERS: How do we respond to a question if one came to
37 us from some third party either in the nature of the press
38 or legislature or something else? Okay, yeah, you're
39 operating this program. You're fulfilling the requirements
40 of the statute. How much is it costing?

41 MS. ADELSMAN: I think, you know, at least we know we're
42 working with all the other states on both the offset and
43 the allowance. I think it's very clear when there is some

1 negotiation happening between the parties the price itself
2 that sometime is not disclosed. There's still something.

3 MR. BYERS: I understand that.

4 MS. ADELSMAN: But once you have the offset agreed to that
5 price is known and should be known.

6 MR. BYERS: I agree with that.

7 MS. ADELSMAN: And I think that is the guidance coming out
8 of WCI and everything else that there's price transparency
9 and it's known so that it's not disclosed, what they may
10 not disclose is who and so on, but there's some things that
11 would have to be disclosed. And I think we're working on a
12 lot of loose guidance that we signed as to what needs to be
13 disclosed to whom and by when. Some stuff can be early
14 enough but some stuff may have to be disclosed later. I
15 agree with you.

16 MR. BYERS: I think we're agreeing, yes.

17 CHAIR LUCE: So maybe we can use this as a pilot project
18 through your efforts on getting full disclosure.

19 MR. BYERS: All right.

20 MS. ADELSMAN: And you know, you've been working with, you
21 had conversations with Janice on some of the offsets in
22 following some of the work we've done. But the WCI they're
23 calling for disclosure and so on. You know that the price
24 disclosure is one of those that have been dealt with a lot.

25 MR. CLARK: And we definitely encourage transparency in the
26 market on our end.

27 MR. BYERS: You would it seems to me.

28 MR. CLARK: Yes, methodology, monitoring, verification,
29 protocol, project performance, you know, public financial
30 performance of our portfolio. It's just that when people
31 want to get to agreement that we have to provide certain
32 data points which affects our project partners.

33 MR. VITALE: I think it's in general, not just this
34 particular one.

35 MR. CLARK: I can speak a little bit to kind of the way
36 that Oregon kind of set up their Oregon standards to
37 address this. So there were two goals that we're talking

1 about in here. One is the performance of the fund that
2 we're getting and then there's transparency of the
3 transaction to inform the market. And on the performance
4 of the fund side of things that was one of the motivation
5 standards for Oregon on why they drove it towards this
6 unaffiliated nonprofit, nonprofit taking organization to
7 play this mitigation role. In other words, our exclusive
8 role is to get cost effective high quality carbon offsets.
9 That's what we do. That's our organizational mission
10 within our offset program. And then on the transparency of
11 pricing point that's something that has come up later after
12 we've been established as an organization. So we do
13 portfolio reporting on our portfolio performance to kind of
14 be able to not disclose individual transactions but how is
15 our forestry project portfolio with the pricing of that and
16 transportation and energy efficiency. So that's where we
17 have got a couple other data points that we can use to
18 inform thinking and expectations on different sectors in
19 this market.

20 MR. BYERS: Thank you, Mr. Chair. Thank you. That helps.

21 CHAIR LUCE: So, Hedia, your office is working on issues as
22 cost effectiveness.

23

24 MS. ADELSMAN: Well, I think we're right here, yeah, but
25 what I hear you talking about I mean this is a contract
between it's a nonprofit, but the money is coming from a
private entity.

MR. CLARK: Correct.

MS. ADELSMAN: And you're contracting with another private
entity so really there is no public resources involved in
this; is that right?

MR. CLARK: Correct.

MS. ADELSMAN: And I don't know if the rules on that is the
same as if we're starting to talk about allowances and then
the state providing allowances and then offset and so on.
It could be that there are some different rules. I think I
know what we're working on will have price transparency but
not during the auction or when people are bidding. It will
be after. I think when things are done then you disclose
the price so the next time around people will know who paid
for what and how much and so on.

CHAIR LUCE: It sounds like a bottomless pit to me.

