



MINUTES June 24, 2011

Hermiston Conference Center
415 S. Highway 395
Hermiston, OR 97838

The meeting was called to order at 9:30 AM by Chairman Wolfe.

Roll Call: Lori Brogoitti, Bob Shiprack, Barry Beyeler, Trey Senn, and Bryan Wolfe were present. Paul Sumner was not present.

Oregon Department of Energy representatives were Tom Stoops, John White, Sue Oliver, Duane Kilsdonk and Tamara Reid.

Virginia Gustafson of the Department of Justice was also present.

Announcements: Modifications to the Agenda: Mr. Stoops announced that Councilor Senn would address the need to assign a new voting board member of the Climate Trust later in the meeting. Mr. Stoops also announced that the Letter of Credit for Pacific Ethanol at the Port of Morrow will be on the table for discussion. Chairman Wolfe called for a vote to accept the changes to the Agenda; Beyeler, aye; Wolfe, aye; Senn, aye; Brogoitti, aye; Shiprack, aye.

Chairman Wolfe noted that no comments could be accepted on the Helix Amendment, as the comment period was closed, but that the audience would be able to provide comments on other issues before the Council during the Public Comment portion of the meeting. Mr. Stoops also announced the receipt of a letter from the City of Milton-Freewater reflecting their concerns regarding the siting of industrial scale wind energy projects in the state.

I. Agenda Items:

Helix Wind Power Facility: Mr. White stated that at the May 18th EFSC Meeting in Pendleton, the Council considered comments from those who requested Contested Case Proceeding. Council decided that there were no issues that justified Contested Case, but had concerns about Fire Management and Noise Management. He also announced that ODOE had prepared a revised red-lined Final Order for consideration and sent it out the Council the previous week via email. He stated that he had included a summary of the discussion that had occurred during the Meeting in May and included specific language on Fire Management on page 109 and Noise on pages 100-105 of the Final Order. It has been posted and available for a week on the website.

Action: The motion by Councilor Shiprack, seconded by Vice Chair Brogoitti, to approve the Final Order and deny Contested Case, on Amendment 1 for the Helix Wind Power Facility Site Certificate, passed.

Vote: Senn, yes; Beyeler, yes; Sumner, absent; Shiprack, yes; Brogoitti, yes; Wolfe, yes.

Saddle Butte Wind LLC: Mr. White stated that ODOE had received the Notice of Intent in August of 2009 for a development within the Shepherds Flat area by the same parent company, Caithness Energy, LLC. The Notice of Intent is due to expire in August of this year. He received an extension request in May to allow Caithness additional time to resolve routing questions regarding the transmission lines that will be necessary for interconnection. Mr. White recommended that Council grant the extension.

Action: The motion by Vice Chair Brogoitti, seconded by Councilor Senn, to extend the expiration date of the Notice of Intent for the Saddle Butte Wind Farm for a period of one year, passed.

Vote: Sumner, absent; Shiprack, yes; Beyeler, yes; Senn, yes; Brogoitti, yes; Wolfe, yes.

Klondike III Wind Project: Mr. White stated that the project is located in Sherman County. We received a request to change the issuer and form of assurance, from a Letter of Credit to a bond, and we would need your approval of the new form and issuer of a bond. However, the Certificate Holder has decided to retain the current LOC, but the financial assurance amount requires adjustment. Historically, we haven't brought the adjusted amounts to the Council for approval, since that action was delegated to the department. Mr. White requested Council concur with staff's approval for the \$10.010 Million. Councilor Beyeler asked if there is change of form. Mr. White stated that because it was on the agenda he decided to explain the status of the LOC, but the form will not change and neither will the issuer. The only thing that will change is the amount from Bank of America. The LOC has an automatic renewal, but is adjusted annually for the rate of inflation.

Action: The motion by Councilor Senn, seconded by Vice Chair Brogoitti, to approve the form and amount of the Letter of Credit for Klondike III Wind Project, passed.

Vote: Sumner, absent; Beyeler, yes; Shiprack, yes; Brogoitti, yes; Senn, yes; Wolfe, yes.

