

Minutes Approved 9/26/08
Energy Facility Siting Council Meeting
Oregon Department of Energy
Well Spring Room, Port of Morrow
Boardman, Oregon
July 25, 2008

Energy Facility Siting Council:

Bob Shiprack, Chair
Martha Dibblee, Vice Chair
Lori Brogoitti
Cheri Davis
Bryan Wolfe

Oregon Department of Energy:

Tom Stoops, Council Secretary
Adam Bless, Project Officer
John White, Project Officer
Michael Grainey, Director of ODOE
Jill Hendrickson, Administrative Assistant

Oregon Department of Justice:

Jan Prewitt, Assistant Attorney General

Others:

Darrell Grant, Caithness Shepherds Flat
Patricia Pilz, Caithness Shepherds Flat
Carol Wyskoff, Caithness Shepherds Flat
Mike Roberts, Iberdrola Renewables
Thor Hiebbeler, Consultant for Iberdrola Renewables
David Filippi, Stoel Rives, Attorney for Iberdrola Renewables
Arya Behbenani-Divers
David Neikirk
Carla McLane, Morrow County Planning Director
Terry Tallman
Rick Colgan, Umatilla County Commissioner
Tamra Mabbott, Umatilla County Planning
Eric Hackett, Idaho Power
Jim Nickerson, Tetra-Tech
Peter Mostow
Jill Barker

Chair Bob Shiprack called the meeting to order at 10:03 a.m.

I. Consent Calendar:

A. Announcements and Introductions

II. Action Items:

A. Approval of June 15, 2008 Energy Facility Siting Council meeting minutes.

Chair Shiprack suggested that approval of the June 15, 2008 minutes be suspended due to not having a copy of the minutes available at the meeting. A motion was made by Bryan Wolfe to suspend the approval until the next meeting; Lori Brogoitti seconded the motion and it was approved unanimously:

Lori Brogoitti	Yes	Bob Shiprack	Yes
Cheri Davis	Yes	Bryan Wolfe	Yes
Martha Dibblee	Yes		

B. Decision on Shepherds Flat Wind Farm

John White, Oregon Department of Energy Project Officer for Shepherds Flat began by introducing representative of the applicant, Caithness Shepherds Flat, Darrell Grant, Pat Pilz and Carol Wyskoff.

Mr. White reviewed the procedural history: April 7, 2008 the Department of Energy issued a Draft Proposed Order; June 11, 2008 a Proposed Order was issued which Council members reviewed, which was followed by a Notice of Proposed Order and a Contested Case Notice. The proceeding for a Contested Case is required by statute and was sent to persons who made comments during the public hearing phase of the review, giving them an opportunity to request party status and raise issues in a contested case. The deadline for that was June 25, 2008 and there were no requests for party status or a contested case proceeding. The Hearing Officer, John Burgess, concluded the Contested Case Proceedings on June 26, 2008. At that point the application was ready for final action.

Mr. White referred to the July 11 memo he sent to each Council member, highlighting the Policy Clarification by Oregon Department of Fish and Wildlife (ODFW).

The ODFW notified ODOE on June 24, 2008, that ODFW now classifies cultivated wheat fields as Category 6 habitat. On June 25, ODFW clarified that the classification of wheat fields as Category 6 “applies specifically to the wind industry.” This policy clarification from ODFW “supersedes” the previous advice received from ODFW in January that “presently cultivated land” should be classified as Category 5 habitat (see comments from ODFW in Attachment D of the Proposed Order on Shepherds Flat, page D-5).

The ODFW policy clarification was received after the close of the record on the Shepherds Flat application. Mr. White referred to Tables 11 and 12, on pages 101-103 in the draft Final Order and said they characterize the habitat within the site boundary based on the information in the record, including ODFW comments. In the tables, the area of “dryland wheat” is shown under Category 5. Under ODFW’s newly clarified policy, the acreages shown for “dryland wheat” would be listed under Category 6.

