

SECOND AMENDED
THERMAL POWER PLANT
SITE CERTIFICATE
FOR THE
COYOTE SPRINGS COGENERATION PROJECT

(Incorporating Amendments #1 Through #6)

This site certificate for the Coyote Springs Cogeneration Project (CSCP) is issued and executed in the manner provided by ORS Chapter 469, as amended by 1993 Public Laws ch. 569 (SB 1016), by and between the State of Oregon (State) acting by and through its Energy Facility Siting Council (EFSC), Portland General Electric Company (PGE), an Oregon corporation, and Coyote Springs 2, LLC (CS2), a Delaware limited liability company. [rev. Amendment 6]

I. SITE CERTIFICATION

- A. To the extent authorized by State law and subject to those warranties and conditions set forth herein, the State approves and authorizes for construction, operation and retirement by PGE and CS2 of a natural gas-fired combustion turbine energy facility, with oil firing back-up for phase one (as defined in OAR 345-01-010(33), Nov. 1995), together with related or supporting facilities in Boardman, Oregon, in the manner described in PGE's 1993 application for site certificate. "Facility," as used in this site certificate, consists of the energy facility and the related or supporting facilities described in PGE's 1993 application for site certificate, except where otherwise stated or where the context clearly indicates otherwise. "Phase one" refers to the combustion turbine generator unit owned by PGE and constructed by PGE in 1995. "Phase two" refers to the combustion turbine generator unit owned by CS2, to be constructed by the deadline stated in Condition V.A.2(1). The findings of facts, reasoning and conclusions of law underlying the terms and conditions of this site certificate are set forth in EFSC's final order, which by this reference is incorporated herein. Subject to the conditions herein, this site certificate binds the State and all counties, cities and political subdivisions in this State as to the approval of the site and the construction, operation and retirement of the facility, as to matters that are included in and governed by this site certificate. **[rev. Amendments 2, 6]**

- B. Each affected state agency, county, city and political subdivision with authority to issue a permit, license or other approval with respect to matters included in or governed by this site certificate shall, upon submission by PGE or CS2 of the proper application and payment of the proper fees, issue such permit, license or other approval without hearing or other proceeding, subject only to conditions set forth in the site certificate. Each agency that

1 issues a permit, license or other approval to PGE or CS2 shall continue to exercise
2 enforcement authority over such permit, license or other approval. [rev.Amendment6]

3
4 For a permit, license or other approval included in or governed by the site certificate, PGE,
5 with respect to phase one, and CS2, with respect to phase two, shall comply with
6 applicable state and federal laws adopted in the future to the extent that such compliance is
7 required under the respective state agency statutes and rules. [rev.Amendment6]

8
9 C. The State, PGE and CS2 shall abide by local ordinances and state law and the rules of
10 EFSC in effect on the date the site certificate is executed. In addition, upon a clear showing
11 of a significant threat to the public health, safety or the environment that requires application
12 of later-adopted laws or rules, EFSC may require compliance with such later-adopted laws
13 or rules. [rev.Amendment6]

14
15 D. PGE shall be solely responsible for compliance with conditions or portions of conditions
16 addressed to PGE or phase one specifically. CS2 shall be solely responsible for
17 compliance with conditions or portions of conditions addressed to CS2 or phase two
18 specifically. PGE and CS2 shall be jointly responsible for all aspects of the site and facility
19 that are common to both phase one and phase two or that the site certificate does not
20 identify as specific to phase one or phase two. All conditions that the site certificate does
21 not identify as applicable to PGE or CS2 specifically, or that involve an aspect of the site or
22 facility that are common to both phase one and phase two, shall apply to PGE and CS2
23 jointly. In the event of any violations of such non-phase-specific conditions or portions of
24 conditions by either party, EFSC may direct any appropriate inquiries to either party, but if
25 EFSC is able to identify one of the parties as the party responsible for committing the
26 violation, EFSC shall address its initial demand for remedial action to that party.
27 [Amendment6]

28 29 II. DESCRIPTION OF THE FACILITY

30 31 A. Description of the Site

32 33 1. Power Plant Site

34
35 The proposed CSCP plant site consists of approximately 20 acres within the Port of
36 Morrow Industrial Park. The Port of Morrow Industrial Park occupies 5,700 acres of land
37 east of the City of Boardman and along the Columbia River.

38
39 The plant site is located approximately 1,500 feet due south of the Columbia River and is
40 immediately south of the bank and berm created by the Union Pacific Railroad's east-west
41 mainline. The site's western boundary is Ullman Boulevard. Its southern boundary is along
42 an existing gravel roadway and utility corridor. The site is about 450 feet west of Messner
43 Pond and a small pond created by an ongoing dredging operation lies along the eastern

1 edge of the plant site. The exact location of the plant site is shown by figures C-C2 and C-
2 C3 of the application for site certificate, which are made part of and incorporated into this
3 site certificate by reference.