Climate Trust: Mr. Stoops announced that the Climate Trust has requested that the Council approve a new board member for the Trust and that Councilor Senn is also the Council's representative Board Member. Mr. Senn nominated Arya Behbehani to fill the position, seconded by Councilor Beyeler. Bob Hall, a member of the audience stated that he knows Arya and stated the correct pronunciation. Lucy Graham, also a member of the audience, from the Climate Trust was present to answer questions that the Council might have about Ms. Behbehani. She went on to state that Ms. Arya Behbehani has been on the Board for many years as a non-voting member and as a representative of PGE. They will be asking PGE to appoint another non-voting member to the Board. Ms. Behbehani would be the third and final appointee by the EFSC Council. Councilor Beyeler asked if this appointment would provide the Trust with a full board. Ms. Graham stated that they now have Susan Anderson, who was also appointed, but may have one more position, but this is the last one appointed by EFSC Council.

Action: Mr. Senn nominated Arya Behbehani to fill the position and the nomination, which was seconded by Councilor Beyeler, passed.

Vote: Brogoitti, yes; Sumner, absent, Beyeler, yes; Shiprack, yes; Senn, yes; Wolfe, yes.

Letter from the City of Milton-Freewater: Mr. Stoops stated that the letter had also been addressed to Senator Nelson, Representative Greg Smith and Bob Repine, among others. The City is expressing a concern and is requesting that Council takes an action. Chair Wolfe noted that the letter is on the record. Chairman Wolfe asked if there were any comments or concerns from Council. Councilor Beyeler stated that the City of Milton-Freewater brings up some points that need to be considered. He also stated that he has been looking at whether we should and how we might go about changing some of the administrative rules because we have been working off the same rules for about ten years. Tom Stoops there has been periodic review, looking at appropriate revision of the rules. He also stated that Council has decided to let the Legislature make their changes, and the anticipation is that they will wrap up early next week. Chairman Wolfe asked Council Members to bring some discussion for the next EFSC meeting and hopefully the Legislature will give us some guidelines to work with. We are all a little wiser and have more experience on this since the last review 10 years ago. We recognize that the Staff is very busy now and we will need to take that into consideration. Councilor Beyeler stated that he would like to get feedback from the other addressees in the letter as well. Chairman Wolfe asked that staff forward on any comments that we receive from the addressees. Mr. White noted for the record that we did do a rulemaking in 2007 that looked at a lot of issues.

Contracting Appointments: Mr. White stated that he has two items regarding Klamath Generation Facility. We received an amendment request which was announced at the last meeting. Council approved a Site Certificate for this facility in 2005, but the facility hasn't been built. The proposed amendment would convert the facility from a 500 MW natural gas fired combined cycle facility to a 35 MW steam turbine generator fueled with biomass. In 2002 a Special Advisory Group, the Klamath County Commissioners were appointed for the original Site Certificate process, but the Order did not specify that the Board of Commissioners would continue to serve as Special Advisory Group under a subsequent Site Certificate amendment.

Action: The motion by Councilor Senn to Appoint Klamath County Board of Commissions as Special Advisory Group to the Klamath Generation Facility Amendment was seconded by Councilor Beyeler, passed.

Vote: Sumner, absent; Shiprack, yes; Brogoitti, yes; Beyeler, yes; Senn, yes; Wolfe, yes.

Mr. White then stated that he is requesting Council authority to appoint Golder Associates as contractor to assist with the review of the Application.

Action: The motion by Councilor Beyeler to approve the use of Golder Associates in reviewing the amendment request for the Klamath Generation Facility was seconded by Councilor Brogoitti and approved.

Vote: Sumner, absent; Senn, yes; Shiprack, yes; Brogoitti, yes; Beyeler, yes; Wolfe, yes.

