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WASHINGTON STATE
ENERGY FACILITY SITE EVALUATION COUNCIL
Richard Hemstad Building
1300 South Evergreen Park Drive Southwest
Conference Room 206
Olympia, Washington
Tuesday, April 15, 2014

MONTHLY COUNCIL MEETING
Verbatim Transcript of Proceedings

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1 A P P E A R A N C E S:

2
3 Councilmembers Present:

4 Bill Lynch, Chair
5 Liz Green-Taylor, Department of Commerce
6 Cullen Stephenson, Department of Ecology
7 Andrew Hayes, Department of Natural Resources
8 Dennis Moss, Utilities and Transportation Commission

9
10 Local Government and Optional State Agency:

11 Via Telephone: Christina Martinez, Department of
12 Transportation
13 Bryan Snodgrass, City of Vancouver
14 Jeff Swanson, Clark County

15 Larry Paulson, Port of Vancouver

16
17 Assistant Attorney General:

18 Ann Essko, Assistant Attorney General

19
20 Staff in Attendance:

21 Stephen Posner
22 Jim LaSpina
23 Tammy Talburt
24 Sonia Bumpus
25 Kali Wraspir

26
27 Guests in Attendance:

28 Mark Miller, PacifiCorp
29 Richard Downen, Grays Harbor Energy Project

30 Guests in Attendance Via Telephone:

31 Jennifer Diaz, Puget Sound Energy
32 Shannon Khounnala, Energy Northwest
33 Eric Melbardis, Kittitas Valley Wind Power Project

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OLYMPIA, WASHINGTON APRIL 15, 2014

1:30 p.m.

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P R O C E E D I N G S

CHAIR LYNCH: Good afternoon. Welcome. This is the April 15 regular Council meeting of the Energy Facilities Site Evaluation Council.

Could we please have the staff call the roll.

THE CLERK: Department of Commerce?

MS. GREEN-TAYLOR: Liz Green-Taylor, here.

THE CLERK: Department of Ecology?

MR. STEPHENSON: Cullen Stephenson, here.

THE CLERK: Department of Fish and Wildlife is excused.

Natural Resources?

MR. HAYES: Andy Hayes is here.

THE CLERK: Utilities and Transportation Commission?

MR. MOSS: Dennis Moss for the Commission.

THE CLERK: Local governments and Optional State Agencies; Department of Transportation?

MS. MARTINEZ: Christina Martinez on the phone.

1 THE CLERK: City of Vancouver?

2 MR. SNODGRASS: Bryan Snodgrass on the phone.

3 THE CLERK: Clark County?

4 MR. SWANSON: Jeff Swanson on the phone.

5 THE CLERK: Port of Vancouver?

6 MR. PAULSON: Larry Paulson here.

7 THE CLERK: There is a quorum.

8 CHAIR LYNCH: Thank you.

9 And you see the proposed agenda in front of
10 you. Are there any proposed changes to the agenda?

11 Hearing none, let's proceed.

12 Let's turn to the minutes of the February 18,
13 2014 Council meeting. And I'll give you a chance to look
14 over those, and then I'll entertain a motion for their
15 approval.

16 MR. HAYES: Chair, I'll move to adopt the
17 minutes from the February 18, 2014 EFSEC meeting.

18 CHAIR LYNCH: Do we have a second?

19 MR. STEPHENSON: Second.

20 CHAIR LYNCH: It's been moved and seconded
21 that we approve the minutes from the February 18, 2014
22 Council meeting. All those in favor say "aye."

23 MULTIPLE SPEAKERS: Aye.

24 CHAIR LYNCH: Opposed?

25 Motion carries.

1 At this point could I have people who are on
2 the telephone who wish to identify themselves who haven't
3 already identified themselves please do so?

4 MS. DIAZ: Jennifer Diaz, Puget Sound Energy,
5 Wild Horse Wind Facility.

6 MS. KHOUNNALA: Shannon Khounnala, Energy
7 Northwest.

8 MR. MELBARDIS: Eric Melbardis, EDP
9 Renewables, Kittitas Valley.

10 CHAIR LYNCH: Anyone else on the line who
11 chooses to identify themselves?

12 Okay. Before we start with our updates to
13 the projects, a couple of quick announcements.

14 This is Gail Griffin-Wallace's (phonetic)
15 last day. She's been helping us out at EFSEC with entering
16 a lot of the comments to the database. So we thank Gail for
17 her good work.

18 And I also wanted to let people know that
19 Stephen Posner is no longer the acting EFSEC manager; he is
20 the EFSEC manager.

21 (Applause.)

22 MR. STEPHENSON: Is that subject to Council
23 approval?

24 CHAIR LYNCH: I know a lot of you expressed
25 concern about that.

1 (Laughter.)

2 CHAIR LYNCH: We're very delighted that
3 Stephen gets that well deserved promotion.

4 And at this point let's hear updates from our
5 facilities.

6 Ms. Diaz, Wild Horse Wind Power Project?

7 MS. DIAZ: Thank you, Chair Lynch and
8 Councilmembers. For the record, my name is Jennifer Diaz.
9 I'm the environmental manager for Puget Sound Energy at the
10 Wild Horse Wind and Solar Facility.

11 I have a very short update. The only
12 nonroutine item I have is under Operations and Maintenance.
13 Five wooden cross arms along the 230 kV transmission lines
14 failed in late January from ice accumulation, overloading
15 the structures. This caused an unplanned outage lasting two
16 weeks, with lost production estimated to be at 20,000
17 megawatt hours.

18 We replaced the wooden cross arms with steel
19 cross arms, and some guy wires were also -- repairs on the
20 guy wires were also completed.

21 And that's all I have. Are there any
22 questions?

23 CHAIR LYNCH: Anyone have any questions for
24 Ms. Diaz?

25 Hearing none, thank you, Ms. Diaz.

1 MS. DIAZ: All right. Thank you, and
2 congratulations to Mr. Posner.

3 MR. POSNER: Thank you.

4 CHAIR LYNCH: Mr. Melbardis, if we could have
5 an update of the Kittitas Valley Wind Project.

6 MR. MELBARDIS: Good afternoon, Chair Lynch
7 and EFSEC Council. This is Eric Melbardis with EDP
8 Renewables Kittitas Valley Wind Power Project.