Mr. White also said that under proposed Condition 29, the certificate holder would prepare a final habitat assessment based on the final design locations of the facility components. This assessment must be done in consultation with ODFW and is subject to approval by ODOE. When the certificate holder performs the habitat assessment prior to construction, the certificate holder will classify habitat (including wheat fields) according to the ODFW policy in place at the time of the assessment. That final assessment would then be used to determine the size of the Habitat Mitigation Area, as described in Attachment C. In this case, the Department recommends that no changes to the proposed language of the draft Final Order are necessary.

Chair Shiprack asked if there were any questions from Council members. There were none.

Patricia Pilz, representing Caithness Shepherds Flat, introduced herself. She thanked the Department and Council for the attention and help given in this project.

Council member Bryan Wolfe asked what the length of the process from the beginning to today. Mr. White said that from the Notice of Intent (NOI) it has been about two years, July of 2006. The preliminary application was February 2007 and was complete in November 2007.

Chair Shiprack asked for the clarification for wording the motion.

Bryan Wolfe made a motion to approve the application for the site certificate for the Shepherd Flats Wind Farm Final Order, dated July 25, 2008; Lori Brogoitti seconded the motion and Council was polled:

Lori Brogoitti	Yes	Bob Shiprack	Yes
Cheri Davis	Yes	Bryan Wolfe	Yes
Martha Dibblee	Yes		

C. Order Finding that Klamath Cogeneration Project has met all ongoing reporting requirements for carbon offset projects.

Adam Bless, Oregon Department of Energy, introduced Mike Roberts, Director of Thermal Asset Management with Iberdrola Renewables (IBR) and Thor Hibbeler, a consultant for IBR. Mr. Bless also noted their attorney's presence to answer questions about the language of the order.

Mr. Bless referred to the memo he sent dated July 11, 2008 to Council Members, regarding the Klamath Cogeneration Conditions. The memo is a summary of the Order, which was combined with a letter from Iberdrola Renewables giving details and calculations of the conditions.

Mr. Bless stated this is a continuation of a discussion held in September of 2007. Rather than do the usual carbon dioxide mitigation they had a detailed portfolio of carbon dioxide offset projects, some creative items. Most of those projects did not yield any carbon dioxide mitigation. The sale of steam to the wood products facility has not met the expectations because the wood products facility has had hard times economically, which appears to be continuing.

As the site certificate was written, one offset method was to sell 200,000 pounds per hour of process steam to the nearby Collins wood products facility. Over the course of the first five years of operation they only sold on average 67,105 pounds. At the September 2007 meeting, the Council approved a plan for the Klamath Cogeneration Project (KCP) to make up for the shortfall in steam sales. ODOE calculated this figure based on an assumption that steam sales would continue to average 67,105 pounds per hour over the plant's remaining life. In November of 2007 KCP sent a check to the Climate Trust and met their obligations for the first five years of operation.

Mr. Bless stated that in the Order a conceptual methodology was adopted to deal with the rest of the plant's life, years five through thirty. Mr. Bless discussed some of the clarifications and stated that ODOE agrees with these clarifications because they are generally consistent with the way the Council now treats non-base load generating plants in the current rules.

Mr. Bless also discussed the Use of Portfolio Contingency Funds. In the letter from IBR, they acknowledge that none of the other offset programs performed as expected, and there is no chance of their improving. IBR proposes to make the entire fund available to the Oregon Climate Trust right away. In return, IBR asks that the Council find KCP in compliance with condition IV.B.6. Mr. Bless stated that ODOE agrees.

In regards to Portfolio Monitoring, IBR recognizes that these offset programs have failed, so further monitoring is pointless. IBR asks that the conditions for monitoring these programs be considered permanently waived. ODOE agrees, and recommends including this finding in the Council order.

Mr. Bless discussed the five-year true-up requirement and the procedures.

Mike Roberts, IBR's Director of Thermal Asset Management, thanked the ODOE staff for their help and offered that Climate Trust has also voiced their support for this proposal.

