

**Washington State
Energy Facility Site Evaluation Council**

Resolution No. 316

**Sumas 2 Generation Facility
Termination of Site Certification Agreement**

Nature of Action. By letter dated March 28, 2006, Sumas Energy 2, Inc., (SE2) requested that the Energy Facility Site Evaluation Council (EFSEC or Council) terminate the Site Certification Agreement (SCA) for the Sumas 2 Generation Facility (S2GF). Termination of an SCA is conducted pursuant to Chapter 463-66 WAC, Amending, Transferring, or Terminating a Site Certification Agreement, and more specifically WAC 463-66-020, Termination.

Background. On August 23, 2002, the State of Washington issued an SCA to SE2, to construct and operate the S2GF, a natural gas-fired combined-cycle 660 MW electrical generation facility, an associated 230 kV electric transmission line, and a natural gas pipeline. SE2 proposed to locate the facility on a 37-acre site in the City of Sumas, Washington. Natural gas was to be delivered to the facility using a new 4.5-mile natural gas pipeline from the United States-Canadian border to the S2GF. Power generated by the S2GF would be transmitted to the regional electrical transmission system through a new 5.9-mile 230 kV transmission line from the facility to the B.C. Hydro Clayburn substation located in British Columbia, Canada. The SCA allowed construction to begin within 10 years of August 23, 2003.

Throughout the life of the SCA, SE2 has maintained the Agreement and its ability to begin construction of the S2GF, subject to the terms of the SCA. In March 2006, SE2 notified EFSEC that in light of the continuing high cost of natural gas, the slowness of utilities to commit to new power sources, and the denial of SE2's application to construct a portion of the associated transmission line into Canada, SE2 would not be proceeding with construction of the S2GF. Because SE2 never began site preparation nor construction activities, SE2 has no outstanding obligations under the SCA, including those associated with any mitigation or site restoration requirements. SE2 has also satisfied all its financial obligations to the Council with respect to maintenance of the SCA.

Procedural Status. The procedure for terminating an SCA is set out in the Council's rules. WAC 463-66-020 states: "Termination of a site certification agreement (SCA), except pursuant to its own terms, is an amendment to the agreement. In compliance with WAC 463-66-030, Request for amendment, SE2 has submitted a request in writing to terminate the SCA.

The Council accorded the public the opportunity to submit comments in writing. Four letters were received¹, with all expressing support for termination of the SCA.

¹ Letters were submitted by: Jacob de Raadt of Avondale, AZ; Harald Tilgner, of Chilliwack, British Columbia; Ken and Heidi Franz; and Ministers Barry Penner and John van Dongen, British Columbia.

On May 9, 2006 the Council also conducted a public hearing in Olympia, Washington. No persons testified at this hearing.

On April 24, 2006, EFSEC's State Environmental Policy Act (SEPA) official, Manager Allen Fiksdal, issued a Determination of Non-Significance regarding the Council's consideration and future action on SE2's termination request.

Conclusion. The Council concludes that Sumas Energy 2 Inc. will not proceed with construction or operation of the S2GF. Pursuant to WAC 463-66-060 the Council accepts SE2's March 28, 2006 request and approves termination of all rights and obligations provided under the S2GF Site Certification Agreement. No charges for EFSEC compliance monitoring activities will be applied to the S2GF after the date of this resolution; however, costs incurred prior to and including the date of this resolution will be charged through EFSEC's normal billing process.

Resolution. The Council hereby terminates the Sumas 2 Generation Facility Site Certification Agreement and all rights and obligations provided to Sumas Energy 2, Inc., to construct and operate the S2GF. The Council will issue a final financial statement of account during its normal billing cycle in which the S2GF account will be settled.

Dated and effective this 9th day of May, 2006.

Washington State Energy Facility Site Evaluation Council

By: _____
James, O. Luce, EFSEC Chair

Attest: _____
Allen J. Fiksdal, EFSEC Manager