

EFSEC AUGUST 16, 2011 MONTHLY MEETING MINUTES

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STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL
P.O. Box 43172 - Olympia, Washington 98504-3172
August 16, 2011 Monthly Meeting Minutes

CALL TO ORDER

Chair Jim Luce called the August 16, 2011 monthly meeting to order at 1300 South Evergreen Park Drive S.W., Conference Room 206, in Olympia, Washington at 1:35 p.m.

ROLL CALL

Council Members present:

Jim Luce, EFSEC Chair
Richard Fryhling, Department of Commerce
Jeff Tayer, Department of Fish and Wildlife
Andrew Hayes, Department of Natural Resources
Dennis Moss, Utilities and Transportation Commission
Doug Sutherland, Skamania County
Hedia Adelsman, Department of Ecology (via phone)

Staff in attendance:

Al Wright, EFSEC Manager; Stephen Posner, Compliance Manager; Jim La Spina, Siting Specialist; Tammy Talburt, UTC Specialist 1; Kyle Crews, Assistant Attorney General; Kayce Michelle, Administrative Assistant 3; Amber George, Administrative Assistant 3

Guests in attendance:

C. Robert Wallis, Administrative Law Judge; T. Patrick Sanchez, PacifiCorp; Eric Melbardis, Horizon Wind Energy; Nathan Baker, Friends of the Columbia Gorge; Mike Adams, Grays Harbor Energy; Tom Daley, Grays Harbor Energy; Karen McGaffey, Perkins Coie; Jason Spadaro, SDS Lumber; Tim McMahan, Stoel Rives; Mark Miller, PacifiCorp
Guests in Attendance via phone:
Jennifer Diaz, Puget Sound Energy; Don Coody, Energy Northwest

1 PROPOSED AGENDA

2 CHAIR LUCE: Before we get going I'm going to ask the
3 Council Members to consider the proposed agenda before them
4 and tell me whether there are any corrections, additions,
5 deletions.

6 MR. FRYHLING: No.

7 CHAIR LUCE: All you on the phone are going to have a
8 chance to say your piece here in just 30 seconds. I want
9 to know whether there are any changes to the agenda. That
10 might be helpful to those on the phone. No changes.

11 All right. So we will now ask the people on the phone to
12 identify themselves. Phone people?

13 Hedia, I know you're out there.

14 MS. ADELSMAN: Well, I said yes.

15 MR. COODY: Don Coody with Energy Northwest.

16 CHAIR LUCE: I knew there was somebody out there.

17 MS. DIAZ: Jennifer Diaz, Puget Sound Energy, Wild Horse
18 Wind Farm.

19 CHAIR LUCE: Others that will admit to it?

20 All right. We've gone through our proposed agenda.

21 MINUTES

22 CHAIR LUCE: Meeting minutes for July 19, 2011. Council
23 Members had a chance to review them? Do I have a
24 recommendation to approve them?

25 MR. TAYER: I'll move to approve the minutes.

MR. FRYHLING: I'll second it.

CHAIR LUCE: Motion and second. Are there any discussion
among Council Members?

Hearing no discussion the question is called for. All in
favor say aye.

COUNCIL MEMBERS: Aye.

1 CHAIR LUCE: Let the record reflect the vote was unanimous.

2 SATSOP - GRAYS HARBOR ENERGY PROJECT UPDATE

3 CHAIR LUCE: We have a project list that we're going to run
4 through at this point in time.

5 Stephen, did you have something?

6 MR. POSNER: No.

7 CHAIR LUCE: All right. The first project up is Grays
8 Harbor Energy Project.

9 MR. ADAMS: Good afternoon, Chair, Members of the Council.
10 I have some very large shoes to fill like you all know --
11 can you hear me okay? -- so I'll do my best.

12 The month of July we ran zero. So because of that we have
13 no complaints or concerns from any of the neighbors. We
14 had no accidents, injuries. As far as the reports we did
15 the usual DMR monitoring reports. Our year-to-date
16 capacity factors is .3 percent.

17 Some ongoing things: We have silencers on our relief
18 valves as part of our noise mitigation. That's still
19 ongoing. They will begin construction on the parts this
20 Friday and begin installation of structural steel coming
21 Monday. Things are starting to move along. They're a
22 little behind schedule with the move.

23 CHAIR LUCE: Great.

24 MR. ADAMS: That's all I've got if you have no questions.

25 CHAIR LUCE: Council questions?

Thank you very much.

MR. ADAMS: Thank You.

