EFSEC

Energy Facility Site Evaluation Council

2018 STRATEGIC AND POLICY REVIEW

Prepared at the direction of Governor Jay Inslee, State of Washington

ABSTRACT

This report reviews EFSEC's mission, summarizes recent changes in the world of energy production, and outlines a proposed response to those changes, in the form of five strategic opportunities for EFSEC to assist with the transformation to a clean energy future in Washington state.

Kathleen Drew, Chair, Energy Facility Site Evaluation Council

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Introduction

Purpose of this review

Technologies for generating electricity – and our understanding of the environmental consequences of those different technologies – have changed dramatically in the nearly 50 years since the Energy Facility Site Evaluation Council (EFSEC) was created. EFSEC's processes and procedures, originally designed to review the siting of nuclear power plants and coal-fired facilities, are now being applied to the siting of wind and solar installations. And we can expect even greater changes ahead, as costs of mature alternative energy technologies continue to decline, innovations in technology continue to reach market, and the demand for energy that is not just abundant and affordable but also *carbon-free* continues to grow.

In response to this new era in energy production and demand, Governor Jay Inslee, on Jan. 3, 2018, called on EFSEC's new chair, Kathleen Drew, to conduct a strategic and policy review of the agency. Specifically, he called on her to (emphasis added):

- Reassess the **scope and role of the Council**, and recommend changes to reflect the **ongoing changes to the industry** and the **state's needs for reliable, affordable and clean energy** to serve current and future generations;
- Evaluate the **process and procedures of the Council**, to **consolidate and streamline their work** in ways that **increase consistency**, **reduce decision times**, and **improve the transparency and access** to the process; and,
- Review the **current membership** of the council and recommend changes that would broaden representation from **local and tribal governments, industry experts, and the general public**.

Review process

Throughout 2018, EFSEC Chair Drew and her team conducted a series of steps to carry out this strategic and policy review, including:

- Meeting with a wide range of stakeholders to gather in-depth input on all aspects of EFSEC's operations;
- Process-mapping of EFSEC's core work processes, including both analyzing current operations and developing options for future improvements;
- Developing a proposed set of changes to EFSEC's authorizing legislation, including major redrafting based on extensive input from outside stakeholders; and
- Launching an effort to gain specific input from energy facility operators regarding EFSEC's processes for oversight of currently-regulated facilities.

What EFSEC has learned so far, our current proposals for action, and what we believe lies ahead are detailed in the report that follows. Our intention is to lay out a roadmap for continuous improvement to be carried out over the coming years.

EFSEC's Mission and Role

EFSEC's origins

The siting of energy facilities was a pressing issue when EFSEC was created in 1970. At the time (and until recently), economic growth was directly tied to growth in energy supply. So our growing state needed new energy facilities and associated transmission lines.

Getting approval for those facilities, however, meant interacting with multiple levels of government: Federal, state, and local (including cities, counties, and port districts). Within state government, getting approval meant working with multiple agencies having diverse (and sometimes conflicting) missions, goals, and areas of expertise.

The early 1970's was also a time of burgeoning concerns about the environment, coinciding with the first Earth Day and the creation of the federal Environmental Protection Agency (EPA). On the one hand, society could benefit from the demand to find cleaner, safer ways to produce needed power. On the other hand, local opposition in the form of "not in my backyard" (or "NIMBY") could put projects with statewide benefits at risk for strictly local concerns.

To cut through this knot of competing demands, Washington's legislature created the Energy Facility Site Evaluation Council, or EFSEC. Designed as a "one-stop shop," EFSEC brought together all the key state and local players at the same decision-making table. To insure its effectiveness, EFSEC was given authority to preempt local government regulations, when necessary, ensuring that no locality could block a project determined to have a greater good for all residents of the state. (While EFSEC today seeks to avoid the use of preemption, it remains a contentious issue with some of EFSEC's partners in local government.) EFSEC was also granted direct appeal of its decisions straight to the state Supreme Court, further ensuring timely and final decisions.

Types of energy facilities that may be covered by EFSEC:

- Thermal electrical generation
- Alternative energy electrical generation (optional)
- Pipelines
- Electrical transmission lines
- Petroleum refineries
- Petroleum storage

See Appendix 2 for more details.

EFSEC's mission

EFSEC has two primary duties:

1. The initial site certification of proposed new (or expanding) energy facilities; and
2. The regulation and operational (compliance) review of those facilities, from initial construction, through typically decades of operation, right up until closure, decommissioning, and site restoration (ensuring operators do not leave structures or waste behind after facilities close).

