



## STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL  
*PO Box 43172 • Olympia, Washington 98504-3172*

### February 12, 2008 Monthly Meeting Minutes

#### 1. CALL TO ORDER

Chair Jim Luce called the February 12, 2008 monthly meeting to order at 905 Plum Street S.E., Room 301, at 1:30 p.m.

#### 2. ROLL CALL

##### Council members present were:

Jim Luce	Chair
Dick Fryhling	Community, Trade & Economic Development
Hedia Adelsman	Department of Ecology
Jeff Tayer	Department of Fish and Wildlife
Judy Wilson	Department of Natural Resources
Dick Byers	Utilities and Transportation Commission

---

Vern Eaton (excused)	Cowlitz County
Justin Ericson (excused)	City of Kalama
Bruce Rader (excused)	Port of Kalama
Patti Johnson (excused)	Kittitas County

##### Staff in attendance were:

Allen Fiksdal - EFSEC Manager, Mike Mills - Compliance Manager, Stephen Posner - EFS Specialist, Jim LaSpina - EFS Specialist, Tammy Talburt - Administrative Assistant, Kyle Crews - AAG, AGO

##### Guests in attendance were:

Darrel Peoples - Attorney, Tom Donovan - Grays Harbor Energy, Kevin Warner - Grays Harbor Energy, Scott Williams - Puget Sound Energy, and Mark Anderson - CTED Energy Policy.

##### Guests attending via phone:

Bernice Kasko - Energy Northwest, Don Coody - Energy Northwest.

#### 3. ADOPTION OF PROPOSED AGENDA

The agenda was presented to the Council for amendments or additions. The agenda was adopted as presented.

#### 4. MINUTES

The January 8, 2008 monthly meeting minutes were presented for approval.

**Motion:** Council member Dick Fryhling moved Council approval of the January 8, 2008 meeting minutes as presented with a slight correction. The motion was seconded by Council member Hedia Adelsman. The motion was approved.

## 5. PROJECT UPDATES

### BP Cherry Point Cogeneration Project

<i>SCA Amendment</i>	<i>Stephen Posner, Staff</i>
----------------------	------------------------------

Mr. Stephen Posner, EFSEC Specialist, reported that BP has submitted two requests to amend the Site Certificate Agreement (SCA) for the Cherry Point Cogeneration Project (Project). In a letter dated January 31, 2008, BP requested the following items be amended.

1. Transfer the SCA and associated permits to Cherry Point Cogen LLC, a newly formed affiliate of BP plc. (public limited company).
2. Removal of Laydown Areas 1 and 3 and associated stormwater treatment facilities from the SCA as they will no longer be used for the cogeneration (cogen) project.
3. Modify wetland mitigation provisions to reflect changes in the wetland mitigation plan, to compensate for some additional impacts anticipated at the cogen site (*and impacts resulting from proposed refinery construction activities that are unrelated to the project*). (*Additional wetland mitigation is proposed to compensate for slightly greater impacts at the cogen site as well as associated with refinery activities that are unrelated to the cogen project.*)

The second request, received on February 6, 2008, is for an amendment to allow:

- BP, Intalco (*Alcoa Intalco Aluminum Smelter*) and the Whatcom Co. PUD to implement a “no use” water project rather than the “reuse” project agreed to at the time the cogen project was first permitted.

Mr. Posner and Ms. Karen McGaffey, BP Counsel, provided background on this amendment request. The Project as originally permitted was estimated to use approx. 2,300 gallon per minute (gpm) of water. Rather than relying on ground or surface water, BP entered into an agreement with the Whatcom County PUD and Intalco to reuse water that was being discharged from Intalco to the Strait of Georgia.

Recently, the PUD expressed concerns about this reuse project. The PUD operates a pipeline that delivers water to BP, Intalco and the Birch Bay Community. This line primarily provides water for industrial use by Intalco and BP. This line can also be used to provide emergency backup potable water to BP and Birch Bay. If once through cooling water from Intalco was returned to the line as was originally proposed, the PUD would be unable to use that line to provide backup potable water to BP and Birch Bay and still be in compliance with State Department of Health standards.

An alternative proposal has been drafted by BP, Intalco, and the PUD, which has BP providing funding for Intalco to install a compressor cooling system that would eliminate the use of approximately 3.6 million gallons per day (2,500 gpm) of water currently used for once through cooling. The agreement provides that Intalco will release its contractual right to the water saved and BP would enter into an agreement with the PUD to use this water for the cogen project. This proposal would eliminate the need for additional withdrawals from the Nooksack River by substantially reducing the amount of water used by Intalco.

Discussion ensued on when the Council would hold a public hearing to consider the proposed amendment. WAC section 463-66-030 states: *The council shall hold one or more public hearing sessions upon receiving the amendment request, time and place to be determined by the Council.* The Council decided that it would have a hearing on this matter in conjunction with the next Council meeting.