1 MR. TAYER: Just to follow up, Hedia, on your comment that
2 many times when we do mitigation agreements our
3 responsibility, EFSEC's responsibility is to the actual
4 mitigation. Oftentimes we identify a mitigation parcel;
5 for example, there's a private transaction. Our interest
6 is whether that mitigation parcel is protected, not on the
7 transaction itself. And so, you know, when you talk about
8 I think our interest is making sure that the carbon gets
9 offset and presumably the market will --

10 MS. ADELSMAN: The project will work for.

11 MR. TAYER: -- drive them to the best possible price, but
12 I'm at least making an analogy of how our mitigation would
13 work.

14 CHAIR LUCE: I keep think of derivatives, but I don't know
15 why.

16

17 MR. TAYER: I think that is referring to an elephant in the
18 room.

19

20 CHAIR LUCE: All right. I need to better understand this.

21

22 MS. WILLIS: Mr. Chair, along those same lines how many
23 carbon funds are you going to receive totally from this
24 project? You've got payments here and so how much are you
25 going to get?

26

27 MR. CLARK: There is an index number. The way that the
28 equation works is that I believe that Invenergy is required
29 to offset about 17 percent of the emissions from the plant,
30 and 17 percent emissions of the plant at 57 cents a ton is
31 the monetary path rate that was agreed to in the mitigation
32 agreement and that translates to about \$300,000 of total
33 payment per year and we'll receive annual payments. And of
34 that it gets parsed out between some carbon and some
35 management and administration funds.

36

37 MS. WILLIS: Thank you.

38

39 CHAIR LUCE: Thank you. Todd, how's the plant operating?

40

41 MR. GATEWOOD: Good.

42

43 CHAIR LUCE: All right. Next question.

44

45 MR. GATEWOOD: Good afternoon, Chair Luce and Council
46 Members. My name is Todd Gatewood. I'm manager of Grays
47 Harbor Energy Center. For the month of April we had no

1 reportable accidents or injuries. Environmentally the same
2 two type of exceedances: Two chloride and one iron. We've
3 seen the final draft of the amendment to the NPDES permit
4 and we're commenting on that now. ERS and ourselves are
5 commenting back to Mr. LaSpina so we are in the final legs
6 of getting that changed.

7 Operations and Maintenance: We operated for 11 days in
8 April for a capacity factor of 32 percent and our year to
9 date is 14 percent. We've run the last three months for
10 about nine to ten days a month.
11 For noise we've received three complaints from the
12 neighbors on the following date. I put the description
13 down there. What happened is when we shut down one of our
14 systems after running the duct burner every day at ten
15 o'clock, the regulator failed and then it released carbon
16 lifting. So three neighbors called all at one time. I put
17 copies of the call log, and you may have received copies of
18 that. So I put a little example of how I wanted it, but it
19 didn't really work out the first way it was in there so we
20 can better understand what the call was and what it was
21 about.

22 The general nature was they just wanted to be heard. They
23 complained and they just wanted a call the next day, and it
24 was pretty -- they were good calls. They were short. They
25 just wanted somebody to call them back to know that they
26 complained. So that was about it.

27 We did conduct the tour with Mr. LaSpina and Jim Wilder,
28 your sound consultant, and that ended up being on one of
29 the days that we did run so the consultant got to see
30 everywhere that we did the sound study before and actually
31 walked around the plant when it was operating which was
32 good.

33 MR. TAYER: So the noise event that caused the complaint is
34 that like a 10 second event and it's over?

35 MR. GATEWOOD: This one was about 12 minutes because it
36 failed.

37 MR. TAYER: Twelve minutes.

38 MR. GATEWOOD: Because the regulator failed. And what
39 happens is this actually was only about 100 pounds, but it
40 was fuel gas, but the relief lists about 90 feet in the
41 air. So the control room didn't hear it. They were all
42 inside at that point. They hadn't been outside. So they

1 were called and they went out and got it stopped. But
2 that's how they noticed it was you couldn't hear it from
the control room. You couldn't hear it from inside the
building because the vent is about 90 feet up.

3
4 MS. ADELSMAN: So this was a good time when you would like
to have complaints.