4
5 2. Transmission Line Corridor

6
7 The transmission line serving the plant will be approximately 1.5 miles long. The line will
8 occupy land owned by the Port of Morrow and the City of Boardman. The transmission
9 line will run from the south end of the plant site eastward along the existing roadway and
10 utility corridor. For a short distance at its eastern extremity, the line will cross fields that are
11 or have been under cultivation. The exact location of the transmission line corridor is shown
12 in figure C-C2 of the application for site certificate.

13
14 B. Description of Facilities

15
16 1. Power Plant

17
18 The proposed CSCP facilities will consist of several structures: a turbine generator building;
19 heat recovery steam generator (boiler) structures; two 210 feet high exhaust stacks; a water
20 treatment and auxiliary equipment building; auxiliary boilers; an administrative and control
21 building; water treatment chemical tanks; and electrical transformation and substation facility
22 structures.

23
24 The CSCP power generation facilities will consist of two natural gas-fired, combined
25 combustion turbine cycle units. Primary power for each phase will be supplied by either a
26 General Electric 7FA gas turbine generator rated at approximately 170 to 190 MW or a
27 similar model gas turbine. For each phase, the high temperature exhaust from the gas
28 turbine generator will be ducted to a heat recovery steam generator or boiler to generate
29 steam. This steam will be used to drive a steam turbine generator with an electrical
30 generation capacity of approximately 80 to 100 MW. Steam used in power generation will
31 be cooled and condensed back to water by a condenser or heat exchanger using the
32 cooling tower method. Phase two will include a natural gas-fired duct burner with a
33 generating capacity of approximately 20 MW. [rev. Amendment 6]

34
35 Electrical transformation and substation facilities will be constructed adjacent to the power
36 plant at the south end of the site.

37
38 The proposed CSCP power plant (both units) will use up to 27,400,000 million British
39 thermal units of natural gas fuel per year. The power plant shall be supplied by a natural gas
40 pipeline that will run approximately 15 miles between the site and Ione, Oregon. The supply
41 pipeline will interconnect with an interstate natural gas transmission line and will be owned
42 and operated by another company. The supply pipeline will be permitted through the

1 Federal Energy Regulatory Commission and is not considered to be a related facility under
2 the jurisdiction and siting review authority of the Energy Facility Siting Council.

3
4 2. Electrical Transmission Line

5 Project related facilities will include a double circuit looped 500 kilovolt transmission line.
6 The 1.5 mile line will connect the power plant with the Bonneville Power Administration
7 transmission system.
8

9 In the event of a conflict between the descriptions of the facility in this site certificate, EFSC's final
10 order, the Oregon Department of Energy's (ODOE)¹ final staff report on PGE's application for site
11 certificate, or PGE's application for site certificate, the following priority of construction shall apply to
12 determine which document controls: first, PGE's application for site certificate; second, this site
13 certificate; third, EFSC's final order; and fourth, ODOE's final staff report.

14
15 III. WARRANTIES

16
17 ORS 469.401(3) requires that:

18 "The site certificate shall contain the warranties of the applicant as to the ability of the
19 applicant to comply with standards of financial ability and to construct and operate the
20 energy facility, the applicant's provisions for protection of the public health and safety and
21 for time of completion of construction."
22

23
24 The following warranties are necessary to meet the above statutory requirements and to ensure and
25 facilitate compliance with and enforcement of EFSC standards and the policy directives of ORS chapter
26 469:
27

28 (1) PGE, with respect to phase one, and CS2, with respect to phase two, represent and warrant
29 that they have the present capabilities and resources to construct, operate and retire phase one
30 and phase two of the CSCP, including the ability to finance and pay for the CSCP, substantially
31 as described in the site certificate and in the order approving the site certificate, as they may be
32 amended from time to time, and with the terms and conditions of the site certificate. [rev.
33 Amendments 1, 6]

34
35 (2) PGE and CS2 represent and warrant that they can and will comply with all applicable state,
36 federal and local laws, regulations and ordinances and with all applicable conditions of the site
37 certificate. [rev. Amendment 6]
38

39 (3) PGE, with respect to phase one, and CS2, with respect to phase two, represent and warrant
40 that they will undertake and complete construction of phase one and phase two of the CSCP

¹ In 1995, the Oregon Legislature changed the Oregon Department of Energy to the Oregon Office of Energy (OOE).

1 according to the conditions of the construction commencement and completion dates at V.A.2.
2 [rev. Amendment 6]

3 (4) PGE, with respect to phase one, and CS2, with respect to phase two, warrant that they will
4 take those actions, necessary to ensure that any third party with whom they contract during
5 construction, operation or retirement of this facility and related or supporting facilities shall abide
6 by the terms of this site certificate. [rev. Amendment 6]

7
8 (5) PGE, with respect to phase one, and CS2, with respect to phase two, warrant that they shall
9 take all reasonable steps necessary to ensure the protection of the public health and safety during
10 the construction, operation and retirement of the CSCP and related facilities. [rev. Amendment 6]

11 IV. MANDATORY CONDITIONS

12 The following mandatory conditions are either specifically required by OAR 345-27-020 or are
13 appropriate under OAR 345-27-020(4)(o) or OAR 345-027-0023 (Feb. 2000) to address project
14 and site-specific conditions and requirements. These mandatory conditions shall apply in addition to,
15 and should be read together with, the specific additional conditions provided in this site certificate to
16 ensure compliance with the siting standards of OAR Chapter 345, Divisions 22, 23 and 24.
17
18