In pursuing those duties, EFSEC is charged with finding a workable balance between meeting society's demand for energy while ensuring "minimal adverse effects on the environment, ecology of the land and its wildlife, and the ecology of state waters and their aquatic life." When making siting decisions, the council is guided by a "balancing test" laid out in EFSEC's authorizing legislation, five premises the council must integrate to balance the need for energy facilities with the broader public interest:

1. To assure Washington state citizens that operational safeguards meet federal criteria and are technically sufficient for their welfare and protection;
2. To preserve, protect, and improve the quality of the environment (air, water and land);
3. To provide abundant energy at reasonable cost;
4. To limit costs and maintain public use of unfinished nuclear energy facilities (added in 1976);
5. To avoid costly duplication and delays in the siting process (added in 1996).

The critical role of SEPA

In making determinations on environmental issues, EFSEC's staff relies on the requirements of the State Environmental Policy Act, or SEPA. This act, which has been described as perhaps the most powerful legal tool for protecting the environment of the state, directs agencies (and developers) to:

- Consider environmental information (impacts, alternatives, and mitigation) before committing to a particular course of action;
- Identify and evaluate probable impacts, alternatives, and mitigation measures, emphasizing important environmental impacts and alternatives (including cumulative, short-term, long-term, direct, and indirect impacts);
- Encourage public involvement in decisions;
- Prepare environmental documents that are concise, clear, and to the point; and
- Integrate SEPA with agency activities at the earliest possible time to ensure that planning and decisions reflect environmental values, avoid delays later in the process, and seek to resolve potential problems.

Because SEPA was passed in 1971, shortly **after** the creation of EFSEC, there is some overlap and duplication in statutory requirements between the two laws. That overlap represents ripe potential opportunities for EFSEC to streamline its administrative procedures, and thereby reduce the time to process applications. The very idea of streamlining and shortening review can understandably raise concerns for those focused on protecting our environment. Stakeholders are reassured, however, by the fact that EFSEC's work is so firmly rooted in SEPA, thereby ensuring that any and all streamlining could only be done within the framework of maintaining the very highest level of environmental scrutiny.

EFSEC's structure

EFSEC's decision-making council includes from 6 to as many as 13 members chosen by state agencies and local governments. (For further detail on EFSEC membership, please refer to Appendix 1.) The council is led by a Governor-appointed chair, and supported by a small professional staff. Originally housed within the State Energy Office at CTED (later the Department of Commerce), EFSEC moved to the Utilities and Transportation Commission (UTC) in 2010.

EFSEC is completely funded by user fees collected from applicants and regulated facilities. EFSEC staff work with energy providers and government partners to analyze environmental risks, develop suitable mitigation strategies, and document operational requirements in the form of "site certificates." They also prepare studies and reports to help the council in making decisions. In support of these tasks, they develop and manage contracts with technical experts in state and local government and the private sector. EFSEC's primary contractors in state government include the Departments of Ecology, Health, and Fish and Wildlife, along with the Military Department (due to its role in ensuring emergency preparedness for the state's only operating nuclear facility, the Columbia Generating Station).

Except for fairly minor modifications, EFSEC's statue remains substantially unchanged from when it was first passed in 1970.

What is a "certificate holder?"

EFSEC's customers are private developers seeking a "certificate" (essentially a broad permit) to construct an energy facility. Developers are referred to as "applicants" prior to certification, and "certificate holders" once approved by the Governor.

External Conditions: Changes in Industry and Energy Demand

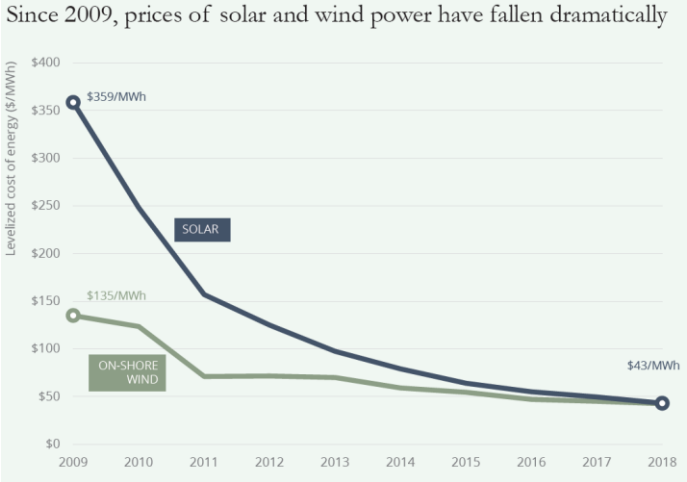
Background and emerging trends

Energy production and distribution is as critical to Washington's economy today as it was when EFSEC was established in 1970. In those early decades, the Northwest's chief sources of energy (after hydropower) were nuclear power and the burning of fossil fuels. Since then, however, advances in technology have pushed the steady and dramatic reduction in the cost of first wind and then solar power. Under the right conditions, those renewable sources are now the most cost-effective sources of new electrical power generation in the state.