Mr. Bless stated a letter from Mike Burnett from the Climate Trust is a part of the record and states, "The Climate Trust has conducted a limited review of the Klamath CoGen shortfall proposal. The settlement appears to be reasonable for both EFSC and Iberdrola Renewables. The Climate Trust is quite willing to fulfill the role anticipated by the proposal."

Bryan Wolfe asked about the Climate Trust and monitoring of other projects. Mr. Bless talked about the Board that monitors the Climate Trust. He also stated that the Council has a role too, which is why Mike Burnett gives a report and presentation to the Council.

Jan Prewitt, Oregon Department of Justice, said that once a site certificate applicant has paid their monetary payment there is no longer a five-year true-up requirement, unless there is a process like duct burning that goes on through the life of the facility, which will cause more carbon. That situation could not really be determined at the beginning because of extra fuel being used in those situations.

Martha Dibblee made a motion to approve the Supplemental Order for the Klamath CoGen Project related to the carbon dioxide emissions and making note that the requirement for the monitoring funds would be considered permanently waived; Cheri Davis seconded the motion and Council was polled:

Lori Brogoitti	Yes	Bob Shiprack	Yes
Cheri Davis	Yes	Bryan Wolfe	Yes
Martha Dibblee	Yes		

Chair Shiprack said that in the future he would like to have a discussion about the Climate Trust. Mr. Bless said Mike Burnett would be happy to give another presentation.

D. Appointment of Baker, Union, Malheur, Umatilla and Morrow Counties as Special Advisory Group for the Idaho Power Hemingway-Boardman Transmission Line.

Mr. Bless said the 270-mile Boardman Hemingway Electric transmission line proposed by Idaho Power will pass through five counties, Baker, Union, Malheur, Umatilla and Morrow Counties with approximately 200 miles in Oregon. It will roughly follow the Interstate 84 corridor, but not parallel I-84 often. The Energy Facility Siting Council does have jurisdiction over this along with the Bureau of Land Management (BLM). BLM will be preparing an environmental impact statement; ODOE will prepare a site certificate.

Bryan Wolfe asked about tribal lands involved with the transmission line. Mr. Bless said the current proposed line will not go through tribal lands but will skirt the southern boundary of the Umatilla Reservation and skirts the southern boundary of the naval bombing range. BLM has full tribal consultation requirements and ODOE is actively engaged in discussions with the Commission on Indian Affairs and the state historic preservation officer, in order to do things right.

Ms. Prewitt, ODOJ, said ORS 469.504(5) gives guidance about facilities that pass through a number of jurisdictions and zones and provides the Council with balancing and ultimate decision authority if there are inconsistencies. She noted it states that in making its determination the Council shall consult with the Special Advisory Group and shall consider the jurisdictions.

Cheri Davis, Council member, asked more about the role of the Special Advisory Group (SAG). Mr. Bless discussed some of the standards are involved. Ms. Davis also asked if the SAG consists of land use planners or commissioners. Mr. Bless said the commissioners actually rely on their staff of planners for decisions.

Bryan Wolfe made a motion to appoint a Special Advisory Group consisting of the Morrow County Court, the Umatilla County Board of Commissioners, the Union County Board of Commissioners, the Baker County Board of Commissioners and the Malheur County Court. Martha Dibblee seconded the motion and Council was polled:

Lori Brogoitti	Yes	Bob Shiprack	Yes
Cheri Davis	Yes	Bryan Wolfe	Yes
Martha Dibblee	Yes		

Mr. Bless said ODOE will send a letter to each government agency.

**E. Special Advisory Group Appointment and Hearing Officer
Appointment for Helix Wind Project and Newberry
Geothermal Project.**

John White, Oregon Department of Energy, stated he would combine these action items with the information items concerning each project.

Mr. White said the Helix Wind Project is proposed by Iberdrola Renewables Inc. (IBR), in Umatilla County, near the Stateline Wind Project. A request for Expedited Review has been received and ODOE has determined the project is eligible because it is below the 300-megawatt peak facility limit. The application is expected in early August and in anticipation ODOE is requesting appointment of Umatilla County Board of Commissioners as the Special Advisory Group for that project. The appointment of a hearing officer is necessary for a site certificate and the approval of John Burgess is requested.