## Kittitas Valley Wind Power Project

<b>Plan Review</b>	<b><i>Stephen Posner, Staff</i></b>
--------------------	-------------------------------------

Mr. Stephen Posner, EFSEC Specialist, stated that staff has had phone conversations with a Horizon representative (Joy Potter), who has expressed interest in having EFSEC begin the technical review of pre-construction plans required under the SCA. On 1-22-08, Mr. Posner requested a plan review schedule from Horizon, which to date has not been received.

In the past, assistance (under contract) from local government has been a key part in conducting technical review of project plans for compliance with construction and building codes and applicable environmental and safety regulations. The Horizon representative has expressed concern about EFSEC entering into a contract with Kittitas County. Horizon indicated they would provide a letter describing their concerns regarding this matter. So far, the Council has not received the letter.

The Council has the opportunity to go out with a request for proposal (RFP) for the consulting services to conduct the plan reviews. The Council has always worked with the local governments in the past but the local governments generally subcontract the services out, as they do not have the staff to provide those types of services. There are no permits that are required for the site by the local government; as the SCA preempts those site permits normally granted by the local jurisdiction. However, the project is still required to meet all local requirements.

EFSEC Manager Allen Fiksdal requested direction from the Council concerning technical plan review. Specifically, does the Council have any concerns with staff commencing plan review, at this time? The Council recommended that staff move forward, once a plan review schedule is received from the applicant and not delay any of the process based on the court case.

## Columbia Generating Station

<b>Project Update</b>	<b><i>Don Coody, Energy Northwest</i></b>
-----------------------	---

Mr. Don Coody (via phone) reported that Columbia Generating Station (CGS) is operating at 100% Power (1178 MW gross) on its 193<sup>rd</sup> day on line.

On the weekend of January 26, 2008, the plant was down-powered to approximately 40% power to conduct normal reactor maintenance, control rod sequence exchange, and to repair steam leaks. Eight out of ten steam leaks were addressed, a laser scan of the main condenser to gather data for the upcoming replacement project was completed, and walk-downs to prepare for the next outage were completed, all with no injuries, no human performance errors, and accumulated dose less than half of that planned. The reactor was returned to full power three hours ahead of schedule.

On February 7 and 8, 2008, high winds caused damage to the exterior of the Reactor and Turbine Buildings, tearing off sections of sheet metal siding from the south and west sides. Although the damage to the exterior of the Reactor Building is significant, there was no threat to nuclear safety. No injuries resulted from the falling sheet metal and flying debris. The Outage Command Center (OCC) has been activated to coordinate efforts to evaluate, mitigate and repair the damage.

Energy Northwest completed the 10/31/07 and 11/30/07 submittals required by the Administrative Orders issued by the department of Ecology for the Dangerous Waste inspections. Working with Ecology, Energy Northwest hopes to close the orders via letter. Energy Northwest received Ecology's receipt letter of their Application for Relief from Penalty, and Ecology has indicated they will be meeting with them soon to discuss this matter.

On January 29, 2008, Energy Northwest confirmed with EPA Region X that the EPA Toxic Substances Control Act (PCB) Inspection initiated on July 20, 2007 is still in open status. EPA, has indicated that an inspection report has been drafted and is being routed internally for approval, and that the final report would be provided sometime during the week of February 4, 2008. EPA declined to indicate whether any compliance issues were identified in the report. The report has not yet been received.

Mr. Coody said that Energy Northwest is working on responding to the concerns cited in EFSEC's Notice of Incident (NOI) and the air permitting review of past paint shop operations was completed and submitted to EFSEC on 12/31/07. Energy Northwest has contracted with EQM Inc. to assist in the preparation of a Data Quality Objectives Summary Report for the sanitary sewer system. The final draft of the report was provided to Ecology on February 4, 2008. Submittal to EFSEC is due February 29, 2008.

**Wild Horse Wind Power Project**

<i>Project Update</i>	<i>Jennifer Diaz, PSE</i>
-----------------------	---------------------------

Mr. Stephen Posner presented a report from Ms. Jennifer Diaz, PSE indicating that the 2008 YTD Capacity Factor is 37%, and the 2008 YTD Production in MWH is 75,087 MWH. The Solar Demonstration Project generated approximately 37 KWH over the past month.

The First Annual Post-Construction Avian and Bat Monitoring report was submitted to the Wild Horse Technical Advisory Committee (TAC) for review and comment. The study found that bird and bat mortality at Wild Horse is similar and slightly lower than other newer generation wind projects studied in the Pacific Northwest and the United States in general. Fatality estimates were also generally within the range predicted in the permitting documents for Wild Horse. No Federal or State Threatened or Endangered species were found during the 2007 study period. Based on review of these first year monitoring results TAC members will make a recommendation to the Council on when to conduct the 2<sup>nd</sup> year of monitoring. A conference call with TAC members has been scheduled for February 19, 2008.