Our current era in energy is characterized by volatility and change, as now-mature alternative technologies become cost-effective, newer technologies continue to come on-line, and society's expectations shift in response to a discernably changing climate. There is no reason to expect the current ferment will not go on or even intensify.

Within this context of fast-moving change, several trends have emerged:

1. The declining cost of wind and solar power. Even without subsidies or a price on carbon, wind and solar have become cost-effective compared to traditional fossil fuels, and those costs are universally projected to continue to decline. Here in Washington, the trend can be seen in the fact that the majority of **new** facilities for generating electricity are wind and solar sites.



Source: Lazard's Levelized Cost of Energy Analysis, version 12.0, Nov. 2018

2. Advances in energy storage. Industrial-scale batteries – 100 MW and larger – are already commercially available, and the wide range of alternative energy storage technologies being explored promises an era of steadily declining costs. The implications of storage on this scale are industry-changing: It holds the promise of transforming variable wind and solar power into reliable baseload power. That means alternative energy doesn't just become the most affordable source of additional power; it can also start to replace existing sources of baseload power.

3. Advances in other tools to address variability and reliability. Newer tools like demand response (essentially a way for utilities to cut peak demand as needed), microgrids, "virtual power plants," and more, increasingly enable greater use of wind and solar power. Technology in these areas is advancing rapidly.

4. Declining need for fossil fuel plants. As advances in storage and other tools remove the most salient downside of wind and solar

What are "variability" and "reliability"?

Unlike a coal or nuclear plant, which can produce a steady stream of power, wind and solar power are "variable," since the wind doesn't always blow and the sun doesn't always shine. Utilities seek (and customers demand) a high level of "reliability" – essentially, power that is always "on." In the past, this sharply limited the degree to which solar and wind could be incorporated into the electricity supply mix. Advances in energy storage and other new tools are changing the equation, however.

power (variability), the long-term trends that have shuttered so many fossil-fuel facilities seem likely to grow.

5. Growing recognition of the costs associated with greenhouse gas (GHG) emissions. Whether recaptured through a carbon fee or not, the costs of GHG emissions are real and growing, both for governments and for society as a whole. Ever-increasing floods, droughts, extreme rain events, heat waves, sea-level rise, and ocean acidification can be expected to keep the high cost of carbon emissions ever more in the public's consciousness.

6. Growing demand for clean electricity. Washington has already seen a growing demand for clean energy, both from businesses (like Microsoft) and the public. As the observable costs of carbon emissions mount (as noted above), while the price of clean alternatives drops, and political urgency grows, the pressure to increase investment in renewables is likely to continue to grow.

7. Potential increases in demand. With advances in energy efficiency (such as LED lighting), overall electricity demand has held steady or has been declining. Projections are that this could change, however, particularly due to increased air conditioning demand in summers (due to rising temperatures), along with increasing electrification of the transportation sector. While any increased demand could be met by delaying the retirement of fossil-fuel facilities, it could also be met by a faster and larger build-out of new wind and solar facilities.

It must be noted that this list of trends is not exhaustive. A myriad of carbon-free alternative energy sources are under development: off-shore wind, tidal and wave energy, fuel cells, geothermal, and more. As these and other alternatives reach the market and become cost-competitive in their turn, they promise to further hasten the transformation away from fossil fuels and towards carbon-free alternatives.

The bottom line

Already, today, the majority of applications for new energy facilities in Washington are for wind and solar facilities. As their costs continue to decline, and the biggest obstacles to further adoption of these renewables (variability and reliability) are addressed, this trend can be expected to continue and grow.

If, in addition, the public's demand for clean energy continues to grow, and there are cheaper, clean-energy alternatives to current carbon-polluting baseload power sources, the demand for siting new wind and solar facilities could end up exceeding current projections.

At a bare minimum, to prepare for such scenarios, EFSEC's approval process ought not be allowed to become a bottleneck to any possible future expansion of alternative energy. Thinking more expansively, concerned policymakers may want to seek ways to use EFSEC as a tool to actively accelerate Washington's transition to clean energy.