9 The only nonroutine items that we had was
10 that we've planned a TAC meeting for this summer, June 17.

11 And we had a very dry winter without a lot of
12 snow, but we're in the process of rebuilding all of our
13 stormwater mitigation BMP's this week.

14 CHAIR LYNCH: Does anyone have any questions
15 for Mr. Melbardis?

16 Thank you, Mr. Melbardis.

17 Ms. Khounnala, first we'll hear about the
18 generating station.

19 MS. KHOUNNALA: Yes. This is Shannon
20 Khounnala with Energy Northwest.

21 In regards to Columbia Generating Station, we
22 do not have any other nonroutine items to report other than
23 what is contained in your packet.

24 CHAIR LYNCH: Okay. And just for the
25 Council's information, Mr. LaSpina, it's my understanding

1 that EPA is still within their time line for submitting
2 formal comments regarding of the fish intake screen; is that
3 correct?

4 MR. LASPINA: Yes, sir.

5 CHAIR LYNCH: Okay. Thank you.

6 Ms. Khounnala, go ahead and update us --
7 excuse me.

8 Are there any questions for Ms. Khounnala on
9 the Columbia Generating Station?

10 Ms. Khounnala, go ahead and update us, then,
11 on WNP1/4.

12 MS. KHOUNNALA: Certainly. In regard to WNP
13 1/4, Energy Northwest continues to support the Department of
14 Energy and any request for information from the Department
15 of Ecology in regards to the water rights application that
16 currently resides with the Department of Ecology.

17 We expect that a site visit will be requested
18 at some time in the future, as well as some other
19 information requests, and we will support that as needed.

20 And no other information to report.

21 CHAIR LYNCH: Any questions for Ms.
22 Khounnala?

23 Thank you.

24 Mr. Miller, Chehalis Generation Facility?

25 Welcome.

1 MR. MILLER: Good afternoon, Chair Lynch and
2 Councilmembers. Our report was submitted late last week and
3 I do not have any -- again, I'm Mark Miller from the
4 Generation Facility.

5 I do not have any nonroutine comments, but
6 would ask if there are any questions regarding the carbon
7 mitigation activities update that were an outcome of the
8 site certificate transfer from then owner Suez to
9 PacificCorp.

10 CHAIR LYNCH: Mr. Miller, just want to check
11 about this. So there was a greenhouse gas mitigation
12 requirement that was imposed roughly, what, four or five
13 years ago; is that correct?

14 MR. MILLER: During the certificate transfer
15 which took place in September of 2008, there were three
16 conditions.

17 One condition was to meet the current
18 strategy that was developed by EFSEC Staff in 2001-2002 and
19 was adopted by the Council, and that was if the Chehalis
20 plant ever emitted more than 1.8 million tons of carbon
21 dioxide per year, it would trigger other effects or offset
22 purchases.

23 The second part of it was allocating 1.5
24 million dollars in greenhouse mitigation projects. And at
25 that time, the Council and Staff agreed that these would be

1 in the form of -- generally in the form of verifiable
2 emission reductions. And that's something that PacificCorp
3 would pay for, would retain ownership of, and would have
4 some trading value, so there would be some value to the
5 ratepayer.

6 And the third component was the installation
7 of an auxiliary boiler basically to reduce the startup time,
8 and thereby enter into emissions compliance generally about
9 an hour earlier. And that results in approximately, based
10 upon capacity factors, about 22,000 -- 22 tons, not 22,000;
11 22 tons on an annual basis and reduce CO2 emissions.

12 With respect to the second component, which
13 is the 1.5 million dollars I think that Mr. LaSpina has
14 asked questions on, early on we had solicited requests for
15 proposals. And the first selected participant was actually
16 the Department of Natural Resources. They ended up
17 declining that full award due to administrative reasons.

18 We then went back out for solicitation and
19 awarded subsequently to the Climate Trust, National Climate
20 Trust. And they have a relationship with Lynden Farms, with
21 -- basically they recover biodigester and burn the methane,
22 generate electricity, and there are a portion of those
23 credits that we purchased.

24 That project has a schedule for delivering up
25 to 70,000 tons no later than 2020. It actually is

1 performing better. It's met the first 20,000 tons that were
2 sold to another utility. And so we'll be taking possession
3 of 10,000 tons within the next few weeks through the CAR
4 program.

5 So it's an evolution of the California
6 markets and verifying and having these credits that are
7 tradeable, I guess. So that would account for about
8 \$875,000 of the 1.5 million.

9 And also during the delay period we had
10 started working with the Confederated Tribes of the Chehalis
11 to allocate \$250,000 to a tree planting exercise in the
12 Chehalis Basin because, if you go back and look at some of
13 the strategy in the 2001-2002 plan, it encourages local
14 projects, particularly in the area of the plant and whatnot.
15 And we felt that was a good one; that the tribe had
16 identified several parcels.

17 The first parcel that they identified was
18 trust land of theirs. And they've since decided not to
19 plant that because part of the requirement is to have it so
20 many years, and not just in trust, but, you know, carbon
21 offset for like 30, 35 years, whatever, before they would
22 harvest trees. So it was a commitment from them. They
23 weren't prepared to do that at that time.

24 So the next step was if we only consider what
25 we've allocated to the Lynden project, there is about, you

1 know, 600,000 less expenses that we could still contract
2 for. I still hope we -- 250 of that, we are able to work
3 with the Chehalis Tribe to do something locally because
4 these other projects tend not to be local.

5 But we would intend -- and I discussed this
6 with our Salt Lake folks yesterday -- to go out for another
7 solicitation for credits or for a project.

8 And we felt at the time that the value of the
9 National Climate Trust -- like it's 12.50 per ton -- that
10 that was fairly high. And it was prior to development of
11 the California market, and the California market now for
12 credits is starting to grow. So there may be more
13 competition and more available.

14 The concern is the desire of the Council and
15 also us to have these projects more local than, you know, a
16 tree farm in Brazil.

17 CHAIR LYNCH: I have a couple questions for
18 you. First of all, for this mitigation requirement, that's
19 not something you got credit for as part of your rate base,
20 is it?

21 MR. MILLER: I can't answer that question.
22 I'd have to possibly defer to UTC here or have to check with
23 our counsel, whether that is.