The Newberry Geothermal Project is in Deschutes County and this is the second time the Council has received a site certificate application for a geothermal project in the same area. Newberry National Volcanic Monument in central Deschutes County is a protected area but when the Monument was established there was also the recognition of potential geothermal power just outside the boundary of the Monument. The Bureau of Land Management (BLM) is the agency responsible for leasing those geothermal resource sites. The developer has submitted a Notice of Intent (NOI) for this project, which is being reviewed. They will not know what they will build until they get the results of some exploratory drilling that is under way at this time, under the direction of BLM and the Oregon Department of Geology and Mineral Industries (ODGMI). They anticipate up to 130 megawatts of geothermal power, developed in modular power plants within their leased area, each power plant generating 35-45 megawatts of power.

A public information meeting has been tentatively scheduled for September 18th in Bend for the Newberry Geothermal Project. The application will probably be received late in 2007 or early 2008. ODOE is asking for approval for the Deschutes County Board of Commissioners as the Special Advisory Group and the appointment of John Burgess as the Hearing Officer.

Martha Dibblee made a motion to appoint Umatilla County Board of Commissioners as the Special Advisory Group for the Helix Wind Farm. Cheri Davis seconded the motion and Council was polled:

Lori Brogoitti	Yes	Bob Shiprack	Yes
Cheri Davis	Yes	Bryan Wolfe	Yes
Martha Dibblee	Yes		

Martha Dibblee made a motion to appoint John Burgess for the Hearing Officer for the Helix Wind Farm. Cheri Davis seconded the motion and Council was polled:

Lori Brogoitti	Yes	Bob Shiprack	Yes
Cheri Davis	Yes	Bryan Wolfe	Yes
Martha Dibblee	Yes		

Martha Dibblee made a motion to appoint Deschutes County Board of Commissioners as the Special Advisory Group for the Newberry Geothermal Project. Lori Brogoitti seconded the motion and Council was polled:

Lori Brogoitti	Yes	Bob Shiprack	Yes
Cheri Davis	Yes	Bryan Wolfe	Yes
Martha Dibblee	Yes		

Martha Dibblee made a motion to appoint John Burgess for the Hearing Officer for the Newberry Geothermal Project. Bryan Wolfe seconded the motion and Council was polled:

Lori Brogoitti	Yes	Bob Shiprack	Yes
Cheri Davis	Yes	Bryan Wolfe	Yes
Martha Dibblee	Yes		

F. Decision on contractor appointment for the Stateline Wind Amendment.

Tom Stoops, Council Secretary for the Energy Facility Siting Council, stated according to ORS 469.360 as part of the evaluation for a site certificate the Council is allowed to appoint local governments to assist in the review. The Council is also allowed to appoint a contractor to assist in the review. As part of a change in Department of Administration rules last year, the contracting scheme the Council has been under was revised and the Department solicited contractor responses to provide support to the Council. A contractor was selected and a general contract was established. The process now is to work with the contractor and scope a review to get the application done on a site certificate.

Lori Brogoitti asked if there is just one contractor. Mr. Stoops agreed and said it is a contracting team, made up of Golder Associates, Pacific Energy Systems, Pacific Habitat Services and Daly-Standlee and Associates.

Martha Dibblee made a motion to appoint the Energy Facility Siting Council contractor for assistance in the Stateline Wind Amendment Project. Cheri Davis seconded the motion and Council was polled:

Lori Brogoitti	Yes	Bob Shiprack	Yes
Cheri Davis	Yes	Bryan Wolfe	Yes
Martha Dibblee	Yes		

G. Decision on contractor appointment for the Biglow Wind Amendment.

Martha Dibblee made a motion to appoint the Energy Facility Siting Council contractor for assistance in the Biglow Wind Amendment Project. Lori Brogoitti seconded the motion and Council was polled:

Lori Brogoitti	Yes	Bob Shiprack	Yes
Cheri Davis	Yes	Bryan Wolfe	Yes
Martha Dibblee	Yes		

H. Decision on contractor appointment for the Hemingway to Boardman Transmission Line.

Martha Dibblee made a motion to appoint the Energy Facility Siting Council contractor for assistance in the Hemingway-Boardman Transmission Line Project. Bryan Wolfe seconded the motion and Council was polled:

Lori Brogoitti	Yes	Bob Shiprack	Yes
Cheri Davis	Yes	Bryan Wolfe	Yes
Martha Dibblee	Yes		

I. Decision on contractor appointment for the Newberry Geothermal Project.

Martha Dibblee made a motion to appoint the Energy Facility Siting Council contractor for assistance in the Newberry Geothermal Project. Bryan Wolfe seconded the motion and Council was polled:

Lori Brogoitti	Yes	Bob Shiprack	Yes
Cheri Davis	Yes	Bryan Wolfe	Yes
Martha Dibblee	Yes		

Chair Bob Shiprack asked if there were any comments from the public before lunch.

Terry Tallman, Judge from Morrow County, expressed his approval of Morrow County being a part of the Special Advisory Group along with the other four counties.

Chair Shiprack asked about a cellulosic plant in Morrow County. Mr. Tallman said Morrow County has met with a company, ZeaChem, for an informational meeting on a \$35 million investment. They are intending to use waste from a sawmill and planer to be built in Boardman, using approximately 20,000 acres of Greenwood and Collins Pine. This is an existing chemical process that they have access to, already in place.

Rick Colgan, Planning Commissioner for Umatilla County, talked about a recent siting/land use process for a small wind development that falls below the EFSC threshold, along with a transmission line. Mr. Colgan stated that Umatilla County tried to use the EFSC rules and standards that were applicable to their code. The transmission lines were much more difficult to manage with landowners. The counties do not have the technical expertise from an engineering standpoint and expect more conflicts from landowners. Mr. Colgan stated there needs to be a better line of communication and direction on how to handle the process when multiple projects end up creating a much larger footprint.

Tamra Mabbott, Umatilla County Planning Director, agreed with Mr. Colgan and stated the wind turbines alone are easier to site, but the transmission lines are a challenge and more technical. The overlapping issues need to be done right and want to be a part of the

state's dialogue. Ms. Mabbott also stated that the expansion of the Energy Generation Area still does not get at the transmission issue.

Mr. Colgan stated Umatilla County does have an appeal already on a decision made by the commissioners on the transmission line. The resources are not available to hire contractors to do a lot of evaluations that EFSC has.

Michael Grainey, Director of Oregon Department of Energy, said this is closely related to issues regarding multiple sites, but on transmission specifically, ODOE does have a threshold for siting council jurisdiction. If direct involvement is necessary formally it probably will require legislation, which ODOE will look at if the counties are supportive.

Bryan Wolfe agreed with the idea and said a working group with ODOE and the counties identifying the areas needing solutions.

Mr. Colgan stated an example is the large Hemingway-Boardman line being constructed for their purposes, but the off ramp and on ramp to develop access to those transmission lines if there is capacity available. He asked if there is foresight in a provision in siting the line so that off ramping and on ramping of future generation into that line.

Mr. Tallman commented that he understands this, but wonders about the pricing structure in the Northwest. He said one reason that all the activity is happening in this area is because the cheapest power is here. There needs to be a balance, with development in a managed way.

David Neikirk presented an article in the Ruralite magazine published by the Wasco County utility company. One quote in an article stated that the towers use up to 20 kilowatts an hour, (or in the metering system it compares with 20 kilowatts an hour) when they are not running. Mr. Neikirk further said 480 kilowatts in a 24-hour period, all for one tower. He said for 1,000 towers the equivalent would be 480,000 kilowatts, which would be 240 average homes using 2,000 kilowatts per month. The article also stated that three of the top ten customers in Wasco's service territory are wind farms. Mr. Neikirk also said Wasco County's switching equipment as well as adjoining utility's equipment is wearing out because of all the transmission problems.