Pacific Ethanol Letter of Credit: Duane Kilsdonk was introduced as Siting Officer of ODOE. Mr. Kilsdonk stated that a Briefing Memo was handed out explaining an issue we had with the Letter of Credit for Pacific Ethanol. He recommends that Council 1) grant extension of the current Letter of Credit 2) Give Pacific Ethanol 60 days to adjust the amount of the Letter of Credit and authorize ODOE Staff to take the steps necessary to enforce the Site Certificate condition if Pacific Ethanol does not meet the 60 day requirement. Councilor Shiprack asked about the status of the facility plant. Mr. Kilsdonk responded that it has always been in operation even through the bankruptcy. It is a secure part of their assets. Chairman Wolfe stated that they are revamping their banking relationships and coming out of bankruptcy and that they intend to have this fully revised within 60 days, but stated that he thinks we should adhere to those 60 days very closely. We shouldn't waffle on this and the 60 days is it. If we don't receive it in the 60 days they will be out of compliance. Councilor Brogoitti asked who will monitor this. Mr. Kilsdonk answered that he will be monitoring this, as compliance officer. Mr. Kilsdonk also explained that Mr. McGregor of Pacific Ethanol wanted to work with another bank but simply ran out of time to make that change and went back to WB, but was unable to get the \$8,848 added to the amount of LOC.

Action: The motion by Councilor Shiprack, seconded by Vice Chair Brogoitti, to extend LOC for an additional year, and allow them 60 days from today to get the financial assurance in order to adjust for inflation, passed.

Vote: Sumner, absent; Beyeler, yes; Senn, yes; Brogoitti, yes; Shiprack, yes; Wolfe, yes.

II. Consent Calendar

A. May 18, 2011 Meeting Minutes

Action: The motion by Councilor Shiprack, seconded by Senn, to approve the minutes of the May 18, 2011 meeting as presented, passed.

Vote: Sumner, absent; Beyeler, yes; Brogoitti, yes; Senn, yes; Shiprack, yes; Wolfe, yes.

B. June 11, 2010 Meeting Minutes

Mr. Stoops stated that the meeting in Burns, Oregon was a big meeting and a lot of people presented testimony so it has taken a considerable amount of time to get the minutes to Council in a form that it can take action on. They have been presented to Council in their entirety. Chair Wolfe stated that the only correction that he would like to see is the spelling of his name.

Action: The motion by Councilor Beyeler, seconded by Councilor Senn, to approve the minutes of the June 11, 2010 meeting as presented, passed.

Vote: Brogoitti, yes; Shiprack, yes; Senn, yes; Beyeler, yes; Sumner, absent; Wolfe, yes.

C. Next Meeting Date:

August 19th, October 7th and December 2nd are dates on the EFSC meeting schedule at places to be determined. Chair Wolfe stated that we will probably need to have a meeting in the Klamath Falls area for all that is going on there.

Recognition of Service: Chairman Wolfe presented Councilor Shiprack a plaque recognizing him for eight years of service as a Member of the Council. Chairman Wolfe stated that it is a pleasure to present the Recognition Award to Bob Shiprack for his service from February 1, 2004 through June 30, 2011 and thanked Mr. Shiprack for the leadership he has shown. Mr. Shiprack stated that he can't believe that it's been eight years and that he remembers his first meeting very well. He has enjoyed energy issues and a pleasure to deal with the challenges that we are facing in the State of Oregon. He also stated that he has sat on a lot of commissions and boards but this is his favorite one. Renewable continues to evolve, and we now have biogas. This Council will be spending a lot more time on natural gas and electrical transmission which will get very interesting. He then thanked Council and Staff for the plaque. Chairman Wolfe stated that Bob's is one voice that we can depend on to articulate what is important.

Public Comments: There were seven people who gave testimony and all had positive things to say about wind energy.

III. Council Updates:

Carty Generating Station: Ms. Oliver stated that the Carty application has been deemed complete and the public comment period closes today. She also announced that she would be emailing the proposed order to Council and the deadline for Contested Case Notice is July 8th. Ms. Oliver stated that she had received two comments related to the lateral gas pipeline, which is under FERC jurisdiction.

Klamath Falls Bioenergy: Mr. Kilsdonk stated that we are close to deeming the Klamath Falls Bioenergy Facility Application for Site Certificate complete.

Lunch time presentation by Vijay Satyal, PhD: Sr. Policy Analyst for Oregon Department of Energy.

Lunch for Council and staff was announced and the EFSC Meeting was adjourned at 12:05 p.m.