5 MR. GATEWOOD: Oh, yes, definitely, definitely. Then we
6 had one more from I guess Mr. Holt. Just his thing is the
tone. It's not really the noise. He hears the tone
7 shifts, whether it's wind, the weather, if we change modes,
or something like that, duct burners on and off. He's
8 always talked about tones, not really the level of the
noise, but he always calls and just tries to find out if we
did something when that change, that shift occurred.

9
10 MS. ADELSMAN: Go ahead.

11 MR. TAYER: Just one more question. So the event that
caused the complaint couldn't be heard and responded to by
12 your staff that were on duty, and they were responding to
the complaint to find out they had a problem. That's what
I heard you say.

13
14 MR. GATEWOOD: Yes.

15 MR. TAYER: So what's the fix it move there? That doesn't
seem like a good way to find out you have a problem.

16 MR. GATEWOOD: Have somebody be outside 24/7.

17 CHAIR LUCE: Leave the window open?

18 MR. TAYER: Speakers?

19 MR. GATEWOOD: No window. I mean that's one of the things
20 is if everybody is inside and something small happens you
don't know because there's no indication of anything that
failed. There's no indications for the relief lifting
21 except the noise really.

22 MR. TAYER: So if that happened tomorrow you would be
waiting for neighbors to call to tell you that you had that
23 problem?

24 MR. GATEWOOD: Well, if somebody is out on rounds they'll
hear it. Yes, that would be typical for not just our
25 plant, but that's typical of every plant.

1 CHAIR LUCE: I was only half jesting, but you don't have
any open windows?

2 MR. GATEWOOD: No, no windows open or shut, buildings.

3 CHAIR LUCE: The reason is?

4 MR. GATEWOOD: No idea.

5 CHAIR LUCE: Wouldn't it be just easier to open a window or
6 two?

7 MR. GATEWOOD: That is true, but there is no windows.

8 CHAIR LUCE: It might be cost effective however.

9 MR. GATEWOOD: Well, you have all your computer equipment
10 in that room so it's all contained. There is no windows.
I guess we could put speakers outside and run around.

11 CHAIR LUCE: It seems to me like there ought to be an
12 effective way to hear a noise outside without being
outside, but maybe I'm wrong.

13 MR. FRYHLING: You said that you operated 11 days. Were
these continuous days?

14 MR. GATEWOOD: Yes, continuous.

15 MR. FRYHLING: Okay. Because I've been wondering about
16 this facility out there we run and we turn it off,
whatever. It just seems like I never had the feeling that
17 this plant out here has had a real shake down where it's
ran for a month or two and everything is working. And so I
18 kind of wonder about that since we have been dealing with
this noise problem and things starting up and shutting off.
19 That seems to be right now the people because all of a
sudden it's quiet and then it's noisy and then it's quiet
20 again. So I was just wondering.

21 CHAIR LUCE: Where are you dispatched from?

22 MR. GATEWOOD: We're dispatched from Houston.

23 CHAIR LUCE: So you don't really have any idea when they're
going to turn it on or turn it off?

24 MR. GATEWOOD: Oh, no. We're independent so we're
25 marketed.

1 CHAIR LUCE: Whenever Houston calls you.

2 MR. GATEWOOD: We're not a utility so whenever the market
3 price is right. So I mean we run what we've planned to run
4 and what was planned by Duke. We run those numbers,
5 30 percent, 40 percent capacity. That's what we run, but
6 we run like you heard me talk about the seasons. In the
7 summer we run from July, August, September. We run usually
8 three or four months straight and don't even turn off.
9 Luckily you can look back and say that we don't start up
10 and down everyday like Duke thought we were going to. We
11 like that because that makes things less tough breaks.

12 CHAIR LUCE: Okay.

13 MR. GATEWOOD: It's a normal profile. It's just for this
14 area it's normal. I know Chehalis runs more, but they
15 might have different marketing strategies, but we run what
16 we planned and we actually the last three months have been
17 over planned. So we didn't even plan to run until June of
18 this year.