Mr. Neikirk also pointed out another article he provided concerning UPC Wind, which is being investigated by the Attorney General of New York for unsavory practices.

III. Information Items:

A. Briefing on Hemingway-Boardman Transmission Line

Eric Hackett, Project Manager for Idaho Power, introduced himself and Jim Nickerson, Project Manager for Tetra Tech who is a consultant for Idaho Power.

The Boardman-Hemingway 500 kV Transmission Line Project is sponsored by Idaho Power. Mr. Hackett presented slides showing the following:

Overview: Idaho Power plans to build an approximate 270-mile 500 kV transmission line from southern Idaho to northeast Oregon, most of which is in Oregon, about 235 miles. A new substation is proposed for Oregon, which would be the Boardman facility and one additional sub-station in Idaho.

Project Description: It is a 500 kV line, with the range being approximately 150 feet tall with three phases. Mr. Hackett showed pictures of the various structures.

Purpose & Need: Idaho Power has an obligation to provide quality, reliable electricity to both the Idaho and Oregon territory as well as maintain reliability on the entire western electric grid. By building a high-capacity line it gives the capacity to move power in both directions and strengthen the entire grid.

Idaho Power will be submitting an updated Integrated Resource Plan (IRP) for 2008-2009 to go along with what has gone through the PUC in Oregon and Idaho already. The updated IRP will go into more detail and explain the project.

Siting Process: Jim Nickerson discussed the siting of the lines. Within a few weeks corridors will be identified after having done extensive studies of the different areas. These will be included in a Notice of Intent (NOI) to be submitted to the Energy Facility Siting Council (EFSC). The study corridors are approximately two miles wide, which is different from the EFSC corridor at this time. He talked about the study area and how they arrived at the two-mile corridor.

Mr. Nickerson said the electrical system in the United States has some reliability criteria that states if there is an existing transmission line, a common corridor is with the next line right next to the existing line. With the voltage of the proposed line there has to be about a 1,500-foot separation between voltages that are 230 kV and higher.

Mr. Nickerson said there is a study being done, the West-Wide Energy Corridor Study, driven by the Department of the Interior, which has been looking at energy corridors in 11 western states. The study is about $\frac{3}{4}$ of the way through and has identified corridors where new lines should be placed.

Stakeholder & Public Involvement: Mr. Nickerson talked about the county, state and federal government tools using GIS applications, computer analysis applications, aerial photography and constraint mapping. He talked about the meeting held in Baker City that had approximately thirty people in attendance.

PGE has a lot of land in the Boardman area for the major switching hub to be located, but there are challenges to be overcome. Constraints in the area are the Oregon Trail and the Nature Conservancy Management Area; the Bureau of Land Management (BLM) has

areas of critical ground that are a concern and the Boardman Bombing Range. There are still studies being done for this area.

Mr. Nickerson referred to a map showing proposed corridor areas, alternative corridor areas, and other corridor areas that have more issues than the other two areas. There are two paths this project has to follow – 1) the BLM review and 2) the EFSC review process.

Mr. Bless said with the BLM, state and federal governments involved, each agency has documents that have the same name. For example, the state has an NOI document as well as BLM but the two documents have nothing in common except the name. There are joint meetings planned to coordinate and eliminate duplication, as required by ORS 469.

Schedule & Contact Information: Mr. Nickerson said that in September they hope to have the information or scoping meetings scheduled. Beginning in 2009, acquisition will begin in areas where there is only one route. Preliminary engineering has already started to narrow down the corridors. The target and service date to be operational is June 2012.

Mr. Nickerson also reviewed contact information. In the near future a specific website will be available with more project information and maps.

Chair Shiprack asked if there were any other questions.

Rick Colgan, Umatilla County Planning Commissioner, asked about eminent domain issues outside of Idaho Power service territory.

Mr. Bless said the EFSC is not a condemnation process so the site certificate issued does not confer eminent domain. He further stated that it is a Public Utility Commission (PUC) function, but the PUC does work closely with EFSC and the needs standard for transmission lines.

