



Oregon

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July 14, 2016

TO: Land Conservation and Development Commission

FROM: Jim Rue, Director
Jon Jinings, Community Services Specialist

SUBJECT: **Agenda Item 15, July 21-22, 2016, LCDC Meeting**

ENERGY SITING ISSUES IN THE COLUMBIA BASIN

I. AGENDA ITEM SUMMARY

The Land Conversation and Development Commission (commission or LCDC) will receive a briefing by the Department of Land Conservation and Development (department staff and presentations from a three member panel regarding perspectives on energy siting, including transmission in the Columbia Basin Area.

This agenda item is an information briefing and discussion opportunity. No commission action is requested.

For further information, please contact Jon Jinings, at 541-325-6928 or jon.jinings@state.or.us.

II. BACKGROUND & HISTORY

The Columbia Basin area has long served as an area of large-scale energy development. Dams on the Columbia River began producing hydroelectric power in the late 1930's and now contribute about 40 percent of the electricity used in the Pacific Northwest. Four dams are located on the river's segment that comprises Oregon's northern border: Bonneville Dam (constructed 1938 - 1,050 MW¹), The Dalles Dam (constructed 1960 - 1,780 MW), John Day Dam (constructed 1971 - 2,160 MW) and McNary Dam (constructed 1957 - 980 MW). Affordable power produced by the Columbia River system helped drive economic growth in the region.

¹ MW stands for "megawatt," which is the standard form of measurement for bulk electricity. One megawatt is enough electricity to power about 600 homes.

In addition to renewable energy produced by the Columbia River dams, the presence of transmission and transportation facilities and natural gas support other forms of utility-scale energy production. The Boardman Plant, scheduled to close in 2020, is a coal-fired facility owned by Portland General Electric (PGE) with nameplate capacity² of 550 MW. The company is reported to be exploring the use of biomass as a future fuel source. Three significant natural gas-fired plants are also present. The Coyote Springs Cogen plant owned by PGE and Avista is located at the Port of Morrow has a nameplate capacity of 503 MW. The Hermiston Power Project owned by Calpine and the Hermiston Generating Project are both located near Hermiston, Oregon in Umatilla County and have nameplate capacities of 546 and 474 MW, respectively.

Over the last decade much attention has been dedicated to developing new, renewable sources of energy, mostly in the form of wind power. Developing new sources of transmission, particularly the Boardman to Hemingway (B2H) project, which is a high voltage transmission project proposed by Idaho Power, have also been sources of interest and concern.

ENERGY SITING ISSUES PANEL

Ruchi Sadhir, Governor’s Energy Advisor. Ms. Sadhir is leading the Governor’s Task Force on Energy and Agriculture, which is focused on the relationship between energy transmission facilities and irrigated farmland in Umatilla and Morrow counties. The Governor established this task force to proactively find solutions to meet the region’s envisioned overhead electricity transmission needs while minimizing cumulative impacts to a regionally significant agricultural land base. Ms. Sadhir will describe the task force’s history and progress to date. The task force’s work is expected to conclude during the fall of 2016 and may result in several recommendations

Todd R. Cornett, Assistant Director, Siting Division, Oregon Department of Energy. Mr. Cornett serves as the lead staff supporting Oregon’s Energy Facility Siting Council (EFSC) and is formerly the Wasco County planning director. Mr. Cornett’s portion of the presentation will include (1) a description of his agency’s perspective on siting issues related to those large-scale energy projects that are approved by EFSC, (2) factors influencing energy development, and (3) what might be ahead for the Columbia Basin and the State of Oregon.

Tamra Mabbott, Umatilla County Planning Director. Ms. Mabbott has been involved in all manner of energy siting and transmission conversations representing the interests of local decision-makers. In 2012, she was a member of the Siting Issues Design Team that contributed recommendations and assisted in the formation of Oregon’s 10-Year Energy Action Plan (2012). Ms. Mabbott will be offering a local government perspective on energy facility and transmission

² “Nameplate capacity” refers to the full load sustained output of a power plant. Coal fired plants and natural gas fired plant are considered “base load” plants that are dedicated to producing base load supply by consistently and continuously operating at their nameplate capacity. Renewable energy plants such as wind or solar are considered “intermittent energy sources” because they operate at about 30 percent efficiency and are not continuously available. Hydroelectric plant energy output is adjusted up and down to respond to load demand.

siting reviews conducted by county planning commissions and thoughts on state energy policy from a land use perspective. She will also be providing observations on a county's role in state and federal energy siting processes.

ATTACHMENT

- A. Minutes from the Governor's Advisory Committee on Energy and Agriculture,
February 5, 2016

Governor's Advisory Committee on Energy & Agriculture

Meeting Minutes

Friday, February 5, 2016

900 Court Street, Salem, OR 97301 | State Capitol Building, Governor's Conference Room

ATTENDANCE:

Advisory Committee Members: Ruchi Sadhir, J.R. Cook, Leann Rea, Steve Eldridge, George Murdock, Hillary Barbour, Senator Bill Hansell, Varner Seaman, Gary Bauer,

State Staff: Richard Whitman (Governor's Office), Mike Kaplan (ODOE), Todd Cornett (ODOE), (ODFW), Jon Germond (ODFW), Matt Lawyer (ODOE), Lori Koho (OPUC), Jon Jinings (DLCD).