19 CHAIR LUCE: All right. Thank you. Sorry, Mary.

20 MS. McDONALD: How often does the control regulator fail?
21 Is that something that happens?

22 MR. GATEWOOD: Just once.

23 MS. McDONALD: Once in six months, once in five years?

24 MR. GATEWOOD: I've seen two fail in three plants so years.

25 CHAIR LUCE: Terry, you have anything?

MS. WILLIS: Todd, you said you were going to take the
neighbors on a tour I think last time we were here. I
thought it sounded like a fairly good sized group of
people. Did they do that?

MR. GATEWOOD: It was invited as a big group, but only the
Taylor's, Taylor's, and another one showed up. So only
like five people showed up, but it was the people that were
most vocal. Doug Taylor, you know, who gets up in the
community.

MS. WILLIS: Right.

MR. GATEWOOD: So they were involved in that.

1 MS. WILLIS: Okay. Great.

2 CHAIR LUCE: Thank you. Now we have expedited process
coming up.

3
4 MR. LaSPINA: I just wanted to give the Council some
updates, Chair Luce, if that's all right.

5 CHAIR LUCE: Yes, I just was working off the agenda here so
go ahead.

6
7 MR. LaSPINA: This is kind of a follow up to the
operational update. The PSD air permit for Units 1 and 2
the Draft PSD permit for Units 1 and 2 that's being revised
8 has been sent to EPA for their review, as well as the PSD
permit for the proposed Units 3 and 4. Also we're in the
9 final stages of reviewing the revised NPDES permit. That
generated all these exceedances in the past, and that segue
10 ways well into the next piece which is the expedited
processing.

11
12 As you're all aware through e-mails we've set the dates for
July 13, 14, and 15 for the public meetings, the expert
panels. The expert panels will occur on the 13th and 14th
13 and then the 15th will be three separate small hearings for
each one of the three permits that I just mentioned. So
14 the dates have been set. EFSEC is working with the
Applicant to finalize the actual expedited panel process,
15 and you'll receive information on that very soon.

16 CHAIR LUCE: Anything else to add?

17 MR. LaSPINA: No, sir.

18 CHAIR LUCE: Council Member questions? No questions. All
right.

19
20 MR. LaSPINA: Oh, I did forget something. Mr. Todd
Gatewood was correct. I accompanied our sound consultant
around the facility, and we also did another tour of the
21 Chehalis plant to see what sort of noise attenuation
measures they had incorporated into their plant. The
22 consultant will as required by the contract with EFSEC
deliver a final report and the timing for that has not been
23 determined yet.

24 CHAIR LUCE: But it will be before the panel presentation
so we will have a chance to review that?

25
MR. LaSPINA: Yes. Well, the problem is that the contract

1 was written before we contemplated the expert panel
2 approach, and I'm talking with my managers on what the
3 timing of that report is going to be.

4 CHAIR LUCE: The consultant is going to look at the
5 question of compliance of the existing SCA.

6 MR. LaSPINA: Yes, sir.

7 CHAIR LUCE: Any Council Member questions?

8 TRANSMISSION LINES UPDATE

9 CHAIR LUCE: All right. Transmission lines update.

10 MR. POSNER: Update on the BPA Transmission Lines Project,
11 the Central Ferry Lower Monument Project, the (PDEIS)
12 Preliminary Draft Environmental Impact Statement has been
13 out for almost a month now to agencies for their review.
14 Comments are due back to BPA on May 13. That's this
15 Thursday. The Draft EIS will be out early July, and at
16 this point BPA is planning a public meeting July 19.

17 Big Eddy PDEIS will be out beginning of June and the DEIS
18 will be out at the end of August.
19 For I-5 the PDEIS is scheduled to be out November of 2010.
20 The DEIS will be out early 2011. That's all I have. Have
21 any questions?

22 CHAIR LUCE: I think I've heard some different dates, but
23 dates as we've learned are always somewhat flexible.

24 MR. POSNER: Right. These dates are based on my
25 conversations with the project managers late yesterday
afternoon and this morning.

CHAIR LUCE: Okay. Council questions?