CHEHALIS GENERATION FACILITY

CHAIR LUCE: Chehalis.

MR. SANCHEZ: Good afternoon, Chair Luce and Members of the
Council. My name is Patrick Sanchez, environmental analyst
reporting for Chehalis Power.

In the month of July there were no medical treatments or

1 recordable incidents. The plant achieved at the end of
2 July 3,206 days without a lost-time accident.

3 On the environment side our storm water, waste water, air
4 emissions monitoring results are in compliance with our
5 permits for the month of July as reported in our quarterly
6 DMR standard emission reports.

7 On the carbon offset project we continue to work with the
8 Chehalis River Basin and the Confederated Tribes of the
9 Chehalis Reservation on a project. We do have a meeting
10 with a resource officer from the Chehalis Tribes meeting
11 with us next Wednesday. There was an article regarding the
12 Climate Trust and the carbon offset project that was
13 released recently and a copy was attached for your review.

14 Plant Personnel: We currently have 19 positions with 18
15 positions filled. We have recently posted a position for
16 an electrician.

17 Operations and Maintenance: The plant generated 57,895
18 megawatt hours with a capacity factor of 16.02 percent.
19 Year to date the plant's generated 119,634 megawatt hours
20 at a capacity factor of 4.69 percent.

21 On our generator step-up transfer that root cause
22 determination for the failure is still underway. We have
23 some investigation work scheduled for this month. New
24 transformer specification has been under review. Proposals
25 were received, and it's my understanding that we are in the
process of purchasing that transformer and the plant is
still going to have that transformer installed during the
first half of 2012.

The Chehalis Generation Facility's ramp rate/startup
profile was revised to reflect the use of the new auxiliary
boiler during unit startups. The use of that boiler
reduces the duration of the combustion turbine startup
events by approximately one hour, and it provides a net
reduction of emissions during the combustion turbine
startup.

Regulatory Compliance: We submitted our DMRs and the air
emissions reports. There were no exceedances to report,
and there have been no Critical Infrastructure Protection
Standard violations during the reporting period.

24 Sound monitoring we have no issues to report. Questions?

25 CHAIR LUCE: Thank you.

1 Questions, Council Members?

2 Hearing none, thank you very much.

3 KITTITAS VALLEY WIND PROJECT

4 CHAIR LUCE: Kittitas Valley Wind Project.

5 MR. MELBARDIS: Good afternoon, Chair Luce, Council
6 Members. Project status update for the month of July we
7 generated 30,511 megawatt hours, average wind speed of 9.3
8 meters a second which is 21.4 miles per hour,
9 Mr. Sutherland.

10 MR. SUTHERLAND: Thank you. Thank you.

11 MR. MELBARDIS: Capacity factor of 40.7 percent. No safety
12 incidents to report. We have run without a lost-time or
13 OSHA recordable incident since COD. We participated in our
14 internal health and safety and scored the highest out of
15 our 28 site fleet.

16 The project is in compliance as of August 9, 2011. We had
17 an EFSEC site inspection last Monday and all that went
18 well. We completed our semi-annual SPCC and SWPPP
19 inspections in June. We have no new noise complaints.
20 CH2M Hill is working on the results of our operational
21 phase noise study, and I was told this morning that those
22 should be ready by the end of this week or early next week,
23 but that preliminarily they saw no compliance issues.

24 No new complaints for shadow flicker, no shadow flicker
25 predicted during the summer months, and we're testing our
automatic curtailment software this month.
No environmental incidents to report. No rain, no
discharge. As I said, we had our internal environmental
audits, and the avian monitoring surveys are continuing.
Weed and re-vegetation surveys are still ongoing. We
completed our summer weed spraying and are evaluating our
one-year re-vegetation units. Planning for some seeding
this fall. We're continuing to monitor all storm water
BMPs and improve them as necessary.

CHAIR LUCE: Thank you.

Council questions.

No questions. Thank you very much.