24 All I know is that as I understand it, these
25 credits have some value; and when sold, then would go credit

1 the rate base, is what I understand. So there's some value.
2 We're not just spending money and then collecting that in
3 the rate base.

4 I don't know the specifics of that. That's
5 way out of my jurisdiction. But I would be happy to ask the
6 question and get a response to the Council.

7 CHAIR LYNCH: I'd appreciate that. I'd be
8 interested in knowing if you already got some forgiveness
9 there.

10 MR. MILLER: I'm unclear on that.

11 CHAIR LYNCH: Okay. And I'll still allow
12 some Council questions on this, but what I would like for
13 you to do is to come back at our May meeting with a schedule
14 about how the facility plans to proceed to make sure that
15 this mitigation obligation is met.

16 I don't know if -- I certainly appreciate you
17 looking into local efforts that would effect greenhouse
18 gases.

19 I don't know if there's a conservation land
20 trust in the county or something like that.

21 MR. MILLER: The conservation trust is what
22 we tried to establish with the Confederated Tribes of the
23 Chehalis, and that at that point wasn't acceptable.

24 CHAIR LYNCH: Okay.

25 MR. MILLER: We would intend -- and I will

1 provide a specific schedule -- that we would go through our
2 procurement process and go for solicitation for the balance
3 of the funds, then, that being the only option.

4 CHAIR LYNCH: Right.

5 MR. MILLER: And I guess -- not I guess, but
6 one of the requirements is working with EFSEC Staff to
7 insure that it's local as possible. And they'll have to be
8 engaged and approve that, I guess.

9 CHAIR LYNCH: Right. I certainly appreciate
10 your efforts. But, you know, five years having passed, I
11 want to nudge this along and make sure that this is taken
12 care of.

13 Any other questions or comments by
14 Councilmembers?

15 Okay. Very good.

16 MR. MILLER: Thank you.

17 CHAIR LYNCH: Thank you, Mr. Miller.

18 We have Rich Downen for the Grays Harbor
19 Energy Center?

20 MR. DOWNEN: Good afternoon, Chair Lynch,
21 Council. I'm Rich Downen, plant manager for Grays Harbor
22 Energy.

23 The monthly report should be in your packet.

24 CHAIR LYNCH: Excuse me, Mr. Downen. Could
25 we have you just pull that microphone a little bit closer to

1 you?

2 MR. DOWNEN: Okay. So Points 1 through 5 in
3 my report are the normal routine things, and there wasn't
4 anything out of normal there.

5 Starting with .6 is the -- we had a Notice of
6 Incident that was issued by EFSEC on February 24. We talked
7 about it quite a bit in the February -- February meeting.
8 It was about the pH excursion discharge of out-of-band pH
9 water that we had.

10 So the insurance of compliance letter
11 responded to the specific points of the Notice of Incident.

12 And then the follow-on items, Section 7, are
13 additional actions that we took that were not addressed in
14 the NOI, but we wanted to communicate the additional things
15 that we did at the plant.

16 So I'm not sure if you would like me to go
17 through those point by point or just have specific
18 questions?

19 CHAIR LYNCH: Just go ahead and touch on
20 those for people who were listening in.

21 MR. DOWNEN: Okay. So under 7.1, Maintenance
22 and Calibration, we created a new annual PM for the chlorine
23 analyzer that's in our outfall. So we're going to do some
24 annual maintenance on that analyzer.

25 And we calibrated the outflow temperature

1 transmitter, which also feeds into that free chlorine
2 analyzer.

3 And we created an annual PM to go back and
4 calibrate that outfall temperature transmitter every year.

5 Administratively we reviewed an
6 administrative procedure that we have about maintaining
7 plant logs. And it talks about shift turnover; just went
8 back and revisited that procedure and retrained everybody,
9 all of the operators on that, on that procedure.

10 In the -- one of the things that we talked
11 about in February at the meeting with the Council was the --
12 looking at the control system logic and how we had a
13 contractor in. We had that contractor in, and I just
14 highlighted the five things that we focused on that were
15 outside of the NOI.

16 So we tuned the fuel gas performance heater
17 valve response.

18 We modified the fuel gas valve ramp rate and
19 improved the valve response.

20 We tuned the ammonia flow control valve
21 response.

22 We changed the logic that we had that ran the
23 ammonia pumps to delay the backup pump start, which smooths
24 out that system response.

25 And we restored duct burner minimum flow

1 settings to their original values.

2 Those were the additional things that we
3 found in the control system that we felt we could make an
4 improvement on.

5 We didn't find anything else similar to the
6 pH issue that we had of things that just didn't work. We
7 just found some things to -- kind of like doing a tuneup on
8 your car, to make it perform a little better.

9 Section 7.5 deals with air emissions. So the
10 -- really, the focus of what we were trying to look at were
11 all of the ways that we could -- that we impact the
12 environment. And really, the two biggest ways are by
13 discharging water, and then by our emissions compliance for
14 our air emissions.

15 So for air emissions, really this is just a
16 summary of the maintenance that's CFR required that goes
17 into our continuous emissions monitoring systems, or CEMS.
18 The CEMS analyzers are tested each year as required by the
19 CFR by an independent testing group to ensure their
20 accuracy. Ten seconds, one minute, and one hour averages of
21 CEMS data is monitored for trending with audible and visual
22 alarms.

23 And then there's a list in 7.6 of the ongoing
24 air emissions maintenance items that happened. There's
25 daily calibration; weekly system checks; monthly checks to

1 verify system equipment alarms are functional.

2 Quarterly maintenance gets a little bit more
3 intrusive, replaces filters, exercises valves.

4 Semiannual maintenance includes replacing
5 filters and rebuilding sample pumps.

6 And then annual maintenance includes -- it's
7 more intrusive. It gets into replacing gaskets, O-rings,
8 filters, and cleaning the sample lines.

9 That was the gist of what we addressed
10 outside of the NOI items on the assurance of compliance
11 letter in your packet. And that dealt with the specific
12 issues of the pH excursion that we had.