B. Proposed Snake River Ethanol Plant

Adam Bless, Oregon Department of Energy, introduced Peter Mostow who represents Snake River Ethanol.

Mr. Bless said on July 3, 2008, the Notice of Intent was received for a proposed ethanol plant located in Nyssa Oregon, which is located on the Oregon/Idaho line. The proposed site is the site of Amalgamated's sugar beet processing plant. This plant closed about three years ago. The feedstock would be mostly corn from the Midwest, although there is a Farm Bill being debated in Congress which may have provisions to import sugar from abroad. Depending on how the bill is written, it may be local sugar beets used for the feedstock.

Mr. Bless said the plant would be 130 million gallons per year, which is about three times the size of the Pacific Ethanol Plant at the Port of Morrow. It would be similar in size to the Cascade Grain facility in Clatskanie. He also reviewed ways that an ethanol production facility could be exempt from EFSC jurisdiction.

The City of Nyssa went through a zone change to make it possible for this ethanol facility to be on the former site of the sugar production facility. It was previously considered an agricultural use because it was food processing, and ethanol production is considered industrial. For land use, this facility would not go through EFSC; it would go through local land use, which is already has. This project would not be complex because of the previous usage of the property.

Mr. Bless stated the one difficult policy issue would be that Snake River Ethanol proposes to use coal as their primary heat source. They have their DEQ permits, modifying the permit to allow the ethanol facility use. EFSC has three choices to consider:

- 1) The Council could leave the rules as they are. Snake River Ethanol would be subject to current Council standards but would not be subject to a carbon dioxide standard.
- 2) The Council could adopt carbon dioxide standard requiring ethanol facilities to offset all carbon dioxide emissions from the burning of fossil fuels in the production process.
- 3) The Council could adopt a more moderate standard, setting an emission threshold. The plant would not be required to offset emissions below that threshold but would be required to offset emissions above the threshold.

Mr. Bless said Oregon Department of Energy is considering regulating carbon dioxide emissions from renewable plants the same way it is regulated from traditional gas-fired power plants. This would be a rulemaking, which is a non-trivial step. He reviewed some of the process for rulemaking.

Chair Shiprack asked how soon an answer would be needed. Mr. Bless said the applicant needs to know what the goal would be. By law, the applicant needs to have a project order within 140 days of NOI submission. Mr. Bless said the average is about 2-3 months. He also requested that by the next meeting a decision should be made which way to go.

Martha Dibblee asked about Pacific Ethanol using natural gas, comparing the emissions of natural gas with coal, and then come up with the offset using this comparison.

Mr. Bless said this figure was roughly calculated and an upper-range for a Climate Trust payment of about \$11 million if an option was chosen to offset all emissions from coal.

There was more discussion about this, since Pacific Ethanol is not being charged an offset.

Bryan Wolfe said he felt option 3 would be the one to consider, but asked what percent of emissions a coal-fired plant would be over a natural gas plant. Mr. Bless said it depends on how the plant is designed. The applicant has said coal would be the primary fuel source but not the only one. The standard that they have to meet will be one of the design constraints that they will probably factor in to their design.

Peter Mostow said the applicant apologized for not being able to attend the meeting, due to conflicts. Mr. Mostow talked about the NOI process, and this step gives a concept of the plant in order to get feedback. The heat strategy is being considered by the applicant at this time in order to achieve cost effective and regulatory goals. The applicant would like to move forward rapidly rather than a long rulemaking and believe it will be possible to design a facility with a carbon dioxide profile below a natural gas plant profile.

Mr. Bless commended an applicant that would want to design a plant with emissions that are equal to or less than a natural gas-fired ethanol plant, instead of going through rulemaking. It is a nice gesture but EFSC would have no regulatory basis for holding them to it in the future. Jan Prewitt, Oregon Department of Justice, stated that either through rulemaking or the site certificate, if EFSC is satisfied that the applicant has the answers and EFSC can enforce keeping them below the emissions level, this could be accepted.