1 WILD HORSE WIND POWER PROJECT UPDATE

2 CHAIR LUCE: Wild Horse, Jennifer.

3 MS. DIAZ: Yes, this is Jennifer Diaz with Puget Sound
4 Energy at the Wild Horse Wind Facility. Wind production
5 for July generation totaled 64,600 megawatt hours for an
6 average capacity factor of 32 percent. The solar
7 demonstration project generated 97,000 kilowatt hours.
8 There were no lost-time accidents or safety incidents to
9 report in July.10 Under compliance and environmental annual training was
11 provided to all site staff on both the operations spill and
12 storm water prevention plans.13 A conference call was held with TAC members on August 9 to
14 review and recommend timing and protocol for the second
15 year avian and bat monitoring in the expansion area. The
16 TAC members unanimously recommended that approval of the
17 draft protocols. So monitoring will begin in March of 2012
18 and continue through December of 2012 using the same
19 protocols as the first year monitoring. The turbines
20 searched during the first year of monitoring will not be
21 searched again with the exceptions of Turbines U1 and U2.
22 Based on direction from the TAC these two turbines will be
23 searched again to identify if there's a significant
24 relationship between the avian and bat fatalities found at
25 turbines located near water sources; in this case, near
Spike Spring. That's all I have. Are there any questions?

CHAIR LUCE: Thank you.

Questions?

No questions. Thank you very much.

COLUMBIA GENERATING STATION

CHAIR LUCE: Mr. Coody.

MR. COODY: Good afternoon, Chair Luce and Council Members.
This is Don Coody with Energy Northwest reporting for
Columbia Generating Station.Today is day 132 of Columbia's refueling outage. During
the July Council meeting I reported that the contractor for
the condenser project had provided a revised work schedule
showing the startup for Columbia in late August. Well, on
July 20 the contractor provided us with yet another

1 baseline schedule indicating the completion of condenser
 2 vacuum pull on August 30 which would have equated to
 3 startup of Columbia on September 9. However, based on the
 4 contractor's performance to date we believe a late
 5 September time frame is more realistic for Columbia to be
 6 back on the grid. That's really all I have to report due
 7 to the outage. Questions?

8 CHAIR LUCE: Thank you.

9 Council Member questions?

10 Mr. Coody, it's come to my attention that you may be
 11 retiring on August 31.

12

13 MR. COODY: Yes, sir. Shannon Khounnala will be taking my
 14 place reporting Columbia's status.

15 CHAIR LUCE: You spent 30 years in Energy Northwest?

16 MR. COODY: Yes.

17 CHAIR LUCE: Well, when I was in the service we used to
 18 have what they call a short-timer's calendar, and you got a
 19 picture on it and you got to color in the different days
 20 that were left within which time you had to serve in the
 21 military. So I assume that there is a short-timer's
 22 calendar somewhere on your desk.

23

24 MR. COODY: Well, it's called time remaining and it states
 25 the hours and minutes and seconds.

26 CHAIR LUCE: Right. I bet you're going to go to all the
 27 Cougar football games this fall. Right?

28

29 MR. COODY: Come on. I'm a Husky believe it or not. I'm
 30 kind of outnumbered over here.

31 MR. TAYER: It's still enjoyable to watch them lose.

32 CHAIR LUCE: That's a cheap shot even for a Husky fan.

33 Well, whether it's a Cougar game or Husky we want to
 34 congratulate you on your retirement.

35

36 MR. COODY: Thank you. I appreciate that.

37

38 CHAIR LUCE: You've provided an invaluable service and
 39 cooperation with EFSEC over these many years. You have a
 40 sense of humor which is necessary in this job, and I know

1 that you will take that with you into your retirement. So
2 come by and see us someday, and we won't talk about Energy
3 Northwest or refueling or anything like that. We will just
4 have a cup of coffee and I'll tell you how the Cougars are
5 going to dispose of the Huskies this year.

6 MR. COODY: I'd be interested in hearing that.

7 CHAIR LUCE: All right.

8 MR. COODY: Thank you very much.

9 CHAIR LUCE: Thank you. We really appreciate your service.

10 MR. FRYHLING: Hey, Jim, I want stricken from the record
11 that last comment about the Huskies. I don't think
12 that's -- I'm just kidding.

13 CHAIR LUCE: It's okay. I'm going to let you strike it
14 from the record. The Cougars will take care of the
15 Huskies, and I think Shaun can attest to that.

16 BP CHERRY POINT

17 CHAIR LUCE: The next item on the agenda is Cherry Point,
18 BP Cherry Point. Yesterday we had a public hearing to
19 receive comments on a recommended name change, and I
20 believe that the opportunity for the comments continues
21 until five o'clock today. We received an earlier letter on
22 June 14 at which time Cherry Point Cogen, LLC, requested
23 that the license be transferred to the affiliate BP West
24 Coast Products, LLC.

25 So, Mr. La Spina, you were going to make a short
presentation, and then if the site certificate holder
wishes to make a presentation that's entirely appropriate
as well. You want to make that?

