

Minutes
Energy Facility Siting Council Meeting
Oregon Department of Energy
625 Marion St. NE
Salem, Oregon
Conference Room C/D
Telephone Conference
December 16, 2005

Approved by the Energy Facility Siting Council without revision
January 20, 2006

Energy Facility Siting Council:

David Ripma, Vice-Chair
Lori Brogoitti
Martha Dibblee
Karen Green
Robert Shiprack

Oregon Department of Energy:

Tom Stoops, Council Secretary
Adam Bless, Project Officer
Catherine Van Horn, Project Officer
John White, Project Officer
Sisily Fleming, Administrative Assistant

Oregon Department of Justice:

Jan Prewitt, Assistant Attorney General

Treasure Valley Renewable Resources:

John Hamilton

Others:

Bob Hall, Governmental Relations
Peter Mostow, Stoel Rives
Dr. Don Wysocki, OSU
Richard Jigarjian, PPM

Vice-Chair David Ripma called the meeting to order at 1:05 p.m.

Due to the lack of a quorum for Council members' decisions, information items were covered first on the agenda.

I. Information Items:

A. Leaning Juniper Wind Project: Request for Expedited Review

John White began the presentation on the Request for Expedited Review for the Leaning Juniper Wind Project. Mr. White said a letter was sent to the applicant December 15th, informing them that the Department of Energy (DOE) has determined that the proposed facility is eligible for expedited review; the eligibility is for small capacity facilities, which means a facility with an average electric generating capacity of 100 MW or less. For wind facilities the average electric generating capacity is peak capacity divided by three.

Mr. White continued by explaining the criteria and the timeline involved with this project. The Leaning Juniper Wind Project will have an average generating capacity of approximately 67 MW, which will be in two phases. Phase 1 has received Gilliam County land use approval, has obtained the conditional use permit, and construction is expected to begin in early 2006. Phase 2 would add about 33 MW of average electric generating capacity and would not be allowed to begin construction until after a site certificate is issued. The proposed facility is in Gilliam County and the site is about three miles south of Arlington, nearby the Columbia Ridge Landfill. It is on agricultural land. An application is anticipated by the end of January or beginning of February.

Vice Chair Ripma asked if there were any questions. Bob Shiprack asked about the applicant. Mr. White said the applicants are Leaning Juniper and Leaning Juniper II that are subsidiary LLCs of PPM Energy, the same parent company as the Klondike Project.

B. Update on Wind Expansion discussion

John White began discussion on Wind Expansion, referring back to the September meeting in which Council members discussed that applicants in the situation similar to the Leaning Juniper Wind Project should not be discouraged from entering into the site certificate process. They should be allowed to proceed with construction of their Phase 1, subject to their conditional use permit, while seeking a site certificate for an expanded project. Mr. White also said that at the conclusion of the discussion at that meeting Hans Neukomm asked if the discussion could be put in writing. A memo will be sent to Council members and it will also be on the January agenda for discussion.

Vice Chair Ripma asked further questions related to county approval. Mr. White summarized a number of situations in the memo that will be open for discussion in January.

Martha Dibble joined the conference call; roll was taken to verify a quorum for the record.

II. Action Item:

A. Decision on Treasure Valley Renewable Resources (TVRR) Ontario Ethanol Plant – Request for Exemption

Adam Bless, Oregon Department of Energy (ODE), began the presentation by explaining that TVRR's facility is not intended primarily as an energy facility. Its primary intention is as a food processing facility, taking in grains; the output would be food-grade products and animal feed products, so the ethanol it produces would actually be a by-product of the food processing activities. The ethanol output would be approximately 30 million gallons per year, large enough to be considered an energy facility under the statute. Therefore, TVRR has requested an exemption under ORS 469.320 and there are some criteria for that exemption. Mr. Bless briefly reviewed the criteria. Most of the criteria were met in November. The Oregon Department of Energy determined the Request for Exemption was complete so a Notice of Filing was completed and staff produced a draft Order Granting Exemption.