Staff, Council and Mr. Mostow discussed more DEQ designs and issues and who has the jurisdiction over certain regulations or standards. Mr. Bless said ODOE continually keeps track of the most fuel-efficient electric generating plant in the nation and then sets the standard in Oregon at 17% better than that. Anything emitted over that is responsible for offsets. The most efficient plant at this time in the nation is the Port Westward plant in Oregon.

Chair Shiprack stated that the best available technology that could be engineered should be used so that there are no emission problems. He also conveyed his discontent with the results of offsets. He felt the emissions should be down so that no offsets are necessary.

Tom Stoops, Council Secretary, asked about the reference to “the best available technology” and whether that is with natural gas or with coal. Chair Shiprack stated with coal, or a mix, but further stated whatever is used it should be the best that can be done.

Martha Dibblee agreed, stating the Nuclear Regulatory Commission has used for years which they call as low as reasonably achievable.

Mr. Mostow stated the facility will be held to and implement what the best technology shows is available and required in that region. Chair Shiprack asked if there was an industrial source of natural gas at the location; Mr. Mostow said there is a natural gas

boiler on site. Ms. Dibblee asked if it has been updated and Mr. Mostow stated it has been consistent with DEQ permitting process in the last ten years.

Mr. Wolfe suggested that ODOE staff should bring back a specific proposal for EFSC at the next meeting. Mr. Bless recapped the request of the Council and the steps necessary. He also asked whether to use Pacific Ethanol as the reference plant or the 17% figure from the most efficient current plant; discussion led to using Pacific Ethanol as the reference plant. Mr. Bless stated he will have information at the next meeting.

Public Comments:

Rick Colgan, Umatilla County Planning Commissioner, spoke again and stated he is also the Plant Manager of the Hermiston Power Project Calpine. He stated that in relation to the carbon dioxide standard he is concerned with different regimes and regulations coming in on a much wider basis. The treatment of offsets is very unclear in the Western Climate Initiatives (WCI) process. Some thought has to start taking place to unite the standard with the new reality going forward so that the offsets that have been contributed are defended by the state, regardless of where they have been done. There was discussion about how this could be done.

Jill Barker, a resident of Mosier, said at the last Council meeting she posed the question about the saturation point in the northwest for wind power. She referred to the document Wind Integration document which states that 6,000 is the threshold. There is enough backup power in the Northwest region to backup 6,000 megawatts of wind power and she had asked how many megawatts are in place now, how many are proposed, and what happens after the threshold is reached.

Chair Shiprack agreed with Ms. Barker's concern and said Tom Stoops is arranging a meeting with Bonneville Power Administration (BPA) to try to start getting answers to those questions.

Mr. Bless stated they are trying to get Elliott Mainzer, BPA, at the next meeting to discuss this.

Terry Tallman, Morrow County Judge, referred to the proposed cellulosic plant in Boardman. He referred to the website of the company, ZeaChem.com for more information. They plan to decrease water usage by "an order of magnitude," on the production side; Co2 emitted – will be reduced by an order of magnitude; ethanol production – will be two times the order of magnitude. They will also produce an industrial cleaner used in a wide range of areas also. Also, one of their by products is H2, hydrogen. Mr. Tallman pointed out that they are going above and beyond the normal ethanol plant.

Discussion about future meetings:

John White, Oregon Department of Energy, stated that Action Items coming up in the future will include a number of site certificate amendments. The Biglow Wind Project is expected in early August, with the amendment ready approximately in October.

Tom Stoops said sometime in September the focus of wind integration needs to be discussed. Chair Shiprack also mentioned the coal discussion should be in September.

There was more discussion about meeting dates, tentatively being scheduled for September 26th in Prineville.

Mr. Bless also stated there will be public meetings (scoping meetings) during the 2nd and 3rd week in September for the Boardman-Hemingway line. There will be at least five meetings at different locations, possibly including LaGrande and Pendleton.

Chair Shiprack adjourned the meeting at 2:00 p.m.