UPDATE ON MOVE TO THE UTC

CHAIR LUCE: Al, you want to talk about the move?

MR. WRIGHT: Well, just briefly. I thought I would start
this month giving you an update. As you all know EFSEC
stops being an arm of the Department of Commerce on the 1st
of July and becomes an arm of UTC by virtue of legislation,
and so we are just really getting into the throws of that
whole move and the operations.

1 The three priorities so far at least for me have been, one,
2 the staff arrangements. As you know that the state is
3 going through a lot of activities as far as downsizing and
4 moving people around, and people are being bumped because
5 of that procedure. So we had three personnel issues, and
6 that was my first priority was to try to get those resolved
7 before we actually got into the move from Commerce to UTC,
8 and I can report that those as far as I know even though
9 the papers aren't signed I have assurances that all three
10 of those issues are resolved. So your EFSEC staff will
11 move as a group without any layoffs from the Department of
12 Commerce over to the UTC. So there will be no changes in
13 staff and there will be no layoffs as far as I know now.
14 Like I say, the papers aren't signed but the arrangements
15 are all made.

16 Jeff.

17 MR. TAYER: Al, just a question about different agencies
18 are initiating risk at different times and so I just wonder
19 if you had thought about or asked whether there was any
20 potential the UTC might initiate any action after July 1?

21

22 MR. WRIGHT: Yes, I did. Yes, I did ask, and I've been
23 assured both on Commerce, and Commerce by the way is
24 implementing a lot of their personnel activities early.
25 And so I think we have most of that behind us now, and I've
been assured that the UTC is not going to be implementing
any that would affect us in at least the month of July. I
don't think anybody is making guarantees all the way
through 2010, but at least for the move and some reasonable
time thereafter there won't be any proposed changes to the
extent people can make those guarantees. So I think we
have that issue behind us, and like I say, the small group
of staff will be moving as a group.

26 The second of the three priorities that I had was the
27 actual space itself because we also are not staying where
28 we are here. We're going to be moving over to the UTC
29 buildings, and that's in the -- I won't go into details on
30 that. It's in the throws right now of being discussed and
31 negotiated, etc. Then that's the next priority, and
32 hopefully in June I'll be able to give you a lot of detail
33 on what the move is and what the timeline is. The only
34 thing I can assure you right now as near as I can tell is
35 this space is under negotiation for a sublet, and so we
will be moving in and that move will most likely be in the
month of July.

36

CHAIR LUCE: If space is billed out.

1

MR. WRIGHT: Yes, a lot of conditions are involved, but all of those things are underway or in motion right now so I'm assuming that it's probably a pretty high probability that we will be physically moving in the month of July.

2

The third item, and that's a priority at least as far as I'm concerned, and that's the whole bookkeeping, accounting fund mechanism in which we collect revenues from our applicants who willingly provide us funds, and it goes into the Department of Commerce. They operate the revolving fund, and then they pay out of that for all of the services that the applicants get. So there is a financial interface between what is actually a physical EFSEC operation and what the Department of Commerce does as far as financing is concerned. All of that has to be unplugged and replugged in over at the Department of Commerce.

3

4

MR. BYERS: Over at the UTC.

5

MR. WRIGHT: Excuse me, the UTC. And that's kind of the third thing that's just starting to work on now is how that whole mechanism works. For me to find out, first of all, how it works; second of all, how you could possibly unplug it and truck it over there and plug it back in again. So that's kind of the third priority, and quite frankly that's just really getting started right now.

6

From your point of view probably the most important thing is that when we get over there you'll be in UTC's really nice conference room for your meetings.

7

MR. BYERS: Or my office.

8

MR. WRIGHT: Or Dick's office, whichever comes first.

9

MS. WILSON: Where is the UTC?

10

MR. WRIGHT: It's on Evergreen by the Thurston County building. You people know this area better than I do.

11

MS. ADELSMAN: Unfortunately it's not downtown.

12

CHAIR LUCE: Next to an Arco station that serves great hot dogs.