Building the EFSEC of the Future

Given the trends outlined above, it may be that the two greatest demands facing EFSEC in the next few years will be these:

1. How to review new solar and wind facilities in as streamlined a way as possible, and
2. How to quickly adapt in order to effectively address new, emerging technologies as they come to market.

In such a context, the next strategic development for EFSEC could be summarized in this phrase: "Streamlined processes run by a nimbler agency." How can EFSEC do its work in a faster and less costly way, while still maintaining and expanding public participation, and – above all – while not lowering its environmental standards in any way?

While daunting, such a task is not impossible. EFSEC's team has already identified a wide range of specific improvements it can make and outlined pathways for finding even more. These proposed improvements are laid out in the following pages, organized by the five greatest opportunities identified by stakeholders and the EFSEC team:

- **Opportunity #1: Restructuring the council for greater accountability,**
- **Opportunity #2: Streamlining the application process,**
- **Opportunity #3: Enhancing transparency and public involvement,**
- **Opportunity #4: Streamlining regulation and compliance, and**
- **Opportunity #5: Refining the scope and role of the council.**

The discussion of each of these opportunities includes:

- A background overview,
- A broad policy goal,
- A table detailing the current challenges, proposed solutions, and specific next steps, and
- A summary of where EFSEC proposes to go from here.

While these pages document EFSEC's best thinking at this time, we hope this report will stimulate additional thinking and input from stakeholders and the public. With their help, we hope our analysis and solution sets will continue to develop and improve over time.

Opportunity #1: Restructure the Council for Greater Accountability

Background

In her meetings with stakeholders, Chair Drew heard a broad consensus that the variability in EFSEC's existing membership does not foster cohesiveness and consistent operation. Currently, council members fall into three distinct classes: 1) a core of consistent agency members; 2) a constantly-changing cast of site-specific city and county government representatives, and 3) a changing cast of members from "optional" state agencies. At a single Council meeting, the Chair might have to convene three distinct (though overlapping) council bodies to make decisions on three different sites. (See Appendix 1 for a detailed breakdown of council membership.)

Goal: To meet the challenges ahead, EFSEC should become a more cohesive body, better able to retain and build on institutional knowledge.

Current Challenges	Proposed Solutions	Next Steps
1. Washington's tribes have no representation on EFSEC.	• Create a permanent position for a representative chosen by Washington's tribes.	Included in 2019 EFSEC streamlining bill.
2. EFSEC continually loses institutional knowledge because of the constantly changing representation from cities, counties, and "optional" agencies.	• For cities and counties: Replace site-specific representation for cities and counties with permanent, standing members on EFSEC (to be chosen by AWC and WSAC, respectively). • For "optional" state agencies: Replace "optional" membership for specified state agencies with a strengthened consultative role, starting early in the application process.	Included in 2019 EFSEC streamlining bill.
3. Local government is only represented during application review (and thereby excluded from input on broader policy and regulatory oversight of facility construction and operation).		
4. It is unwieldy to have to convene multiple different councils at a single meeting in order to address different sites.		
5. Non-voting representation from ports is rarely used and adds little or no value for either party.	• End non-voting representation from ports. (Other strong avenues for port input remain.)	Included in 2019 EFSEC streamlining bill.
6. Operational accountability over EFSEC staff is muddied; they work for the EFSEC Chair, but by statute report to the UTC.	• Change the current reporting relationship so all EFSEC staff report to the EFSEC Chair.	Included in 2019 EFSEC streamlining bill.

Future Steps

If proposed legislative changes are adopted, it will mean significant changes for the council. The council, its government partners, and stakeholders will need to monitor the impact of these changes, both to ensure they achieve their intended purposes, and to identify additional improvements to adopt in the future.

Opportunity #2: Streamline the Application Process

Background
For developers coming before EFSEC, time is literally money. Developers have uniformly expressed frustration with the cost and time associated with EFSEC review, both for renewable energy facilities and for more traditional fossil fuel operations. At the same time, regulators (both within EFSEC and at other agencies) broadly agree that there are potential opportunities to streamline the review process *without sacrificing environmental protections in any way*.

Goal: EFSEC should streamline review for all applicants. In particular, EFSEC should adapt its level of review to match the environmental impact and risks associated with different energy technologies, and should be granted the flexibility it needs in order to do so.