Federal Agency Assistance: Crystal Ball (BPA)

Interested Parties: Carla McLane, Mitch Colburn, Tamra Mabbott, Alan Hickenbottom, Anders Johnson, Tim McMahan, Elaine Albrich.

MEETING NOTES:

Ruchi opened meeting by describing the intent of the fourth meeting: to build off the progress of the last three meetings by reviewing the additional layers of the consolidated map and discuss the feasibility of three strategic proposals for moving forward.

OVERVIEW OF CONSOLIDATED MAP/Q & A

Todd described the additional layers that were added into the map. The purpose of the exercise was to see if there were/are siting constraints and conflicts when including additional layers to the map.

- Washington ground squirrel
 - Jon Germond: because landowners do not want actual data released, the map layer supplied by ODFW doesn't show exactly where the ground squirrel population exists but where they are likely to exist. Listed as state endangered species, not federally.
- Wind projects – proposed, approved, contested wind facilities in Columbia basin (green, blue cream)
- Morrow County facilities – Carla McLane:
 - Echo is built (part of Echo is in Umatilla County).
 - Butter Creek is permitted but not built.
 - Problems at the Federal level and other developments issues. Construction was stopped. Developers anticipate a reapplication
- Umatilla County Facilities – Tamra Mabbott:

- Wind facilities: the county just permitted a small wind facility last week. Otherwise, aside from MET towers what is on map is actually constructed.
- Columbia Basin Cooperative/Transmission Lines/Service Territory/Distribution/Substations
 - Ruchi notes this map layer has relevance because existing Bonneville line serves Columbia Basin Cooperative.
- Right of Ways
 - State Right of Ways (from ODOT) were added
- Could not integrate BPA information in this version

Steve Eldridge noted it would be helpful to know which EFSC jurisdictional facilities are existing, planned, and the expected name plate is of development of facilities. *Todd can make that available next time. He'll reach out to Carla and Tamra.*

Review of Action Items:

Ruchi asked everyone who had an action item assignment from the December 21st meeting to provide an update on their respective assignment.

Capacity question of line right now:

Crystal Ball:

- Emailed in real time during the December meeting a response on a capacity question about the 1500 mw at Longhorn and Stanfield stations: “right now the total amount is about 1500 MW around Morrow Flats/Longhorn and about the same around Stanfield.”
- Looked at Calpine and McNary line for capacity. Calpine line was built for 600 mw and McNary was built for 650 mw. 1250 mw is capacity for one element through the grid, otherwise they have to carry more reserve. Mitch & Anders discussed limits of grid and circuits out of each substation.
 - Steve notes and Crystal agrees, 1250 mw is an operational constraint for liability purposes but Crystal adds there is existing infrastructure to integrate wind that is proposed and anything beyond that existing infrastructure they've proposed new facilities such as Stanfield. Example: do not have room for more equipment so they have to build Stanfield.

Overview Type 1/Type 2 Process:

Tamra Mabbott:

- Type 1 is a use allowed outright with permit and a limitation on standards. All transmission lines are permitted as Type 1. Discussion about making it a Type 2, which is a conditional use. Statute does not distinguish between Gen-Tie line for a facility or a large overhead transmission line for a public utility or member owned cooperative.
 - Richard notes: Type 1-3 is a county construct. In order to create a process for development of a corridor and to limit siting of new transmission in that corridor,

there may be a way to do it without a change in statute. Normally counties cannot limit Type 1 uses including transmission lines beyond what is in statute.

Three Mechanisms to Resolve Issues (see bullets on agenda):

Richard Whitman explains three proposed concepts for development of corridor:

1) County Only – no state rule would be required

- The county would create incentives for new transmission and apply those incentives only within the corridor. That puts the person who is looking at siting a new transmission facility to make a decision for private reasons to determine whether they want the incentives provided by county.
- It would be up to the county and the efficacy would come down to the strength of the incentives that the counties could bring to the discussion. This is believed to be more of an economic tool than a regulatory tool, but there could be some streamlining on the regulatory side.
- Mechanism would be an ordinance and dependent on a collaborative process. Need to work with landowners, then research in field, and finally go to county with initial work done.

○ Jon Germond: County Only approach may run risk of not qualifying in an EFSC process.

2) State Action Required - LCDC

- Go through land use program directly. LCDC, by rule, would create limitations or conditions (and keep in mind incentives) to push transmission siting into corridors. This would occur only where the corridors are developed in a collaborative way. Possibly a pilot program in a subarea of the state.

○ Jon Germond had spoken with the LCDC and there isn't opposition to the concept but council may need direction or help in taking it on.

- Note that the process should make sure the proposal goes through a rule advisory committee, right to rule, then to be considered, and finally adopted. LCDC meetings are in March, July, and September.