19
20 (1) PGE, with respect to phase one, and CS2, with respect to phase two, shall comply with all
21 applicable laws, regulations and ordinances of state, federal and local authorities, including all
22 conditions contained in any permits, licenses and approvals issued by such authorities. PGE and
23 CS2 shall comply with the conditions of the site certificate. The duty of PGE and CS2 to comply
24 applies notwithstanding a failure or oversight in the proposed order or site certificate to identify all
25 applicable laws, regulations and ordinances. PGE and CS2 shall design, construct, operate and
26 retire phases one and two, respectively, in accordance with the requirements of the Oregon
27 Energy Facility Siting Statute, ORS 469.300 et seq., and EFSC rules applicable to the facility.
28 [rev. Amendment 6]

29
30 (2) PGE, with respect to phase one, and CS2, with respect to phase two, shall design, permit,
31 construct, operate and retire the CSCP substantially as described in the site certificate, as it may
32 be amended from time to time. [rev. Amendments 1, 6]

33
34 (3) No later than 90 days following the beginning of commercial operation of each phase, the
35 owner of that phase shall submit to EFSC a written report certified by an Oregon registered
36 structural engineer documenting the following: (a) facility construction consistent with the project
37 description and operating statement of the ASC, as modified or amended by the site certificate;
38 (b) fulfillment of and compliance with all design and construction-related conditions of the site
39 certificate, including all applicable mitigation measures; and (c) compliance with or statement as to
40 the ability to comply with all applicable state, federal and local permits, licenses and approvals
41 issued for the project, including, but not limited to, compliance with Oregon Building Codes

1 Agency (BCA) ² building permits and Oregon Public Utility Commission (OPUC)—Safety
2 Section design requirements. [rev. Amendment 6]
3

4 (4) PGE, with respect to phase one, and CS2, with respect to phase two, shall submit annual
5 compliance status reports to EFSC providing a statement and documentation of their respective
6 compliance with each applicable condition of the site certificate. PGE and CS2 may submit a
7 single joint compliance status report. [rev. Amendment 6]
8

9 (5) Prior to construction of phase one, PGE shall submit certification that at least 80 percent of the
10 capacity from phase one shall be used by an energy supplier in the Pacific Northwest Region as
11 defined in 16 U.S.C. 839a(14). The capacity and energy of phase one shall be used by PGE for
12 the benefit of its customers in its Oregon service territory. Except as required for financing
13 purposes, PGE shall not sell or lease phase one and shall not contract for firm energy or firm
14 capacity for the output of phase one for a term exceeding five years. [rev. Amendments 3, 6]
15

16 (6) PGE shall not commence construction on any part of the facility and related or supporting
17 facilities (including clearing of rights-of-way, but excepting survey and geotechnical investigations),
18 until PGE has filed with EFSC documentation of ownership, control or access to the entire plant
19 site and the entire transmission corridor. [rev. Amendment 6]
20

21 (7) PGE, with respect to phase one, and CS2, with respect to phase two, shall, to the extent
22 practicable, restore vegetation and landscape portions of the site disturbed by construction of their
23 respective phases in a manner which is compatible with its surroundings; and, upon completion of
24 construction, dispose of all temporary structures not required for future use and all used timber,
25 brush, refuse, or flammable material resulting from the clearing of lands or from construction of the
26 facility. [rev. Amendment 6]
27

28 (8) **PGE, with respect to phase one, and CS2, with respect to phase two,** shall notify the
29 Oregon Office of Energy (OOE), Oregon Department of Geology and Mineral Industries
30 (DOGAMI) and the Oregon Department of Water Resources (DWR) in advance of further
31 geotechnical investigations and trenching on the project site to allow the opportunity for agency
32 representatives to inspect the work. [rev. Amendment 6]
33

34 (9) **PGE, with respect to phase one, and CS2, with respect to phase two,** shall promptly notify
35 OOE, DOGAMI and DWR if further geotechnical investigations, trenching or construction
36 activities reveal conditions that were not considered in or that differ from the conditions assumed
37 in the agreed-upon seismic hazard classification, or if shear zones, artesian aquifers, deformations
38 or clastic dikes are found near or beneath the project site. EFSC may require additional and/or
39 higher design requirements as necessary to address site conditions not previously considered.
40 [rev. Amendment 6]

²In 1993, the Oregon Legislature changed the Building Codes Agency to the Building Codes Division (BCD) of the Department of Consumer and Business Services (DCBS).