13

WHISTLING RIDGE ENERGY PROJECT CONTINUED

14

Council Members discussed the proposed hearing dates of June 16 and 17 in Skamania County. They were concerned BPA would not get the DEIS published in the Federal Register in

15

1 enough time to give the public adequate time to review it.
2 They discussed their calendars to try to come up with
3 alternate dates just in case June 16 and 17 wouldn't work.
4 They decided to report back to Tammy Talburt with their
5 availability once again just in case they needed to change
6 those dates.

7 The Applicant's Counsel, Tim McMahan, agreed that he was
8 also concerned if the public didn't have enough time to
9 review it before the hearings held on June 16 and 17.

10 OTHER

11 CHAIR LUCE: The last thing to come before the Council
12 today before we adjourn is Richard Byers.

13 MR. BYERS: Is that the same as Dick Byers?

14 CHAIR LUCE: The governor has taken to referring to you as
15 Richard Byers so we didn't have a chance to change the name
16 tags. Richard, you are about to retire. We will miss your
17 intelligence and we'll also miss your humor. We'll
18 especially miss your editing of the minutes; however, we
19 have solved that problem, resolved that problem. Now we
20 have a court reporter so the challenge is --

21 MR. BYERS: Who takes down verbatim everything that is said
22 in this.

23 CHAIR LUCE: The Chair always gets to redact the record.
24 But in any case, you will be missed, and I know I am not
25 the only one on the Council who feels that way, and we
26 always hope for the best and possible. Who knows what will
27 happen 43 days, 100 days from now? Maybe God willing,
28 creeks rise, don't rise, you might return to us in some
29 other form. I don't know. We hope that --

30 MR. BYERS: A different name perhaps?

31 CHAIR LUCE: We wish you well.

32 MR. BYERS: Thank you.

33 CHAIR LUCE: Lots of good golf, lots of good wine, beer,
34 guitar lessons. So we have this plaque that we're --
35 first, we've got a card. We have a little plaque with the
36 official seal of the State of Washington. It reads State
37 of Washington Dick -- I've got to get this straight --
38 Byers, EFSEC Council Member, and recognition of multiple
39 years of excellent service and many contributions to the

1 Energy Facility Site Evaluation Council 2010. So
2 congratulations. Thank you very much. I wish I could
3 assure you that plastic did not have petroleum products in
4 it, but it probably does. But, again, thank you so much.

5
6 MS. ADELSMAN: He is not going to tell you the price.
7 There is no price.

8 (Applause.)

9 MR. BYERS: Well, thank you very much. It has been a
10 pleasure and an honor to serve on the Council, and if the
11 creeks don't rise unless we want them too, then perhaps I
12 will be able to return this to you. No, I'm going to keep
13 it.

14 CHAIR LUCE: Yes.

15 MR. BYERS: And we won't know that for a while, but I've
16 enjoyed my time on the Council. I'm proud of what we've
17 done on the Council and what I was able to contribute and
18 I've enjoyed working with each and every one of you so
19 thank you.

20 MS. ADELSMAN: Thank you.

21 CHAIR LUCE: Thank you. And we have a cake. I want to get
22 this on the record. We have a cake for Richard and we'll
23 sign off now and adjourn.

24 MR. FRYHLING: I wanted to say that Dick, Richard,
25 whatever, since we kind of have the same problem, I was
26 named Richard, but I've been Dick for 70 plus years, and I
27 just really appreciate Dick being on the Council. Every
28 meeting he comes to with his intelligence, his knowledge of
29 this process. I've learned something every time, every
30 meeting. So I want to thank Dick for that. Here's some
31 wine. This is a little bit of Walla Walla coming to you
32 from me.

33 MR. TAYER: Yakima Valley wine?

34 MR. FRYHLING: No, no, no.

35 MR. BYERS: Thank you. It's one of my favorites. Thank
36 you, Dick.

37 CHAIR LUCE: You will be missed and you will return God
38 bless. So we're adjourned to enjoy cake.

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(Monthly meeting adjourned at 3:11 p.m.)

(These are minutes only, not a verbatim report of proceedings.)