13 If there are any questions?

14 CHAIR LYNCH: Thank you.

15 Before I ask for questions, Mr. LaSpina, do
16 you have anything to add to that report?

17 MR. LASPINA: Yes, Chair Lynch. Mr. Downen
18 has described some of the measures that the plant has taken
19 to be more proactive to insure environmental compliance.
20 This is in response to Councilmember Moss' concerns that we
21 not be too focused and be a little bit broader.

22 But the other thing I wanted to say is at
23 this time the facility is nearing completion of a wastewater
24 engineering report. And it's a normal follow-up to an
25 engineering report that the facility would do -- would draft

1 a comprehensive O & M manual.

2 So the O & M manual, one of the things that
3 the manual would contain would be a comprehensive set of
4 preventive maintenance measures that the facility would do
5 to assure overall compliance of the wastewater treatment
6 system.

7 So that's -- that will come soon. But we
8 just wanted the Council to be aware that that is on our
9 radar.

10 CHAIR LYNCH: Thank you.

11 And I'll just go ahead. I know both
12 Councilmembers Moss and Stephenson had a number of questions
13 for Mr. Downen last time.

14 Councilmember Moss, do you feel satisfied
15 with the information that you've received?

16 MR. MOSS: Yes. I have read both the letter
17 to Mr. LaSpina from Mr. Downen and also Mr. LaSpina's
18 report. And I found that my questions are answered and my
19 concerns are satisfied by the information. Thank you.

20 CHAIR LYNCH: Mr. Stephenson?

21 MR. STEPHENSON: Thank you, Mr. Chair. I am
22 also satisfied with the response here.

23 Of course we're going to want to look forward
24 and watch this. And I think we will see that the response
25 looks very good, looks adequate. And so if we don't have

1 problems in the future, then we're good.

2 CHAIR LYNCH: Good.

3 Do any other Councilmembers wish to chime in
4 at this time?

5 So what I'd like to do is because the Council
6 did issue an NOI, a Notice of Incident in response to the
7 exceedance of the pH effluent limit in the NPDES permit, the
8 Council doesn't have a formal process for how we should
9 address an NOI, but I think the appropriate thing is,
10 because the Council issued the NOI, that we should take an
11 action that considers the Notice of Incident closed.

12 I don't think we have to issue a formal order
13 to do that. I think the minutes of this Council hearing are
14 sufficient.

15 So I would entertain a motion to close this
16 Notice of Incident in response.

17 MR. STEPHENSON: Chair Lynch, I'll move that
18 we as a Council move to close this motion. Is that what
19 you're asking?

20 CHAIR LYNCH: Yes.

21 Do I have a second?

22 MR. MOSS: I'll second that motion to close
23 this Notice of Incident.

24 CHAIR LYNCH: Any further discussion?

25 MR. HAYES: Chair, I just have a quick

1 question. Maybe you can address this.

2 CHAIR LYNCH: Yes, Mr. Hayes.

3 MR. HAYES: Processwise, the purpose of
4 closing the Notice of Incident is to essentially establish
5 that the issues identified have been addressed; is that the
6 purpose and the need for the Council to...?

7 CHAIR LYNCH: That's correct.

8 MR. HAYES: Thank you.

9 CHAIR LYNCH: Any further comments or
10 discussion?

11 I'll call the question. All those in favor
12 say "aye."

13 MULTIPLE VOICES: Aye.

14 CHAIR LYNCH: Motion carries.

15 Thank you, Mr. Downen.

16 MR. DOWNEN: Thank you.

17 CHAIR LYNCH: At this point in time, we will
18 hear Ms. Bumpus give us a project update regarding Tesoro
19 Savage Vancouver facility.

20 MS. BUMPUS: Thank you. Good afternoon,
21 Chair Lynch and Councilmembers.

22 I just have a brief update on some new
23 information for the Tesoro Savage Oil Terminal Project
24 Proposal since the meeting in Vancouver on April 2. The
25 Phase 2 SEPA scoping document is currently being reviewed by

1 EFSEC's consultant, Cardno ENTRIX. They're doing a
2 technical review of the document. And EFSEC Staff is going
3 to continue to work with them and the applicant to get it to
4 a final form so that the Council can review it. And that's
5 essentially all that I have at this time.

6 CHAIR LYNCH: I appreciate you getting it
7 into a more final form before you distribute it to us,
8 because otherwise we're going through different iterations
9 of the document. And I think I, at least, would prefer it
10 to be in at least a little more final form for review so
11 that the Councilmembers can then make their comments on it.

12 Any other Councilmembers have any questions
13 or comments?

14 Thank you.

15 MS. BUMPUS: Thank you.

16 CHAIR LYNCH: And we have a fourth quarter
17 cost allocation.

18 Mr. Posner, is there anything that you need
19 to bring to our attention with this, or do you just need the
20 motion?

21 MR. POSNER: This does not actually require
22 Council action.

23 So it's just as we do at the beginning of
24 every new quarter, we recalculate the indirect rate that we
25 charge our applicants and certificate holders. So there is

1 a document in your packet. It's a bright green color
2 document.

3 And we have looked at last quarter's work
4 effort by technical staff and considered the anticipated
5 workload that we envision for the fourth quarter, and as a
6 result have come up with revised percentages for the various
7 projects.

8 And I would like to go ahead and just read
9 the numbers for the benefit of those who are on the phone.

10 CHAIR LYNCH: Yes, please continue.

11 MR. POSNER: For each of the projects:
12 Kittitas Valley Wind Power Project is 5 percent; the Wild
13 Horse Wind Power Project is 5 percent; Columbia Generating
14 Station, 21 percent; WNP-1 is 3 percent; Whistling Ridge, 3
15 percent; the Satsop Combustion Turbine Project is 11
16 percent; Chehalis Generation Project, 10 percent; Desert
17 Claim Wind Power Project, 20 percent; the BP Cogeneration
18 Project, 2 percent; Grays Harbor Energy, 3 percent; and
19 Tesoro Savage is 35 percent.

20 And that concludes by my presentation.

21 CHAIR LYNCH: Thank you.

22 Any questions for Mr. Posner?

23 Because we deal with this every quarter and
24 it's not possible for me to remember something that long,
25 I'll probably ask you if you need a motion every time. So

1 please bear with me.