MR. LA SPINA: Good afternoon, Chair Luce, I had a
wonderful script and I had a draft resolution all ready for
you, but about an hour and a half ago we received a
negative comment about the proposed SCA amendment and EFSEC
staff has not had the time to consider the comment. So we
recommend postponing your vote whether you want to have a
special meeting or wait a month or whatever.

CHAIR LUCE: Hang on a second. We can approve this subject
to condition upon your review, my understanding is, of this
comment. If you find this comment to be substantive, then
the condition would fall away.

1 MR. POSNER: How we've done it in the past -- I'll just
2 explain what we've done in the past -- is public comments
3 we've made them available for the Council to look at. This
4 particular comment brings up a number of points which we
5 haven't had a chance to look at nor have the Council
6 Members. If we want to keep with how we've done things in
7 the past, we would make the comment available to Council
8 Members to review first before we propose a vote on the
9 resolution. However, we're open to considering other
10 options if you wish to pursue, but that's how we've done it
11 in the past for SCA amendment requests.

12 CHAIR LUCE: Well, Applicant, do you want to be heard on
13 this issue?

14 MS. MCGAFFEY: Thank you, Chary Luce. Karen McGaffey
15 representing the certificate holder. I haven't had a
16 chance to see the letter. I understood a letter came in
17 from Cathy Cleveland who for those of you who have been
18 around in connection with this project before know that
19 she's been participating. I frankly would be surprised if
20 the nature of the comment goes to the issues that are
21 before the Council which is merely the transfer of the
22 permit from one affiliate to another. I know she
23 historically has had other concerns about the project. I
24 guess on behalf of the certificate holder we would like to
25 see this resolve sooner rather than later, and if the
Council wants to postpone it I guess we'd request perhaps
considering a special meeting rather than delaying it for
another month.

CHAIR LUCE: I will concur with what staff's recommendation
is to postpone decision of this matter. I would ask that
that comment be provided to the Council Members as soon as
possible, that is later this afternoon, and that we have a
special meeting sometime next week to resolve that issue
assuming that staff can review that comment and that it
does not pose any substantive issues regarding the name
change.

MR. POSNER: We can certainly do that.

CHAIR LUCE: Do Council Members have their calendars so we
can figure out a time? I think we just need a quorum.
I'll be available.

Who else is going to be there?

Dick, you should be available.

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MR. FRYHLING: I can by phone, sure.

CHAIR LUCE: Okay. Anybody else?

MS. ADELSMAN: What day are we talking about, Jim?

CHAIR LUCE: We're picking a day sometime next week. We need a quorum at least. Are you around next week, Hedia?

MS. ADELSMAN: I'm off on Monday and I should be around the rest of the week.

CHAIR LUCE: That gets three of us.

Andy, how about you?

MR. HAYES: I don't have my calendar in front of me. I think any day but Monday. Tuesday, Wednesday, Thursday I think works for me.

CHAIR LUCE: All right. So let's set a special meeting for Tuesday, Wednesday, or Thursday. In the meantime get us that comment letter, and if there are substantive issues there that go beyond or substantive issues that address the name change we would like to know about it. If they're not relevant to the name change, then we also will deal with that in a different fashion.

MR. MOSS: Chair Luce, it's got to be Tuesday or Wednesday for me.

CHAIR LUCE: Tuesday or Wednesday it sounds like. You pick them. Just get back to us.

Yes, Hedia.

MS. ADELSMAN: Wednesday works better for me than Tuesday.

CHAIR LUCE: All right. Well, we need a quorum for sure.

MS. ADELSMAN: Wednesday morning, Wednesday morning.

CHAIR LUCE: All right. That's fine. I can work with Wednesday morning. Everybody's head is going vertical. So we'll assume it's Wednesday morning unless we hear otherwise, and we'll look for that comment letter later today. So we have to postpone this, but I think based on staff's recommendations and the Applicant's willingness to do that we will just go ahead and do that.

1 MS. MCGAFFEY: Thank you.

2 WHISTLING RIDGE ENERGY PROJECT UPDATE

3 CHAIR LUCE: Whistling Ridge Energy Project. I have a
4 statement I want to read before we go any further on
5 Whistling Ridge. I'm not going to take any comments or
6 answer any questions, and I'm going to read it because I
7 want to get it right.

8 The Council apologizes profusely again for the fact that
9 the Final Environmental Impact Statement was not available
10 at our August 3 meeting. It was beyond our control. It
11 was frustrating for us, very frustrating, and for those of
12 you who took the time to attend that meeting it was a
13 different meeting than what you thought you were going to
14 go to. It was a different meeting than we thought we were
15 going to go to, but some things are not within your
16 control.