The site remains covered with snow and ice and is in compliance with the (NPDES) permit and Operations Storm Water Pollution Prevention Plan (SWPPP). Overall snow removal from site access roads using a new snow blower has been very advantageous and is expected to reduce the potential for stormwater runoff this spring.

**Wallula IGCC**

<i>Potential Site Study</i>	<i>Jim LaSpina, Staff</i>
-----------------------------	---------------------------

Mr. Jim LaSpina reported that staff has finalized the contract with the consulting firm that will be performing the potential site study and reviewing the application, when it is submitted. Staff, along with the consultant, Ecology and Environment (E & E), are looking at a site visit sometime in March. A public meeting will be required after this initial informal meeting in the area near the project. Mr. Darrel Peoples, Attorney for the Wallula Energy Resource Center (WEREC), stated that he had been in contact with E & E and they are discussing some questions that will need to be addressed and are preparing for the informal meeting.

**Satsop Combustion Turbine Project**

<i>Carbon Dioxide (CO<sub>2</sub>) Mitigation Plan</i>	<i>Karen McGaffey, Attorney</i>
--	---------------------------------

Ms. Karen McGaffey, Attorney for the Satsop Combustion Turbine Project, along with Mr. Michael Goldstein, Grays Harbor Energy, and Mr. Sean Clark of the Climate Trust noted that the Satsop project has an approved CO<sub>2</sub> mitigation plan that requires an annual payment to a qualified organization for CO<sub>2</sub> mitigation after start of commercial operation. Grays Harbor Energy asked for the Council to consider the Climate Trust as the recipient of the CO<sub>2</sub> mitigation funds and that there be a lump sum payment of \$1,642,505 for the first 7 years of operations, and then make annual payments for the remaining 23 years. Mr. Sean Clark explained that the Climate Trust can get more CO<sub>2</sub> offsets for the lump sum payment, than with the smaller annual payments. The Council took the Grays Harbor Energy request under advisement.

<i>Project Update</i>	<i>Tom Donovan, Grays Harbor Energy</i>
-----------------------	---

Mr. Tom Donovan, reported that January was a very busy month. The certificate holder has had several meetings with EFSEC contractor's in the past month. The State Fire Marshal's office reviewed fire protection documents, and staff from the Olympic Region Clear Air Agency (ORCAA) were introduced to project staff. The certificate holder has submitted the cooling tower emission

calculations, Operations Spill Plan and Notices of operation and upcoming testing. With completion of the steam turbine, the first firing occurred on January 31, 2008.

On February 1 at 4:28 PM, the plant synchronized to the BPA grid and delivered the first power from the site. The plant also commenced a process called "Steam Blow" where it used steam to clean the insides of all the steam pipes. The two-week process is expected to be finished by the end of the week. There have been some complaints on the noise from the steam blows, and Mr. Donovan has followed up with the individuals directly. It is an unusual noise and staff have taken noise measurements at or near affected properties, with measurements below the permitted noise levels. To further reduce the noise, the amount of quenching has been increased which decreases the noise level. A sound wall has been placed to also buffer some of the noise from the local properties. Grays Harbor Energy alerted the county commissioners of the steam blow and the press was notified. Notice of the steam blow was sent to all the affected property owners, and county agencies, by mail.

Following the steam blows, there will be a three-week outage to put all the pieces of the plant back together, then start up again and do the Relative Accuracy Test Audits (RATA) air emissions testing and get all the machines tuned. Commercial operations should begin in April. All the chemical cleaning solution has been removed by a permitted, licensed hauler to treatment centers in Tacoma and Vancouver. There have been wastewater discharges intermittently.

### **Chehalis Power Generating**

<b><i>Project Status</i></b>	<b><i>Rob Smith, Chehalis Power</i></b>
------------------------------	---

Mr. Rob Smith, Plant Manager, reported that plant safety has achieved more than 1900 days without a lost time accident. Chehalis Power maintains an effective safety program through a behavioral-based approach. The program has been strengthened through individual safety declarations and specific safety targets tied to bonuses.

Environmentally, the plant has had no storm water exceedances in the past year. The site remains in excellent shape. The annual Relative Accuracy Test Audits (RATA) were preformed on February 6<sup>th</sup> and the report should be ready in early March. Clint Lamoreaux from Southwest Clean Air Agency (SWCAA) preformed an annual Audit of the site. On January 7, 2008, there were two NOx exceedances that were reviewed by EFSEC and SWCAA staff. Based on the review, Jim LaSpina reported that staff was recommending that the appropriate enforcement action would be a letter to the company acknowledging the corrective action that were taken. The Council concurred and directed staff to issue the letter.