1
2 (10) **PGE, with respect to phase one, and CS2, with respect to phase two, shall prevent the**
3 **development of any conditions** on the site that would preclude restoration of the site to a useful,
4 non-hazardous condition to the extent that prevention of such site conditons is with the control of
5 PGE and/or CS2. [rev. Amendments 5, 6]
6

7 (11) At least 5 years prior to retirement of each phase of CSCP, **PGE, with respect to phase**
8 **one, and CS2, with respect to phase two,** shall submit a retirement plan to EFSC subject to
9 review and approval by EFSC. The plan shall describe how the site will be restored adequately
10 to a useful condition, including options for post-retirement land use, information on how impacts to
11 fish, wildlife and the environment will be minimized during the retirement process and measures to
12 protect the public against risk or danger resulting from post-retirement site conditions. The owner
13 of each phase shall restore the site to a useful condition following retirement. [rev. Amendment 6]
14

15 (12) This site certificate shall expire at the end of the useful life of both phases of the energy
16 facility. Application for termination of the site certificate shall be made in accordance with the
17 provisions of OAR 345-27-110. [rev. Amendment 6]
18

19 (13) The conditions in this site certificate may not be changed during the term of the site certificate
20 except as provided in OAR Chapter 345, Division 27.
21

22 (14) If a visitor information facility is provided at the site, information regarding conservation of
23 energy and the means by which it may be accomplished shall be included with any energy facility
24 information provided.
25

26 (15) Before beginning construction of phase two of the facility, CS2 or Avista Power, LLC, shall
27 submit to the State of Oregon through the Council a bond, letter of credit or fully-funded escrow
28 account naming the State of Oregon, acting by and through the Council, as beneficiary or payee in
29 the amount of \$2,500,000 (in 1993 dollars). The calculation of 1993 dollars shall be made using
30 the index set forth below in sub-section (b). [Amendment 5; rev. Amendment 6]
31

32 **(a) The terms of the bond, letter of credit or fully-funded escrow account and identity of**
33 **the issuer shall be subject to approval by the Council, which approval shall not be**
34 **unreasonably withheld. The bond, letter of credit or fully-funded escrow account shall**
35 **not be subject to revocation or reduction prior to the time CS2 or Avista Power, LLC,**
36 **has established the financial mechanism or instrument described in Mandatory**
37 **Condition IV(16) and has fully funded the obligation. [Amendment 5; rev. Amendment 6]**
38

39 **(b) The calculation of 1993 dollars shall be made using the US Gross Domestic Product**
40 **Implicit Price Deflator, as published by the US Department of Commerce, Bureau of**
41 **Economic Analysis, or any successor agency ('the index'). The amount of the bond,**
42 **letter of credit or fully-funded escrow account shall increase annually by the percentage**
43 **increase in the index and shall be pro-rated within the year to the date of retirement. If**

1 **at any time the index is no longer published, the Council shall select a comparable**
2 **calculation of 1993 dollars. [Amendment 5]**

3 /

4 (16) Before beginning operation of phase two of the facility, CS2 or Avista Power, LLC, shall
5 establish a bond, letter of credit or fully-funded escrow account, satisfactory to the Council,
6 assuring the availability of adequate funds throughout the life of phase two of the facility to retire
7 phase two of the facility and restore the site to a useful, non-hazardous condition as described in
8 OAR 345-022-0130 (Feb. 2000). CS2 shall retire the facility according to an approved final
9 retirement plan, as described in OAR 345-027-0110 (Feb. 2000). [Amendment 5; rev. Amendment
10 6]

11
12 **(17) CS2 shall design, engineer and construct phase two to avoid dangers to human**
13 **safety presented by seismic hazards affecting the site that are expected to result from**
14 **all maximum probable seismic events. As used in this rule “ seismic hazard”**
15 **includes ground shaking, landslide, liquefaction, lateral spreading, tsunami**
16 **inundation, fault displacement, and subsidence. [Amendment 5; rev. Amendment 6]**

17
18 **(18) Before beginning construction of phase two, CS2 shall submit to the Office of**
19 **Energy a legal description of the site. The Office shall append the legal description to**
20 **the site certificate. [Amendment 5; rev. Amendment 6]**

21
22 V. CONDITIONS ISSUED PURSUANT TO EFSC STANDARDS³

23
24 A. Need for the Facility

25 1. Exemption: OAR 345-23-010

26 **PGE, with respect to phase one, and CS2, with respect to phase two,** shall, as part
27 of the post-construction completion compliance status certification reports required by
28 Mandatory Condition 3, provide capacity and heat rate performance test reports to
29 document the ability of phase one and phase two to meet the output and fuel
30 efficiency measures as represented in the ASC. [rev. Amendment 6]

31
32 2. Construction commencement and completion dates

- 33
34 (1) PGE shall begin construction of phase one within one year after the site
35 certificate is executed. This one-year time period shall be tolled during any
36 appeal that is taken of the Energy Facility Siting Council (EFSC) Order.
37 Notwithstanding the tolling of the one-year time period for commencement of
38 construction, PGE shall complete construction of phase one by September 16,
39 1998. CS2 shall complete construction of phase two by September 16, 2003.

³Although conditions in this part V of the site certificate are listed under headings citing specific standards, the condition may relate to other standards as discussed in EFSC's final order. Any application of these conditions should take into account discussions under the various other standards.