17 That having been said, the Final Environmental Impact
18 Statement is now signed. It has been provided to the
19 Council Members and it is publicly available. The Council
20 has reached its decision on issues in the adjudicative
21 proceeding and a draft order has been circulated to the
22 members.

23 Our current schedule going forward is as follows: During
24 the next 15 days Council Members will review the Final
25 Environmental Impact Statement and individually contact
staff with any questions or comments. Council Members will
not discuss the Final Environmental Impact Statement among
themselves. They are expected to state individually to
staff their assessment of whether and how the adjudication
order and the FEIS should be considered in support of a
recommendation to the Governor.

In late September or early October the Council will meet in
Stevenson, Washington. At that time the Council will
conduct a workshop in public to discuss the administrative
order, that is the draft administrative order, the Final
Environmental Impact Statement, and if warranted a draft
recommendation order, if warranted a draft recommendation
order and/or a draft site certificate agreement.

The Council will not receive public comment or entertain
questions during this workshop. The Council will conclude
its workshop with a sense of the Council on the questions
of whether the Council's draft order resolving issues in

1 the adjudicative proceeding which was circulated to the
2 Council Members last week is ready for signature and
3 service.

4 Secondly, whether the Council Members having considered the
5 results in the adjudicative proceeding to which they have
6 agreed by that time, not yet in the draft AO in closed
7 deliberative sessions, and that the Final Environmental
8 Impact Statement which they have individually reviewed,
9 whether they are prepared to make a recommendation to the
10 Governor, and, if appropriate, approve an SCA for
11 transmittal to the Governor.

12

13 The Council will then take a recess during which time
14 members will individually review a draft recommendation
15 prepared by staff based on staff's interaction with
16 individual members vis-à-vis each member's consideration,
17 individual consideration of the FEIS and staff's knowledge
18 of the decisions to which the Council Members have agreed
19 on the issues in the adjudicative proceeding. The
20 recommendation may include a Draft SCA as an attachment.
21 The Council will then reconvene in public at a time to be
22 announced that same day after the recess, engage in further
23 discussions, if any, as it deems appropriate. The Chairman
24 will entertain a motion as is appropriate in light of the
25 day's proceedings, and, if seconded, a roll call vote will
be taken. Following the roll call vote the Chairman will
describe the process and time frames for going forward.
The Council will forward its recommendation to the Governor
at the earliest opportunity.

17 The Governor will then have 60 days after receipt to
18 consider the Council's recommendation. As we know, she may
19 approve, reject, or remand to the Council such direction as
20 she may provide. That is the public statement the Council
wishes to make with respect to Whistling Ridge today.
21 Staff?

22 MR. POSNER: Just a couple items on the EIS. It was issued
23 Friday the 12th, it is posted on our website, and we do
24 have copies available, CD copies available. There are some
25 copies here in this room if people would like to take them
with them. That's all I have.

26 CHAIR LUCE: Thank you.

27 Council Members, we'll look forward to a late September or
28 very early October meeting in Stevenson.

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Manager, do you have an update?

MR. WRIGHT: I don't have anything for this meeting, Mr. Chairman.

CHAIR LUCE: Council Members, do you have anything you would like to bring to the attention of the Council?

MS. ADELSMAN: No.

CHAIR LUCE: Hedia, did I hear your voice?

MS. ADELSMAN: Yes. I said no.

MR. SUTHERLAND: Mr. Chairman.

CHAIR LUCE: Yes, Doug.

MR. SUTHERLAND: I hope that as soon as the date is determined that folks in the Stevenson County area and Skamania, the people in the city of Stevenson and in Skamania County are made aware of the intent purpose and the agenda of that meeting so that those who are interested in that can attend.

CHAIR LUCE: That will definitely happen. We will give public notice of the meeting and of the process.

MR. SUTHERLAND: I hope you do more than just a public notice.

CHAIR LUCE: We're going to put out a notice to those who are on our list.

MR. SUTHERLAND: That's good.

CHAIR LUCE: Okay. That's called a public notice. We could probably also publish -- I'm not sure how the process works -- something in the paper. But those who have been involved in this project and have contributed significantly, both supporting and opposing, will be given notice of this meeting, the time, the place, and process.

MR. SUTHERLAND: Good. Thank you.

CHAIR LUCE: Anything else to come before the Council? Hearing nothing we are adjourned.

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(Whereupon, the meeting was adjourned at 2:07 p.m.)

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