2 MR. POSNER: Okay.

3 CHAIR LYNCH: Is there any further business
4 before the Council today?

5 Hearing none, we are adjourned. Thank you.

6 (Whereupon, the proceedings were
7 concluded at 2:02 p.m.)

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3 CERTIFICATE OF REPORTER)
4 STATE OF WASHINGTON)
5) ss
6 COUNTY OF KING)

7 I, Elizabeth Patterson Harvey, a Certified Court
8 Reporter and Registered Professional Reporter within and for
9 the State of Washington, do hereby certify that the
10 foregoing proceedings were taken by me to the best of my
11 ability and thereafter reduced to typewriting under my
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14 that I am not a relative or employee of any attorney or
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20 Certified Court Reporter in
The State of Washington

21 My license expires December 21, 2014
22
23
24
25
26

Kittitas Valley Wind Power Project

Monthly Project Update

March 18, 2013

Project Status Update

February Production Summary:

MWh 9,595 MWh
Wind 4.8 m/s or 10.5 mph
CF 14.2%

Safety:

No incidents

Compliance:

Project is in compliance as of March 17, 2014.

Sound:

No complaints

Shadow Flicker:

No complaints

Environmental:

The site experienced a rain on snow event on 3/6/2014. Readings were taken at all Water Quality monitoring points with good results. Background levels were higher than discharge levels at 3 of 4 sample points and equal at 1 sample point. All stormwater BMPs were holding and functioning as designed.

For context, much of Kittitas County was experiencing flood conditions during this event.

Kittitas Valley Wind Power Project

Monthly Project Update

April 15, 2013

Project Status Update

Production Summary:

MWh 16,632 MWh
Wind 6 m/s or 13.8 mph
CF 22.2%

Safety:

No incidents

Compliance:

Project is in compliance as of April 14, 2014.

Sound:

No complaints

Shadow Flicker:

No complaints

Environmental:

None

TAC Meeting has been scheduled for June 17th.

February, 2014

EFSEC Monthly Operational Report

Safety:

- There were no accidents or injuries in the month of February.

Environmental:

- Submitted the January Discharge Monitor Report for Outfall 001.
- Submitted the 2013 Emissions Inventory Report to ORCAA.
- Submitted the 2013 Tier-2 Emergency and Hazardous Chemical Inventory Report to Grays Harbor County.
- Corrected the DCS setting for Outfall flow control valve logic as a corrective measure resulting from a late-December pH exceedance.

Operations & Maintenance:

- Grays Harbor operated 10 days during the month of February, producing 121,187 MW.
- The capacity factor (CF) was 29.1% in February, and 24.2% YTD.
- The availability factor (AF) was 100% in February, and 100% YTD.

Noise and/or Odor:

- There were no complaints made during the month of February.

Site Visits:

- There were no site visits during the month of February.

Other:

- None

March, 2014

EFSEC Monthly Operational Report

1. Safety:
 - 1.1. There were no accidents or injuries in the month of March.
2. Environmental:
 - 2.1. Submitted the February Discharge Monitor Report for Outfall 001 and Storm Water.
 - 2.2. Submitted the 2013 Greenhouse Gas Emission Summaries to Department of Ecology (DOE) and Environmental Protection Agency.
 - 2.3. Submitted the 2013 Dangerous Waste Report to the DOE.
3. Operations & Maintenance:
 - 3.1. Grays Harbor operated 0 days during the month of March.
 - 3.2. The capacity factor (CF) was 0.0% in March, and 15.9% YTD.
 - 3.3. The availability factor (AF) was 99.4% in March, and 99.8% YTD.
4. Noise and/or Odor:
 - 4.1. There were no complaints made during the month of March.
5. Site Visits:
 - 5.1. There were no site visits during the month of March.
6. Notice of Incident Actions
 - 6.1. Submitted Assurance of Compliance letter to EFSEC regarding the Notice of Incident issued on February 24, 2014.
7. Additional actions taken, or ongoing, beyond the scope of the NOI to assure compliance:
 - 7.1. Maintenance/Calibration
 - 7.1.1. Created an annual PM to replace all Tygon tubing on the Free Chlorine analyzer (CL-17). This event has occurred on an annual basis and this PM will document its completion.
 - 7.1.2. Calibrated the outfall temperature transmitter. The CL-17 Free Chlorine analyzer and the raw water flow meter are factory set, and in normal use do not require calibration.
 - 7.1.3. Created an annual PM to calibrate the outfall temperature transmitter.
 - 7.2. Administrative
 - 7.2.1. Reviewed administrative procedure ADM-07, Maintaining Plant Logs to ensure adequate guidance was presented for turnover expectations. These expectations were refreshed with the operating crews.
 - 7.3. Although not directly related to the referenced Notice of Incident, GHE identified and corrected additional control logic deficiencies and performed a review of its air emission related Operations and Maintenance program. The following enhancements were made to the plant control logic:

- 7.3.1. Tuned the Fuel Gas Performance Heater valve response for better response.
- 7.3.2. Modified the Fuel Gas valve ramp rate and improved the valve response.
- 7.3.3. Tuned the NH3 flow control valve ramp response.
- 7.3.4. Changed the NH3 pump logic to delay the backup pump start.
- 7.3.5. Restored Duct Burner minimum flow setting to original values.
- 7.4. Ongoing outfall system maintenance includes:
 - 7.4.1. Weekly cleaning of the CL-17 analyzer.
- 7.5. For air emissions at GHE, each stack has an independent Continuous Emissions Monitoring System (CEMS). The CEMS analyzers are tested each year per the Code of Federal Regulations (CFR) by an independent testing group to ensure their accuracy. Ten second, 1 minute, and 1 hour averages of CEMS data is monitored for trending with audible visual alarms.
- 7.6. Ongoing air emissions equipment maintenance includes:
 - 7.6.1. Daily instrument calibrations for the NOx, CO, O2, and NH3 analyzers, and the opacity monitors.
 - 7.6.2. Weekly system checks which includes a zero and span for each instrument.
 - 7.6.3. Monthly checks to verify system equipment alarms are functional.
 - 7.6.4. Quarterly maintenance includes replacing filters, exercising valves, and performing a leak check and verification of instrument linearity.
 - 7.6.5. Semi-annual maintenance includes replacing filters and rebuilding the sample pump.
 - 7.6.6. Annual maintenance items include replacing gaskets, o-rings, and filters, and cleaning the heated sample line.
- 8. Other:
 - 8.1. None

**Chehalis Generation Facility----Monthly Plant Report to the Washington Energy
Facility Site Evaluation Council – February 2014**

1813 Bishop Road Chehalis, WA 98532
Phone (360) 748-1300, FAX (360) 740-1891

17 March 2014

Safety:

- There were no recordable incidents this reporting period and the plant staff has achieved 4119 days without a Lost Time Accident.