1 Completion of construction of phase two means the date of commercial
2 operation of phase two. [rev. Amendments 4, 5, 6]

3 (2) Within one year of execution of the site certificate PGE must affirm, by written
4 notice to EFSC its intent to construct phase two. This notice to EFSC shall
5 include copies of correspondence to a vendor requesting commencement of
6 bona fide negotiations to purchase the gas turbine. This one-year time period
7 shall be tolled during any appeal taken of EFSC's Order. Such affirmation is
8 required in order for Applicant to maintain a valid site certificate as to phase
9 two. [rev. Amendment 6]

10
11 (3) If CS2 requests an extension of the construction completion deadline for phase
12 two, CS2 shall demonstrate that phase two meets the requirements of OAR
13 345-024-0550 (Feb. 2000) in order for EFSC to approve extending the
14 deadline. [rev. Amendments 3, 6]

15
16 (4) The construction completion deadline for phase two will not be tolled for reason
17 of appeal of the EFSC's Order. [rev. Amendments 3, 4, 5]

18
19 3. Carbon Dioxide Emissions Standard for Phase Two: OAR 345-024-0550 through
20 0720 (Feb. 2000). [Amendment 3, inclusive]

21
22 (1) Prior to commencement of construction of phase two, CS2 shall submit to the
23 State of Oregon through the Council a bond, letter of credit or fully-funded
24 escrow account ("escrow account") in the amount of the monetary path
25 payment requirement (in 1998 dollars) as determined by the calculations set
26 forth in Condition V.A.3(4) and based on the estimated heat rate and capacity
27 certified pursuant to Condition V.A.3(5) below and as adjusted in accordance
28 with the terms of this site certificate pursuant to Condition V.A.3(4)(b). For the
29 purposes of this site certificate, the "monetary path payment requirement" means
30 the offset funds determined pursuant **to OAR 345-024-0550 and -0560 and**
31 **the selection and contracting funds determined pursuant to OAR 345-024-**
32 **0710 that CS2 must disburse to the Oregon Climate Trust, as the qualified**
33 **organization, pursuant to OAR 345-024-0710. The offset fund rate for the**
34 **monetary path payment requirements shall be \$0.57 per ton of carbon**
35 **dioxide (in 1998 dollars). The calculation of 1998 dollars shall be made using**
36 **the index set forth below in sub-section (c). [rev. Amendments 5, 6]**

37
38 (a) In the event that the Council approves a new site certificate holder of phase
39 two, the Council shall approve the bond, letter of credit or escrow account from
40 the new site certificate holder(s) unless the Council finds that the proposed
41 bond, letter of credit or escrow account does not provide comparable security
42 to the bond, letter of credit or escrow account of the current site certificate
43 holder. Such approval of a new bond, letter of credit or escrow account will

1 not require a site certificate amendment. The bond, letter of credit or escrow
2 account shall remain in effect until such time as the site certificate holder has
3 disbursed the full amount of the monetary path payment requirement to the
4 Oregon Climate Trust as provided in **OAR 345-024-0710**. [rev. Amendments 5,
5 6]

6
7 (b) If CS2 has provided a bond, letter of credit or escrow account prior to
8 commencing construction and if calculations pursuant to Condition V.A.3(6)
9 demonstrate that CS2 must increase its monetary path payments, CS2 shall
10 increase the bond, letter of credit or escrow account sufficiently to meet the
11 adjusted monetary path payment requirement within the time required by
12 Condition V.A.3(4)(b). CS2 may reduce the amount of the bond, letter of
13 credit or escrow account commensurate with payments it makes to the Oregon
14 Climate Trust. [rev. Amendments 5, 6]

15
16 (c) The calculation of 1998 dollars shall be made using the US Gross Domestic
17 Product Implicit Price Deflator, as published by the US Department of
18 Commerce, Bureau of Economic Analysis, or any successor agency ("the
19 index"). The amount of the bond, letter of credit or escrow account shall
20 increase annually by the percentage increase in the index and shall be pro-rated
21 within the year to the date of disbursement to the Oregon Climate Trust. If at
22 any time the index is no longer published, the Council shall select a comparable
23 calculation of 1998 dollars. The bond, letter of credit or escrow account shall
24 not be subject to revocation prior to disbursement of the full monetary path
25 payment requirement, including any adjusted monetary path payment
26 requirement. The terms of the bond, letter of credit or escrow account and
27 identity of the issuer shall be subject to approval by the Council, which approval
28 shall not be unreasonably withheld. [rev. Amendment 5]

29
30 (d) If CS2 establishes an escrow account for the monetary path payment
31 requirement, the portion of any interest accruing in the escrow account up to the
32 time of disbursement to the Oregon Climate Trust that is equivalent to the 1998
33 dollar index adjustment (described in sub-section (c)) shall be for the benefit of
34 the Oregon Climate Trust and shall be disbursed to the Oregon Climate Trust
35 for use as specified in OAR 345-024-0710. Any remaining interest that
36 exceeds the 1998 dollar index adjustment at the time of disbursement of funds
37 to the Oregon Climate Trust shall be disbursed CS2 on its request. [rev.
38 Amendments 5, 6]

39
40 (2) CS2 shall disburse to the Oregon Climate Trust offset funds and contracting and
41 selection funds as requested by the Oregon Climate Trust up to the monetary
42 path payment requirement as determined by the calculations set forth in
43 Condition V.A.3(4) and based on the estimated heat rate and capacity certified