Current Challenges	Proposed Solutions	Next Steps
1. Current statute requires EFSEC to hold two different hearings on the same case, back-to-back.	• Combine two hearings into one by incorporating consideration of land-use consistency issues into the currently mandated informational public hearing.	Included in 2019 EFSEC streamlining bill.
2. For certain straightforward siting decision (such as most wind farms), the EIS gives the council all the information it needs to make a decision; the statutorily required adjudication is unnecessary.	• Allow the council to waive adjudication if it determines (after public comment) that the EIS already provides sufficient information to make a decision.	Included in 2019 EFSEC streamlining bill.
3. Developers often start their siting process a full year before filing a site application. By then, the process may be too far along and opportunities for win-win solutions may have been lost.	• Alter current statute to allow expansion of the pre-application process to facilitate earlier involvement with developers and local governments.	Included in 2019 EFSEC streamlining bill.
	• Actively reach out to developers for input, including seeking opportunities to pilot expanded pre-application.	In planning.
4. EFSEC's work is centered on SEPA. But because EFSEC's statue predates SEPA, EFSEC created rules which are in some cases duplicative, creating unnecessary burdens on applicants.	• Initiate outreach to stakeholders to identify ways to streamline EFSEC application process.	Stakeholder outreach underway.
5. Other jurisdictions have found ways to review applications and issue permits in much less time.	• Explore innovative opportunities, such as "off-the-shelf permitting" as practiced in Europe, and innovative ways to adopt previously-approved EIS's.	Continue and expand current research.
	• Initiate rule-making to implement identified improvements.	Planned for 2019.

Future Steps
If passed, EFSEC's proposed legislative changes will allow EFSEC greater flexibility to create an expanded pre-application process. Those statutory changes will require follow-up rulemaking. That rulemaking will in turn be an opportunity to engage closely with stakeholders to find additional ways to streamline EFSEC's work.

Opportunity #3: Enhance Transparency and Public Involvement

Background
Under the current administration, EFSEC has sought opportunities to strengthen and expand opportunities for public input. EFSEC's statute mandates a series of public hearings on each siting decision, and grants the chair flexibility to add additional hearings where desirable (as she has frequently done). One of the prime duties of EFSEC staff is to carefully review all public input and ensure that every distinct point raised in hearings or comments receives a clear response, whether the recommendations are adopted or not.

Goal: EFSEC should continue to raise the bar on transparency and public involvement. Staff should capitalize on advances in information technology to foster clear communication.

Current Challenges	Proposed Solutions	Next Steps
1. Historically, nationwide, minority and disadvantaged communities have often been disproportionately harmed by environmental impacts from energy facilities, and often systematically denied a full voice in decision making.	• Add consideration of environmental justice to EFSEC's balancing test. • Work with stakeholders to ensure adequate outreach and inclusion for minority and disadvantaged communities.	Included in 2019 EFSEC streamlining bill.
2. Local governments have expressed the desire for greater input into EFSEC application review and deliberations.	• Strengthen the pre-application process to ensure greater involvement from local governments up front.	Included in 2019 EFSEC streamlining bill.
3. Citizen participation in EFSEC hearings is difficult when those hearings are held in Olympia.	• Continue the recent practice of holding hearings in venues near proposed sites. • Continue to hold regular council meetings at the sites of currently regulated facilities.	Continue and expand on current practices.
4. It's not enough for the public to have a voice in public hearings; citizens also have the right to know their voice is being heard.	• When analyzing and responding to issues raised in public comments, continue efforts to provide a clear crosswalk between comments and staff recommendations.	Continue and expand on current practices.
5. EFSEC's website is fairly difficult to navigate, is less complete than desirable, and has no search function.	• Proceed with two planned rounds of website expansion and usability improvement (including adding a search function).	Continue current efforts.
6. The application process is fairly opaque. It is not obvious to all new applicants how to proceed, and it's not obvious along the way which components are complete and what exactly is missing on the rest.	• In conjunction with it efforts towards streamlining the application process, EFSEC should consider incorporating clear, simple forms and checklists, where possible (including on-line access, where appropriate).	Under further study.

Future Steps
EFSEC intends to continue to seek stakeholder input in order to continuously improve its level of transparency and public involvement. EFSEC's goal should be to keep innovating, experimenting, and piloting new tools and techniques, always asking, "What can we do better?"

Opportunity #4: Streamline Regulation and Compliance

Background
The part of EFSEC's work that gets the most attention is the high-profile and sometimes controversial work of site certification. Less glamorous, but no less important, is the on-going, day-to-day work of regulating and ensuring compliance for currently operating energy facilities. This work, which consists of monitoring, processing permit renewals, responding to incidents, and more, is what guarantees the reliable flow of energy to Washington's citizens, while ensuring that vital environmental safeguards are strengthened and maintained.