Mr. Bless asked for questions from Council members. Lori Brogoitti asked John Hamilton from TVRR, what kinds of grain would be used. Mr. Hamilton said barley, wheat and corn.

Vice Chair Ripma asked if there were any other questions.

Karen Green moved to authorize the Chair to sign the Order Granting Exemption from the Energy Facility Siting Council Jurisdiction for the Treasure Valley Renewable Resources Ethanol Facility. Martha Dibblee seconded the motion and Council approved unanimously:

Lori Brogoitti	Yes	David Ripma	Yes
Martha Dibblee	Yes	Bob Shiprack	Yes
Karen Green	Yes		

Mr. John Hamilton, TVRR, commended the staff for a job well done.

Tom Stoops, Oregon Department of Energy, informed Council and Staff that Calpine has offered to present a summary of their LNG Terminal proposed project, as a working lunch at the January 20th meeting in Pendleton. Also, Mr. Stoops mentioned another

ethanol exemption received from Greenstock Resources, a managing partner for Oregon Ethanol LLC. They are proposing a plant in Boardman.

Ms. Green referred to Calpine and asked if the January meeting could include reviewing the financial assurances due to recent setbacks with Calpine on the stock exchange. Jan Prewitt, Oregon Department of Justice, stated that from a legal side they are in position in case Calpine does declare bankruptcy. Ms. Green suggested having a discussion on the record to protect the public interest.

(Richard Jigarjian, PPM Energy, joined the teleconference).

Ms. Prewitt said she would have a synopsis at the January meeting about what the state can do and what could possibly happen if the issue with Calpine arises. Cathy Van Horn, Oregon Department of Energy, asked the Council whether the applicant should be invited for the discussion. Ms. Green said she would be comfortable by hearing the information from the staff. Lori Brogoitti suggested inviting the county commissioners also because of their concern over tax issues and Calpine.

Vice Chair Ripma questioned the location of Calpine's LNG proposal. Tom Stoops stated there are a total of four LNG proposals; Calpine's would be at the Skipanon Peninsula at the lower Columbia, just downstream from Astoria, which would be outside of Warrenton. Ms. Van Horn said that Calpine's presentation gives an oversight of the four locations that have been targeted on the Columbia River for LNG proposals. Following Calpine, Northern Star, which is another proposed for the Columbia River, is interested in coming to a later Council meeting to explain their project.

Vice Chair Ripma asked for further questions from Council members; there were none.

B. Consideration of the form and issuer of the Retirement Bond for the Klamath Generation Peakers.

Adam Bless reviewed the reason for providing a retirement bond, which is a form of insurance. The normal procedure is not to require the retirement bond or letter of credit until just prior to start of construction, but the Klamath Peaking Facility is unique in that the site certificate was issued after it had operated for two years pursuant to an exemption. In this case the bond is due as soon as the site certificate is approved. The site certificate was approved at the last meeting in September, and executed on October 11, 2005. The form of the bond has been reviewed by staff and counsel, and is acceptable. The bond is issued through Safeco, an acceptable issuer. It would be in the amount of \$527,310 (2005 dollars). Mr. Bless said the amount would be updated annually with inflation, which is required by the Site Certificate. The Department of Energy is recommending that Council approve the issuer and form of the retirement bond offered by Klamath Energy for the KGP.

Vice Chair Ripma asked for comments from Council members; there were none.

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Karen Green moved to approve the form and issuer of the bond for the Klamath Generation Peakers; Martha Dibblee seconded the motion and Council unanimously approved:

Lori Brogoitti	Yes	David Ripma	Yes
Martha Dibblee	Yes	Bob Shiprack	Yes
Karen Green	Yes		

Mr. Bless asked for clarification on who should sign the bond on the Council's behalf. It was decided that Vice Chair Ripma would sign the documents.

Hearing no further questions, Vice Chair Ripma adjourned the meeting at 1:40 p.m.