1 pursuant to Condition V.A.3(5) below (in 1998 dollars) and as adjusted in
2 accordance with the terms of this site certificate pursuant to Condition
3 V.A.3(4)(b). Disbursements shall be made in response to requests from the
4 Oregon Climate Trust in accordance with the requirements of OAR345-024-
5 0710. [rev. Amendments 5, 6]
6

7 (3) Notwithstanding anything in this amended site certificate to the contrary, CS2
8 shall have no obligation with regard to offsets, the offset funds and the selection
9 and contracting funds other than to make available to the Oregon Climate Trust
10 the total amount required under this site certificate, nor shall any
11 nonperformance, negligence or misconduct on the part of the Oregon Climate
12 Trust be a basis for revocation of this site certificate or any other enforcement
13 action by the Council with respect to CS2. [rev. Amendment 6]
14

15 (4) CS2 shall submit all monetary path payment requirement calculations to the
16 Office of Energy for verification. All calculations shall be made assuming that no
17 steam is supplied for cogeneration. CS2 shall use the contracted design
18 parameters for capacity and heat rate for phase two that it reports pursuant to
19 Condition V.A.3(5) to calculate the estimated monetary path payment
20 requirement. CS2 shall use the Year One Capacity and Year One Heat Rate
21 that it reports for phase two pursuant to Condition V.A.3(6) to calculate
22 whether it owes additional monetary path payments. [rev. Amendments 5, 6]
23

24 (a) The net carbon dioxide emissions rate for phase two as a base load gas
25 plant shall not exceed 0.675 pounds of carbon dioxide per kilowatt hour of net
26 electric power output, with carbon dioxide emissions and net electric power
27 output measured on a new and clean basis. [rev. Amendment 5]
28

29 (b) When CS2 submits the Year One Test report required in Condition
30 V.A.3(6), it shall increase its bond, letter of credit or escrow account for the
31 monetary path payment requirement if the calculation using reported data shows
32 that the adjusted monetary path payment requirement exceeds the monetary
33 path payment requirement for which CS2 had provided a bond, letter of credit
34 or escrow account prior to commencing construction, pursuant to Condition
35 V.A.3(1). [rev. Amendment 6]
36

37 (A) CS2 shall make the appropriate calculations and increase its bond,
38 letter of credit or escrow account, if necessary, within 30 days of filing its
39 Year One Test report with the Council. [rev. Amendment 6]
40

41 (B) In no case shall CS2 diminish the bond, letter of credit or escrow
42 account it provided prior to commencing construction or receive a refund

1 from the qualified organization based on the calculations made using the
2 Year One Capacity and the Year One Heat Rate. [rev. Amendment 6]

3 /

- 4 (5) Prior to commencement of construction of phase two, CS2 shall notify the
5 Council in writing of its final selection of a gas turbine vendor and shall submit
6 written design information to the Council sufficient to verify phase two's
7 designed new and clean heat rate and its nominal electric generating capacity at
8 average annual site conditions. The report shall also include an affidavit or other
9 evidence that CS2 or a vendor has guaranteed the heat rate. [rev. Amendments 5,
10 6]
- 11 (6) Within two months of completion of the first year of commercial operation of
12 phase two, CS2 shall provide to the Council a test report (Year One Test) of
13 the actual heat rate (Year One Heat Rate) and nominal generating capacity
14 (Year One Capacity) for phase two, without degradation, assuming no steam is
15 supplied for cogeneration, as determined by a 100-hour test at full power
16 completed during the first 12 months of commercial operation, with the results
17 adjusted for the average annual site condition for temperature, barometric
18 pressure and relative humidity and use of alternative fuels, and using a rate of
19 117 pounds of carbon dioxide per million Btu of natural gas fuel pursuant to
20 OAR 345-001-0010(34), Feb. 2000. [rev. Amendments 5, 6]
- 21 (7) The combustion turbine for phase two shall be fueled solely with natural gas or
22 with synthetic gas with a carbon content per million Btu no greater than natural
23 gas.
- 24 (8) If CS2 operates phase two as a cogeneration facility, CS2 shall not use steam
25 from phase two to replace steam generated by a biomass fuel at an off-site
26 industrial facility. [rev. Amendment 6]

- 27 4. Carbon Dioxide Emissions Standard for Phase Two with Power Augmentation or
28 Enhancement Technologies: OAR 345-024-0550 through -0720 (Feb. 2000).
29 [Amendment 5 and 6, inclusive]

30 This condition shall apply to phase two if CS2 identifies power enhancement or
31 augmentation technologies that increase the capacity and heat rate of phase two
32 above the capacity and heat rate that it can achieve as a base load gas plant on a new
33 and clean basis, as reported pursuant to Condition V.A.3(5). All provisions of this
34 condition shall be in addition to the requirements of Condition V.A.3. If the heat rate
35 and capacity of the base load gas plant that CS2 reports pursuant to Condition
36 V.A.3(5) include the design and the base load operation of power augmentation or
37 enhancement technologies in excess of 6,600 hours annually on average, this condition
38 shall not apply. The monetary path payment requirements pursuant to Condition
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V.A.4 shall be supplemental to the monetary path payment requirements pursuant to Condition V.A.3.