○ Richard notes that, given the nature of ever evolving energy industry, something to consider is a mechanism to ensure this is revisited at a later date; a possible sunset or expiration. If LCDC adopted a statewide rule, it might be best to look at existing rules and try to design something that fits within it. (Jon Germond mentions Provision 33 Section 130 for modifications)

3) State Action Required – EFSC

- Rule would only apply to EFSC jurisdictional facilities. EFSC would limit the authority of developers to go around local ordinance. EFSC rule would require them to use the local corridor, if established in a collaborative way.

- This would happen via a rule amendment by the Energy Facility Siting Council. EFSC would need to initiate rule making by going through rule advisory committee. The goal is to include the collaborative process as part of the process.
- State rule would set up a process with side board that the county would have to operate within. Balancing would happen at local level.
- This is least developed of three concepts and needs more work.
- Need to explore use of EGA – Energy Generation Area

Applicant Checklist – What incentives could there be to site in a corridor?

Todd refers to page 2 - 3 of the *Associated Transmission Line Check Box* handout. This handout gives a sense of what an applicant must submit to meet EFSC standards.

- Standards: Structural standards, Soil Protection, Protected Areas, Fish and Wildlife Habitat, Threatened and Endangered Species, Scenic Resources, Historic, Cultural and Archeological Resources, Recreation, and Public Services.
- Crystal notes that they have a federal process (NEPA) and would want to make sure the corridor meets federal requirements.

Cumulative Impacts:

J.R. provided two documents *Cumulative Impact CL* and *Proposed Transmission Lines and existing BPA 010516*.

- *Cumulative Impact CL* – Cites ORS 215 and headnotes from Land Use Board of Appeals (LUBA) case law pertaining to impacts to agriculture.
- *Proposed Transmission Lines and existing BPA 010516* – map illustrating the POU's for Northeast Oregon Water Association's (NOWA) new water projects as well as existing BPA lines and the corridor areas that may be a start if the state finds a way to acknowledge a pre-planned overhead transmission corridor through or around NEWA's irreplaceable high-value agricultural land.
 - Tamra notes: Cumulative impacts only apply to Type 2 use. So, if for example, LCDC were to adopt rule changes, they could use this other than reinventing a definition.

Columbia Basin and PacifiCorp on MOA:

Steve provided an update on his outreach with PacifiCorp's Pat Reiten and Columbia Basin Electric Co-Op's, Tom Wolf.

- The discussion was positive and both were enthusiastic about the idea of facilitation of generation lines whether they connect to Pacific or Bonneville. They agreed it would be helpful and expressed interest in entering into an MOA. Also noted, although transmission providers would be interested in entering into an MOA he doesn't see why others wouldn't be interested. However, having the right and utilizing it are two different things. Utilities are the ones who have expertise to operate the facilities versus a non-utility. Best for public.

- Question (Ruchi): At what point would an MOA need to be entered into? Timing-wise and sequence-wise?
 - Steve Eldridge believes once the counties have the green light signal they'll work together. They're ready and standing but cannot do it without planning piece.
 - Hillary Barbour states her members are very interested based on her initial reaching out but need more details. Having the three concept options and the MOA helps give more substance to go back to her group with.
 - Steve feels JR can now talk to the landowners

Discussion regarding width of corridors for max capacity build out.

- Eileen would like to consider from a developers perspective how this will work. Question about how power will get to the corridor from the generation facilities. J.R. notes the advisory committee's focus is to concentrate on high value farmland and developers will have to figure out how to connect power to the corridor, but the corridor gets them to the substation/grid.
- Discuss overbuilding. Steve relays that when utilities receive a request they try to build ahead of demand but states there is a limit. Varner notes there is always a margin and forecasting needs is important but at some point, utilities cannot go outside of limits/bounds.
- Question (Anders): Is there a way to economically build in an optionality?
 - Could consider a second circuit added later to oversized poles – there could be a wheeling charge or prepay/reimburse.

Discuss public safety

- Public safety requirements are already in the statute at PUC.
- Lori Koho: The PUC's authority is to enforce the national safety code.

Off-topic discussion regarding gap in communication between PUC, utilities, counties, and public relating to pole safety. Richard suggests Tamra raise this issue with the AOC or LOC. Tamra to send Lori emails on a specific situation.

Next Steps:

Gain a better shared understanding of three concept options/approaches. More work needs to be done on which approach would be best. The group would like to wait on meeting again until the B2H preferred alternative is released from BLM.

- J.R. and UEC will meet with landowners and Bonneville regarding terminal points but will wait for the preferred alternative for B2H from BLM.
- J.R. will address potential issues with the corridor that were raised through the checklist discussion and will get Todd a map layer on the east side of bombing range road.
- Richard will work with Jon, Todd, and Business Oregon on (1) additional analysis and research on the mechanisms, (2) explore use of energy generation areas, (3) research options for incentives that could be used at the county level.
- Lori will work with a sub-group (including UEC and the counties) regarding pole safety.

- Todd will include EFSC local jurisdictions and get further input on the consolidated map for use at the next meeting.
- Varner will provide Ruchi, via email, an MOA between PGE and two cities as an example MOA for group to consider.