Environment:

- Storm water and waste water monitoring results are in compliance with the permit limits for the month of February 2014.

Personnel:

- Authorized plant staffing level is currently 19 with 19 positions filled.

Operations and Maintenance Activities:

- The Plant generated 205,729 megawatt-hours at a capacity factor of 60.09 for the month of January and the year-to-date capacity factor is 48.29%.

Regulatory/Compliance:

- There were no air emissions deviations, waste-water or stormwater deviations or spills during the month of February 2014.

Other:

- Sound monitoring: There were no noise complaints to report.

Mark A. Miller
Manager, Gas Plant
PacifiCorp-Chehalis Power
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Chehalis, WA 98532
360-827-6462

E-mail: mark_a.miller@pacificorp.com

**Chehalis Generation Facility---Monthly Plant Report to the Washington Energy
Facility Site Evaluation Council – March 2014**

1813 Bishop Road Chehalis, WA 98532
Phone (360) 748-1300, FAX (360) 740-1891

09 April 2014

Safety:

- There were no recordable incidents this reporting period and the plant staff has achieved 4150 days without a Lost Time Accident.

Environment:

- Storm water and waste water monitoring results are in compliance with the permit limits for the month of March 2014.

Personnel:

- Authorized plant staffing level is currently 19 with 18 positions filled. The Operations Manager, Brad Richards was promoted to Plant Manager at the PacifiCorp Energy Currant Creek Combined Cycle plant in Mona, Utah. A posting has been approved to fill this open position.

Operations and Maintenance Activities:

- The Plant generated 201,332 megawatt-hours at a capacity factor of 53.97% for the month of March and the year-to-date capacity factor is 53.98%.

Regulatory/Compliance:

- There were no air emissions deviations, waste-water or stormwater deviations or spills during the month of March 2014.

Other:

- Sound monitoring: There were no noise complaints to report.
-

Mark A. Miller
Manager, Gas Plant
PacifiCorp-Chehalis Power
1813 Bishop Road
Chehalis, WA 98532
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E-mail: mark_a.miller@pacificorp.com

UPDATE: Order No. 836-conditions of Site Certificate transfer and Carbon Offsets:

As a condition of the transfer of ownership and the Site Certification Agreement for the Chehalis Generation Facility from Chehalis Power to PacifiCorp, the Washington State Energy Facility Site Evaluation Council ("EFSEC") included within its Order No. 836 the following requirements:

- a) *PacifiCorp shall comply with the terms of the Greenhouse Gas Offset Strategy and Plan, which was approved by the Council in September 2001;*

Status: PacifiCorp has not and is not forecasted to exceed 1.8 million tons of CO2 emissions on an annual basis. PacifiCorp would need to acquire offsets if the annual emissions exceed the 1.8 million tons.

Chehalis CO2 Tons/year

	2008	2009	2010	2011	2012	2013
Total Plant	320,484	787,761	586,574	309,379	408,135	746,837

- b) *PacifiCorp shall provide \$1.5 million in funding for greenhouse gas mitigation projects. EFSEC staff and PacifiCorp representatives will work together to identify potential mitigation projects and will consult with Washington agencies including the Department of Ecology, the Department of Fish and Wildlife, the Department of Natural Resources and the Department of Community Trade and Economic Development. EFSEC staff and PacifiCorp representatives will evaluate potential projects, considering among other things, the extent to which the projects would offset CO2 emissions, the location of the projects (favoring projects that would be implemented in Washington, and if possible near Chehalis) and the availability of matching funds (favoring projects that would combine PacifiCorp's funding with*

other funding). Based on the recommendations of EFSEC staff and PacifiCorp, the Council will make final decisions selecting projects to be funded out of the \$1.5 million of funding provided by PacifiCorp. The Council may use a portion of the \$1.5 million provided to fund its direct and indirect administrative costs incurred in connection with identifying, evaluating and selecting mitigation projects. In no event, however, shall the total amount of project funding and Council charges exceed \$1.5 million.

Status: The first solicitation for offsets resulted in an award to the Washington Department of Natural Resources. However, on March 1, 2010, PacifiCorp received written notification from the Washington State Department of Natural Resources that it was withdrawing its formal response to the PacifiCorp carbon solicitation due largely to the significant budget cuts the Department had experienced, leaving it with inadequate capacity to complete all the requirements of the carbon offset mitigation proposal.

A subsequent request for proposal process selected a project advocated by The Climate Trust (TCT), a 501(c)(3) nonprofit organization headquartered in Portland, Oregon. The agreement stipulated that PacifiCorp would purchase from The Climate Trust up to 70,000 metric tons (tonnes) of carbon dioxide equivalent, verified emission reductions from a livestock anaerobic digester project near Lynden, Washington. This contract was signed on May 19, 2011. The value of the contracted VER's is \$875,000.00.

The Farm Power Lynden Anaerobic digester project achieved commercial operation on December 3, 2010. The digester was designed to convert 5000 cubic feet of manure per day from approximately 2200 dairy cows into biogas. The biogas is being destroyed in a 750 kW engine that is generating grid electricity. The digester reached a steady state of operations in mid-2011 and biogas production levels are comparable to the anticipated production average of 9,125,000 scf/month. As such, the project is anticipated to reduce 7,000 metric tons of carbon dioxide equivalent emissions annually.

The carbon offset project finished its second project year on July 31, 2013. Farm Power retained First Environment to verify the project's performance against the Climate Action Reserve's Livestock Manure Management Protocol.

Based on Farm Power's monitored data, the verified volume of 2012-2013 vintage VERs that are available to be transferred to PacifiCorp in 2014 is 10,360 tons at a value of \$129,500.00.

Of the total \$1.5 million funding provided by PacifiCorp, \$905,095.79 has been expended or committed. This leaves \$594,904.21 for yet to be funded projects and associated contracting expenses.