Plant staffing is currently at 17 authorized personnel. There is still one operator vacancy and the hiring and training of new personnel is on-going. The plant dispatch in January has been moderate at approximately 75% and thus far in February 100%.

There have been no noise complaints in the last year and the plant continues to conduct daily noise tests on-site, and weekly off-site tests per the agreement with EFSEC.

### **Desert Claim Wind Power Project**

<b><i>Extension Request</i></b>	<b><i>Karen McGaffey, Attorney</i></b>
---------------------------------	--

Ms. McGaffey reported that the deadline has passed for the one-year Council review period and under the Revised Code of Washington (RCW) 80.50.100, the Council is directed to make a recommendation to the Governor within twelve months of receiving an application or such later time as is mutually agreed by the Council and the applicant. Ms. McGaffey said that Desert Claim is still considering some possible modifications to the project design, and that has delayed completion of the preliminary Draft Supplemental Environmental Impact Statement (DSEIS) for submission to the Council. As a result, more than 12 months has passed since the application was submitted and several steps in the process remain before the Council will be in a position to make its recommendation. Desert Claim believes it could be able to submit the DSEIS in March or early April. Ms. McGaffey noted the deadline has passed and that the one-year milestone was missed by both

the applicant and Council staff. She requested that the Council approve an extension until November 2008 or at a future point the Council deems appropriate. Council staff supported Ms. McGaffey's request.

**Motion:** Council member Judy Wilson moved to extend the Desert Claim Wind Power Project application review period for an additional 12 months starting February 12, 2008. The end of the review period would be February 12, 2009. The motion was seconded by Council member Dick Fryhling. The motion was approved.

#### **Rule Making**

<b>CO<sub>2</sub></b>	<b><i>Allen Fiksdal, EFSEC Manager</i></b>
-----------------------	--

Mr. Fiksdal noted that the Council packets contain his proposed State Environmental Policy Act (SEPA) checklist and Notice of Determination of non-significance for the proposed rulemaking. Also included are the proposed new rules; new chapter 463-80 WAC that would implement RCW 80.70; and a new chapter 463-85 WAC that would implement RCW 80.80, which is a result of last year's Engrossed Substitute Senate Bill 6001. Mr. Fiksdal reviewed a proposed CR-102 to be submitted to the Code Reviser in concert with Department of Ecology on February 20, 2008.

The Department of Ecology and EFSEC will hold two public hearings, one at the Department of Ecology in Lacey and one in Spokane. Mr. Fiksdal said the draft rules have not had any substantive changes or comments over the past few weeks. The proposed adoption date is June 10, 2008.

<b>Mercury</b>	<b><i>Allen Fiksdal, EFSEC Manager</i></b>
----------------	--

Mr. Fiksdal reminded the Council that EFSEC and Ecology staff have been working on developing draft mercury emission rules through a modified "cap & trade" program for Mercury Emissions from coal-fired power plants, of which there is only one operating at this time in this state.

Mr. Fiksdal said last Friday the DC circuit court struck down the EPA's mercury rules, therefore the requirement for Washington to adopt these rules no longer exists, so the outcome of the state's rulemaking is unknown at this time.

<b>Transmission Line Siting</b>	<b><i>Allen Fiksdal, EFSEC Manager</i></b>
---------------------------------	--

Mr. Fiksdal reported that staff has been working on a rule to implement the authority the legislature gave EFSEC to site transmission lines. Draft language has been sent out to the stakeholder group, and only one comment has been received so far. Staff will continue to work on the draft to present to Council at the March Council meeting.

<b>Legislation</b>	<b><i>Allen Fiksdal, EFSEC Manager</i></b>
--------------------	--

Mr. Fiksdal reported that there are three bills that are of interest to EFSEC during this session. Second Substitute House Bill (SSHB) 2815 which is the part of the Governor's request for Greenhouse Gas Program and a similar bill Senate Bill 6516. Both bills would require EFSEC and Ecology to adopt rules for CO<sub>2</sub> reporting requirements. Both bills have been passed out of their respective house committees, and now are in the rules committees.

Second Substitute Bill (SSB) 6704 would require the Council to post special meeting notices on the agency website, in open public area at the agency headquarters, and deliver a printed notice to the media. SSB 3216 would require the Department of Community Trade and Economic Development (CTED) and EFSEC to co-chair a work group to develop a Washington State Center for Excellence in Hydro-Kinetic Energy plus develop a stream-line siting process for wave and tidal systems. This bill is now in House rules committee.

**6. Other**

	<i>Allen Fiksdal, EFSEC Manager</i>
--	-------------------------------------

Mr. Fiksdal reported that the Council has received a letter from the Attorney General appointing a new Counsel for the Environment. Mr. Bruce Marvin will be the new Counsel for the Environment, replacing Michael Tribble who has been promoted to a new position.

**7. ADJOURN**

The meeting was adjourned at 3:27 pm.