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(1) Prior to commencement of construction of phase two, CS2 shall submit to the State of Oregon through the Council a bond, letter of credit or fully-funded escrow account (“escrow account”) in the amount of the monetary path payment requirement (in 2000 dollars) as determined by the calculations set forth in Condition V.A.4(4) and based on the estimated heat rate and capacity certified pursuant to Condition V.A.4(5) below and as adjusted in accordance with the terms of this site certificate pursuant to Condition V.A.4(4)(b). When required concurrently, CS2 shall combine any letter(s) of credit required by Condition V.A.4 with the letter(s) of credit required by Condition V.A.3. For the purposes of this site certificate, the "monetary path payment requirement" means the offset funds determined pursuant to OAR 345-024-0590 and 0600 and the selection and contracting funds determined pursuant to OAR 345-024-0710, as modified by Condition V.A.4(4)(b)(D), that CS2 must disburse to the Oregon Climate Trust, as the qualified organization, pursuant to OAR 345-024-0710. The offset fund rate for all monetary path payment requirements under Condition V.A.4 shall be \$0.57 per ton of carbon dioxide (in 2000 dollars). The calculation of 2000 dollars shall be made using the index set forth below in sub-section (c).

(a) In the event that the Council approves a new site certificate holder of phase two, the Council shall approve the bond, letter of credit or escrow account from the new site certificate holder(s) unless the Council finds that the proposed bond, letter of credit or escrow account does not provide comparable security to the bond, letter of credit or escrow account of the current site certificate holder. Such approval of a new bond, letter of credit or escrow account will not require a site certificate amendment. The bond, letter of credit or escrow account shall remain in effect until such time as CS2 has disbursed the full amount of the monetary path payment requirement to the Oregon Climate Trust as provided in OAR 345-024-0710.

(b) If CS2 has provided a bond, letter of credit or escrow account prior to commencing construction and if calculations pursuant to Conditions V.A.4(4)(b) and V.A.4(6) demonstrate that CS2 must increase its monetary path payments, CS2 shall increase the bond, letter of credit or escrow account sufficiently to meet the adjusted monetary path payment requirement within the time required by Condition V.A.4(4)(b). CS2 may reduce the amount of the bond, letter of credit or escrow account commensurate with payments it makes to the Oregon Climate Trust.

1 (c) The calculation of 2000 dollars shall be made using the US Gross Domestic
2 Product Implicit Price Deflator, as published by the US Department of
3 Commerce, Bureau of Economic Analysis, or any successor agency ("the
4 index"). The amount of the bond, letter of credit or escrow account shall
5 increase annually by the percentage increase in the index and shall be pro-rated
6 within the year to the date of disbursement to the Oregon Climate Trust. If at
7 any time the index is no longer published, the Council shall select a comparable
8 calculation of 2000 dollars. The bond, letter of credit or escrow account shall
9 not be subject to revocation prior to disbursement of the full monetary path
10 payment requirement, including any adjusted monetary path payment
11 requirement. The terms of the bond, letter of credit or escrow account and
12 identity of the issuer shall be subject to approval by the Council, which approval
13 shall not be unreasonably withheld.
14

15 (d) If CS2 establishes an escrow account for the monetary path payment
16 requirement, the portion of any interest accruing in the escrow account up to the
17 time of disbursement to the Oregon Climate Trust that is equivalent to the 2000
18 dollar index adjustment (described in sub-section (c)) shall be for the benefit of
19 the Oregon Climate Trust and shall be disbursed to the Oregon Climate Trust
20 for use as specified in OAR 345-024-0710. Any remaining interest that
21 exceeds the 2000 dollar index adjustment at the time of disbursement of funds
22 to the Oregon Climate Trust shall be disbursed to CS2 on its request.
23

24 (2) CS2 shall disburse to the Oregon Climate Trust offset funds and contracting and
25 selection funds as requested by the Oregon Climate Trust up to the monetary
26 path payment requirement as determined by the calculations set forth in
27 Condition V.A.4(4) and based on the estimated heat rate, capacity, and
28 limitations on the annual average hours of operation with power augmentation or
29 enhancement technologies certified pursuant to Condition V.A.4(5) below (in
30 2000 dollars) and as adjusted in accordance with the terms of this site
31 certificate pursuant to Condition V.A.4(4)(b). Disbursements shall be made in
32 response to requests from the Oregon Climate Trust in accordance with the
33 requirements of OAR 345-024-0710.
34

35 (3) Notwithstanding anything in this amended site certificate to the contrary, CS2
36 shall have no obligation with regard to offsets, the offset funds and the selection
37 and contracting funds other than to make available to the Oregon Climate Trust
38 the total amount required under this site certificate, nor shall any
39 nonperformance, negligence or misconduct on the part of the Oregon Climate
40 Trust be a basis for revocation of this site certificate or any other enforcement
41 action by the Council with respect to CS2.
42

1 (4) CS2 shall submit all monetary path payment requirement calculations to the
2 Oregon Office of Energy for verification. All calculations shall be made
3 assuming that no steam is supplied for cogeneration. CS2 shall use the
4 contracted design parameters for capacity and heat rate for phase two that it
5 reports pursuant to Condition V.A.4(5) to calculate the estimated monetary
6 path payment requirement. CS2 shall use the Year One Capacity and Year
7 One Heat Rate that it reports for phase two pursuant to Condition V.A.4(6) to
8 calculate whether it owes additional monetary path payments following the Year
9 One Test and in subsequent five year periods, pursuant to sub-sections (b)(C)
10 and (b)(D).