PacifiCorp has been diligently attempting to find other local projects that would achieve greenhouse gas reductions while maintaining value for the PacifiCorp rate payers. There are two possible projects in the Chehalis River Basin that have been identified as good local opportunities. The first identified project is a tree planting and preservation agreement with the Confederated Tribes of the Chehalis. The Tribe while interested has decided to review some of the Trust lands that were

initially selected for this program and this has not moved further. PacifiCorp remains in contact with tribal representatives. A second potential project has recently been identified by the Washington Dairy Federation with respect to construction of a anaerobic digester being conceptually designed in the Rochester, Washington area.

- c) *Within 180 days after the SCA is transferred to PacifiCorp, PacifiCorp shall apply for an amendment to any relevant permits to allow the installation and operation of a natural gas-fired auxiliary boiler to produce steam for the heat recovery steam generators and steam turbine. PacifiCorp shall install the auxiliary boiler within eighteen months of obtaining necessary permits and approvals. However, if the proposed addition of an auxiliary boiler would result in any changes to the existing air permit for the Facility other than those specifically related to the new auxiliary boiler, PacifiCorp shall have no obligation to go forward with the proposed auxiliary boiler.*

Status: The auxiliary boiler project is summarized by the following significant events:

- August 31, 2009 -- The Notice of Construction Permit was issued by EFSEC.
- October 30, 2009 -- Engineering, Procurement and Construction contract was approved.
- December 15, 2010 – Construction complete and the boiler passed performance and emissions testing requirements.
- Total cost of project was \$ 2,765,275.64

PacifiCorp has reduced carbon dioxide emissions by approximately 22 tons on an annual basis by using the auxiliary as a means to reduce combustion turbine start up time by 60 minutes.

Below is the monthly operational/compliance update for Wild Horse. Please let me know if you have any questions.

Wind Production:

February generation totaled 46,977 MWh for an average capacity factor of 25.64%.

March generation totaled 71,892 MWh for an average capacity factor of 35.45%.

Solar Production: The Solar Demonstration Project generated 30.5 MWh in February and 70 MWh in March.

O&M: Five wooden cross arms along the 230 kV transmission line failed in late January from ice accumulation overloading these structures. This caused an unplanned outage lasting 2 weeks with lost production estimated to be 20,000 MWh. The replacement cross arms were steel and some guy wire repairs were also completed.

Safety: No lost-time accidents or safety incidents to report in February or March.

Compliance/Environmental: Nothing to report.

**Energy Northwest
EFSEC Council Meeting
April 15, 2014
(Shannon Khounnala)**

I. Columbia Generating Station Operational Status

Columbia is currently operating at 100% power, generating 1129 megawatts, and has been online for 294 days.

There are no other events, safety incidents, or regulatory issues to report.

II. WNP 1/4 Water Rights

The water rights application for the WNP 1/4 site is proceeding. Energy Northwest continues to work with the Department of Energy and will support any Department of Ecology requests, as needed. Energy Northwest will be working with both agencies to arrange for a site visit as part of the application and approval process.

Energy Facility Site Evaluation Council

Non Direct Cost Allocation

for

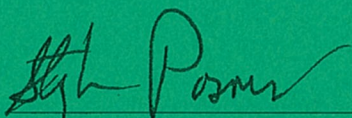
4th Quarter FY 2014

April 1, 2014 – June 30, 2014

The EFSEC Cost Allocation Plan (Plan) was approved by the Energy Facility Site Evaluation Council in September 2004. The Plan directed review of the past quarter's percentage of EFSEC technical staff's average FTE's, charged to EFSEC projects. This information is used as the basis for determining the non-direct cost percentage charge, for each EFSEC project. In addition, the Plan allows for adjustment due to anticipated work load and the addition of new projects.

Based on the levels of work during the 3rd quarter of FY 2014, using the procedures for developing cost allocation, and allowance for new projects, the following percentages shall be used to allocate EFSEC's non direct costs for the 4th quarter of FY 2014:

Kittitas Valley Wind Power Project	5%
Wild Horse Wind Power Project	5%
Columbia Generating Station	21%
WNP-1	3%
Whistling Ridge Energy Project	3%
Satsop CT	11%
Chehalis Generation Project	10%
Desert Claim Wind Power Project	2%
BP Cogeneration Project	2%
Grays Harbor Energy	3%
Tesoro Savage	35%



Stephen Posner, EFSEC Manager

Date:

4/4/14



STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL

PO Box 43172 • Olympia, Washington 98504-3172

TO: Energy Facility Site Evaluation Council

FROM: Jim LaSpina, EFSEC Staff

DATE: April 15, 2014

SUBJECT: Recommendation to Close Out Notice of Incident for Grays Harbor Energy Center NPDES Permit Violation

MEMO Attachments:

1. Notice of Incident
2. Assurance of Compliance
3. Grays Harbor Energy Monthly Report to the Council, Item 7, dated March 2014

Background

EFSEC is the federally-delegated NPDES permitting authority for the Grays Harbor Energy Center. The NPDES Permit authorizes Grays Harbor Energy Center (Permittee) to discharge process wastewater to the Chehalis River and stormwater discharges to ground and to the Chehalis River.

On December 25, 2014, the Permittee discharged process wastewater to the Chehalis River in violation of an effluent limitation contained in the NPDES permit. Specifically, the Permittee discharged wastewater at a pH below the minimum permit limit of 6.0 for a period of approximately 20 minutes. The Permittee's staff quickly corrected the exceedance, notified EFSEC of the violation and submitted required followup reports in a timely manner.

At its February 18, 2014 meeting, the Council approved Staff's recommendation to issue the attached Notice of Incident (NOI) to the Permittee. The NOI required the Permittee to submit an Assurance of Compliance that explained the reasons the exceedance had occurred and corrective actions taken by the Permittee to prevent such occurrences in the future. The Assurance of Compliance must also certify that the alarm system for pH control is operating properly, in accordance with Table 1, footnote 4, and propose a preventive maintenance schedule to assure future compliance.

The attached Assurance of Compliance was received by EFSEC on March 25, 2014. EFSEC staff has reviewed the document and believes the document adequately addresses the requirements of the NOI.