Goal: EFSEC should seek to continuously improve its regulatory oversight of energy facilities, always seeking opportunities to strengthen environmental protection while reducing the time, cost and other regulatory burdens on facility operators.

Current Challenges	Proposed Solutions	Next Steps
1. There may be opportunities to make monthly status reports by facilities more consistent, less time-consuming to prepare, and more focused on what regulators really need to know.	• Create a framework or template for facility monthly status reports. • Consider less frequent (but possibly more in-depth) reporting.	Currently under development by EFSEC staff.
2. EFSEC has never systematically met with all active certificate holders to learn their concerns and hear their ideas for improvements.	• Systematically meet with all certificate holders, ideally on-site at their energy facilities.	Meetings are currently underway, with more planned.
3. There may be ways to improve EFSEC's practices and procedures for oversight and regulation.	• Conduct research and compare EFSEC's oversight and regulation practices to those of other state and local entities.	In planning.
4. There may be ways to streamline the permit renewal process.	• Work with staff and stakeholders to map out current permit processes and examine them for areas of improvement. • Act on the greatest opportunities for improvement that are identified.	In planning.

Future Steps
While there are no immediate areas of concern, compliance monitoring is the core of EFSEC's work. On-going and expanded efforts to reach out and listen to EFSEC's regulated customers is necessary to achieve the highest possible levels of efficiency and service.

Opportunity #5: Refine the Scope and Role of the Council

Background
EFSEC has statutory authority to issue permits to energy facilities ranging from generating plants to transmission lines to petroleum storage facilities. While EFSEC's statutory authority was at one time logical and comprehensive, changes in technology and energy sources have left EFSEC with a haphazard patchwork of oversight responsibilities. In some areas, EFSEC is restricted to only reviewing types of facilities which are unlikely to ever again be proposed; in other areas, EFSEC is excluded from addressing facilities which Washington's current economy demands.

Goal: State decision makers should consider whether the state would be better positioned to achieve its energy goals if EFSEC were granted expanded scope, in response to current and expected changes in the energy industry. EFSEC could be fully empowered to use its authority and expertise to help accelerate the transformation to a clean energy economy.

Current Challenges	Proposed Solutions	Next Steps
1. Clean energy is not explicitly called out as an element of EFSEC's statutory "balancing test."	• Add language on clean energy to EFSEC's statutory "balancing test."	Included in 2019 EFSEC streamlining bill.
2. Statutory threshold limits on some covered technologies (such as 350 MW for thermal electric generation) greatly exceed current market realities.	• Conduct a comprehensive review of what types of energy facilities EFSEC should have authority to review. • Begin with expanded engagement with stakeholders. • Seek to update threshold limits to better match current market demands. • Seek legislative changes in 2020 as needed, and as consensus and clarity emerge.	Continue and expand current efforts on research, stakeholder outreach, and planning. Develop proposed legislation for 2020, as appropriate.
2. Statutory silence on newer fuels (such as liquid natural gas, or LNG) keep EFSEC from reviewing key facilities.		
4. Statutory silence on energy storage, along with potential overlap with federal jurisdiction (FERC), may constrain EFSEC consideration of critically needed facilities.		
5. While EFSEC is ideally suited for reviewing facilities that cross multiple jurisdictions, many opportunities are precluded by statute.		
6. There is no mechanism in place to ensure EFSEC's authority keeps up with the pace of changing technology.	• Explore ways to provide greater flexibility going forward, as technology continues to change and evolve.	Expand current efforts on research and stakeholder outreach.

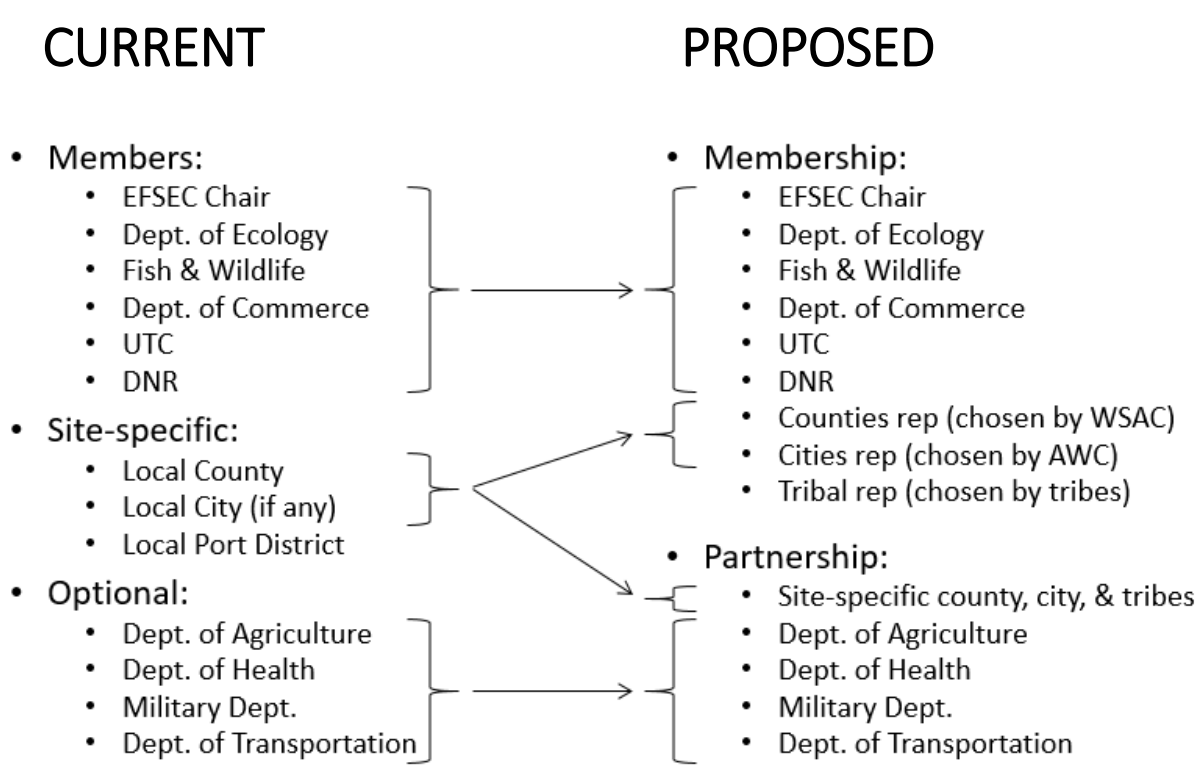
Future Steps
Thresholds – what to cover and what not to cover – are one of the greatest areas of controversy regarding EFSEC's future role. EFSEC should work with stakeholders to find areas where consensus may exist, or at least to highlight where opportunities exist and hard decisions may need to be made. (See Appendix 2 for further detail on current threshold limits for EFSEC review, along with some proposed or possible changes.)

Next steps

This chart summarizes the major proposed work streams for streamlining and updating EFSEC operations over the next two years. Note that each of these work streams feeds into, builds on, or interacts with other work streams at multiple points along the way.

2019 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec	**2020** Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
2019 Legislation Legislative consideration of 2019 proposal	
Stakeholder Outreach Stakeholder engagement & outreach Focused outreach with current certificate holders Focused outreach to recent, current, and potential applicants	
2019 Rulemaking Prep for rule-making Rulemaking to implement legislative changes (if any) and incorporate process improvements	
Redesign of Processes Process re-design (pre-application & application), based on stakeholder input. Pilot new processes, if possible.	
2020 Legislation Development of 2020 legislative proposal (if consensus and clarity emerge)	Legislative consideration of 2020 proposal
2020 Rulemaking	Prep for rule-making Rulemaking to implement legislative changes (if any) and incorporate process improvements