Recommendation

Based on the Permittee's timely response to correct the exceedance, prompt submittal of required noncompliance notifications, willingness to revise operational and maintenance procedures, and generally excellent record of compliance during the previous five years, EFSEC staff recommends that the NOI be closed out and no further action be taken on this incident.

Additional note: At its February 18th meeting several Council Members expressed concerns that erroneous valve alarm settings had not been discovered earlier. The Permittee's representative responded that Grays Harbor Energy has hired a contractor to conduct a broader evaluation of facility instrumentation/settings/alarms to verify controls related to NPDES permit compliance are properly set. The Assurance of Compliance certifies that the pH valve control and monitoring system is operating properly. Furthermore, Item 7 of the Permittee's monthly report to the Council documents additional actions by the Permittee to assure continuing compliance with water quality and air quality permits.

EFSEC staff intends to require a more comprehensive operations and maintenance (O&M) plan in the NPDES Permit to be reissued soon. The reissued permit will require the O&M plan to contain a robust preventative maintenance plan for all facility systems related to assure compliance with the permit.

March 24, 2014
GHE196

Jim LaSpina
Energy Facility Site Evaluation Council
PO Box 43172
Olympia, WA 98504-3172

RECEIVED
MAR 25 2014
ENERGY FACILITY SITE
EVALUATION COUNCIL
RECEIVED
MAR 25 2014
WASH. UT. & TP. COMM

RE: Grays Harbor Energy Center Notice of Incident Assurance of Compliance

Dear Mr. LaSpina,

This letter addresses the Request for Assurance of Compliance contained in the Grays Harbor Energy Center – Notice of Incident, dated February 24, 2014.

On December 25, 2013, Grays Harbor Energy (GHE) discharged process water to Outfall 001 which had a pH level outside the permit required range of 6.0 to 9.0. The out-of-specification discharge began at 10:05 pm and continued until 10:24 pm; a duration of 20 minutes. During this time, the average pH level was 3.58 and the lowest pH recorded was 3.26. The total volume discharged during this period was 4900 gallons.

The facility uses water for cooling in an evaporative cooling tower. Appropriate chemistry needs to be maintained in the water that circulates to the facility. This chemistry is maintained by discharging a portion of the water to the Chehalis River via Outfall 001 while adding water withdrawn from the Chehalis River via the Ranney Wells.

GHE has a continuous monitoring system for the Outfall 001 discharge which monitors pH, temperature, and free chlorine. If the pH is above 9.0 or below 6.0, the system is designed to prevent the outfall flow control valve from opening or to close if it is open. More specifically, the outfall flow control valve computer control logic is designed with a timer function which triggers if pH is outside the control band of 6.5 to 8.5 standard pH units (SU). This logic timer is supposed to be set to run for ten minutes with a 2 minute period for reset. In other words, if the pH is lower than 6.5 or higher than 8.5, the 10 minute timer starts and continues to count until the pH is back in the 6.5 to 8.5 range for 2 minutes. If ten minutes go by without the pH returning to the proper range, the outfall flow control valve shuts. This feature is in place to allow momentary excursions outside of the 6.5 to 8.5 range.

In addition to the automatic control valve features, the system also generates an audible and visible alarm when pH is outside the normal control band of 6.5 to 8.5. A second audible and visible alarm is generated when pH is outside of the permit limits of 6.0 and 9.0. These alarms allow the Control Room Operator to manually shut the outfall flow control valve to prevent discharge.

Our investigation determined the timer on the automatic control valve shutoff was improperly set. Instead of the desired 10 minute and 2 minute setting, our system was set with 10 hour and 2 hour timers. In addition, the valve control logic was improperly set to close the flow control valve to the 10%

open position, instead of fully closing the valve, when parameters were not in the desired bands. These errors prevented the proper operation of the automatic control valve feature.

The audible and visual alarms, however, should have led the Control Room Operator to manually close the outfall valve when pH levels fell below 6.0. Our investigation determined that, at the onset of the pH excursion, the Control Room Operator partially closed the outfall flow control valve to reduce discharge flow from 800 gallons per minute (gpm) to 400 gpm and directed the Auxiliary Operator to obtain a grab sample to verify the low pH. Four minutes into the excursion the outfall flow control valve automatically repositioned and further closed to 10% open. The outfall flow was manually closed completely as soon as a grab sample verified the low pH, thereby ending the excursion. The Control Room Operator did not close the outfall completely as soon as the alarm went off because the event had the symptoms of a pH probe failure. However, he promptly closed the outfall when the grab sample confirmed the low pH level.

The following steps have been taken to prevent recurrence of this type of event:

Outfall Control Logic

- The process control logic timer settings for outfall pH have been corrected to 10 minutes and 2 minutes.
- The system has also been programmed to immediately close the outfall valve if pH is outside the band of 6.0 to 9.0 SU.
- The valve logic has been changed to fully close the flow control valve during an excursion.

Maintenance/Calibration

- GHE has calibrated the outfall flow control valve controls and verified and tested the new logic and timer settings.
- GHE has created and performed a procedure to functionally test the outfall pH instrumentation and associated interlocks.
- GHE has created an annual Planned Maintenance (PM) task to perform the outfall instrumentation functional test.

Training

- GHE has trained each operations crew regarding the event and appropriate response actions. In particular, operators have been trained to completely shut the outfall flow control valve if alarms indicate pH levels below 6.0 or above 9.0.
- Training to each operations crew on the annual outfall instrumentation functional testing is ongoing.

Ongoing outfall system maintenance includes:

- Weekly calibration of the outfall pH probe.
- With each initiation of outfall flow, verification of pH by laboratory analysis of the outfall to validate installed instrument readings.

GHE has diligently operated within our discharge permit limits for nearly 6 years, and we are committed to doing so going forward. We hope this letter explains the incident in December 2013 and reassures the Council that GHE has taken steps to ensure that similar incidents will not occur in the future.

GRAYS HARBOR ENERGY LLC

Please direct questions regarding this matter to the Grays Harbor Energy Plant Engineer, Pete Valinske, at (360) 482-6292.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rich Downen', with a long horizontal flourish extending to the right.

Rich Downen
Plant Manager

cc: Graham Baldwin, Invenergy