Appendix 1: EFSEC Membership, Current and Proposed



Appendix 2: Thresholds for Energy Facilities Subject to Review by EFSEC

Category	Current Statutory Threshold for Coverage	Stakeholder Concerns
Thermal Electrical Generation	• Any stationary thermal (non-hydro) power plants with electrical generating capacity of 350 MW or more, including associated facilities such as transmission lines in excess of 115 kilovolts. • Floating thermal power plants of 100 MW or more.	• Much smaller plants are currently the norm. (Oregon's threshold is only 25 MW.)
Alternative Energy Electrical Generation	• Opt-in: Applicants have the option of seeking certification under EFSEC for facilities of any size. • Types of facilities specifically designated as "alternative": ○ Wind ○ Geothermal ○ Wave or tidal action ○ Solar ○ Landfill gas ○ Biomass	• Newer technologies (such as biofuel, renewable natural gas (RNG), and biopower) are not included. • Some "alternative energy" facilities emit GHGs.
Pipelines	• Crude or refined petroleum or liquid petroleum product pipelines larger than 6 inches in diameter and greater than 15 miles in length. • Natural gas, synthetic fuel, gas, or liquefied petroleum gas pipelines larger than 14 inches in diameter and greater than 15 miles in length (intrastate only).	• Technology has advanced; there is a need to review and possibly reassess length and dimension criteria.
Electrical Transmission Lines	• Electrical transmission facilities in a national interest electric transmission corridor. • Opt-in: Electrical transmission facilities for which an applicant seeks certification under EFSEC, and the facility is: ○ Greater than 115 kilovolts and located outside an electrical transmission corridor; or ○ At least 115 kilovolts and located in a new corridor or located in more than one jurisdiction that has promulgated land use plans and zoning ordinances.	• May require comprehensive review, given increasing demands for transmission related to new alternative energy electrical generation sources. • Reconsider EFSEC coverage for transmission lines that cross multiple jurisdiction; should it be required (as it is in Oregon)?
Refineries (Petroleum, Biofuel)	• New refineries capable of processing more than 25,000 barrels per day of petroleum or biofuel into refined product, except where such biofuel production is undertaken at existing industrial facilities. • Refineries which increase their processing of petroleum into refined product by more than 25,000 barrels per day. • Crude or refined petroleum or liquefied petroleum facilities that can receive more than an average of 50,000 barrels per day, if transported over marine waters. (Doesn't apply to storage facilities unless they are part of a new energy plant or transmission facility.)	• Some of these thresholds are too high, particularly for biofuels. • Why limited to these specific fuels? What about biofuels produced by thermochemical conversion, not refining? • May need separate categories for biofuels and renewable natural gas (RNG). • Should be "can store" instead of "can receive." • Why limited to transport over marine waters?
Storage of Fossil Fuels (Petroleum, Natural Gas, Liquefied Natural Gas)	• Any underground natural gas storage reservoir capable of delivering more than 100,000,000 cu.ft. per day. • Crude or refined petroleum or liquefied petroleum facilities that can receive more than an average of 50,000 barrels per day, if transported over marine waters. (Doesn't apply to storage facilities unless they are part of a new energy plant or transmission facility.) • Liquid natural gas facilities with capacity to receive an equivalent of more than 100,000,000 cu.ft. per day, if transported over marine waters.	• Are these numerical thresholds still appropriate? (Only 1 out of 7 proposed projects several years ago fell under EFSEC jurisdiction, because of the 50K threshold.) • Should be "can store" instead of "can receive." • Why limited to transport over marine waters?

REFERENCES

The following is a partial list of the resources which were consulted in the preparation of this report.

- **Underlying legal basis:**
  - EFSEC statute: RCW 80.50; EFSEC rules: WAC 463
  - Proposed 2019 EFSEC legislation: HB 1332 / SB 5329
  - SEPA statute: RCW 43.21C; SEPA rules: WAC 197-11
  - Additional SEPA resource: State Environmental Policy Act Handbook (Dept. of Ecology)

- **Washington State Energy Policy** (current and proposed):
  - Policy Briefs, Office of the Governor: Powered by Innovation, Washington Can Fight Back Against Climate Change; 100% Clean Electricity; Clean Transportation; Clean Buildings
  - Deep Decarbonization Pathways Analysis for Washington State

- **"Changes in industry and energy demand"** (pp. 4-5): Please note that the trends listed in this section of this report are in no way intended (nor should they be used) as comprehensive or definitive projections. They are offered simply as a broad, high-level summary of trends which have been widely reported on in such publications as the *New York Times* and the trade journals of the energy and utility industries.

- **Stakeholder input** (partial list of organizations which provided input to Chair Drew and EFSEC staff during development of this report). **IMPORTANT NOTE: Listing here DOES NOT in any way imply endorsement of this report or any of its recommendations, in whole or in part.**

Tribes	**Local Government**	**Environmental Stakeholders**
Affiliated Tribes of Northwest Indians (individual members and staff)	WA State Association of Counties (WSAC)	Audubon
	WA Association of Cities (WAC)	Climate Solutions
Washington State Agencies	WA Public Ports Association	Columbia RiverKeepers
Dept. of Ecology*	City of Vancouver	Earthjustice
Dept. of Fish and Wildlife*	City of Tacoma	Friends of the Columbia Gorge
Dept. of Commerce*		Front and Centered
Utilities and Transportation Commission*	**Industry Stakeholders**	The Nature Conservancy
Dept. of Natural Resources*	Andeavor	NW Energy Coalition
Dept. of Agriculture**	Avista	Sierra Club
Dept. of Health**	Association of Washington Business	WA Environmental Council (WEC)
Military Dept.**	Cascade Natural Gas	
WSDOT**	NW & Intermountain Power Producers Coalition	
	Pacific Power	
* current EFSEC member	Puget Sound Energy	
** current "optional" member	Renewable Northwest	
	WA Building Trades	