11
12 (a) The net carbon dioxide emissions rate for incremental emissions for phase
13 two operating with power augmentation or enhancement technologies shall not
14 exceed 0.70 pounds of carbon dioxide per kilowatt hour of net electric power
15 output, with carbon dioxide emissions and net electric power output measured
16 on a new and clean basis, as modified by Condition V.A.4(5).

17
18 (b) When CS2 submits the Year One Test report required in Condition
19 V.A.4(6), it shall increase its bond, letter of credit or escrow account for the
20 monetary path payment requirement if the calculation using reported data shows
21 that the adjusted monetary path payment requirement exceeds the monetary
22 path payment requirement for which CS2 had provided a bond, letter of credit
23 or escrow account prior to commencing construction, pursuant to Condition
24 V.A.4(1).

25
26 (A) CS2 shall make the appropriate calculations and increase its bond,
27 letter of credit or escrow account, if necessary, within 30 days of filing its
28 Year One Test report with the Council.

29
30 (B) In no case shall CS2 diminish the bond, letter of credit or escrow
31 account it provided prior to commencing construction or receive a refund
32 from the qualified organization based on the calculations made using the
33 Year One Capacity and the Year One Heat Rate or payments required
34 by calculations pursuant to sub-sections (C) and (D).

35
36 (C) Each five years after commencing commercial operation of the facility
37 (“five-year reporting period”), CS2 shall report to the Office the annual
38 average hours the facility operated with power augmentation or
39 enhancement technologies during that five-year reporting period, pursuant
40 to OAR 345-024-0590(6).

41
42 (D) If the Office of Energy determines that phase two exceeds the
43 projected incremental net total carbon dioxide emissions calculated

1 pursuant to Condition V.A.4(4), prorated for five years, during any five-
2 year reporting period described in sub-section (C), CS2 shall offset
3 excess emissions for the specific reporting period according to subsection
4 (i) and shall offset the estimated future excess emissions according to
5 subsection (ii) pursuant to OAR 345-024-0600(4). CS2 shall offset
6 excess emissions using the monetary path as described in OAR 345-024-
7 0710, except that contracting and selecting funds shall equal twenty (20)
8 percent of the value of any offset funds up to the first \$250,000 (in 2000
9 dollars) and 4.286 percent of the value of any offset funds in excess of
10 \$250,000 (in 2000 dollars). CS2 shall make the funds available to the
11 Oregon Climate Trust within 60 days of its notification by the Office of the
12 amount it owes.

13
14 (i) In determining the excess carbon dioxide emissions that CS2
15 must offset for a five-year period, the Office shall apply OAR 345-
16 024-0600(4)(a). CS2 shall pay for the excess emissions at \$0.57
17 per ton of CO2 emissions (in 2000 dollars). The Office shall notify
18 CS2 of the amount of payment required, using the monetary path,
19 to offset excess emissions;

20
21 (ii) The Office shall calculate estimated future excess emissions and
22 notify CS2 of the amount of payment required, using the monetary
23 path, to offset them. To estimate excess emissions for the remaining
24 period of the deemed 30-year life of the facility, the Office shall use
25 the parameters specified in OAR 345-024-0600(4)(b). CS2 shall
26 pay for the estimated excess emissions at \$ 0.57 per ton of carbon
27 dioxide emissions (in 2000 dollars).

- 28
29 (5) Prior to commencement of construction of phase two, CS2 shall notify the
30 Council in writing of its final selection of a gas turbine vendor and shall submit
31 written design information to the Council sufficient to verify phase two's
32 designed new and clean heat rate and its nominal electric generating capacity at
33 average annual site conditions when operating with power augmentation or
34 enhancement technologies at full power. CS2 shall also specify the limit of the
35 annual average hours it will operate the power augmentation or enhancement
36 technologies. Based on such written design and operational information,
37 pursuant to OAR 345-024-0590(1), the Council may approve, upon a request
38 by CS2, modified parameters for testing the power augmentation or
39 enhancement equipment on a new and clean basis in a manner that
40 accommodates technical limitations of the equipment. The Council's approval
41 of modified testing parameters for power augmentation or enhancement
42 equipment shall not require a site certificate amendment. The report shall also

1 include an affidavit or other evidence that CS2 or vendor has guaranteed the
2 heat rate for operation with power augmentation or enhancement.

- 3
4 (6) Within two months of completion of the first year of commercial operation of
5 phase two, CS2 shall provide to the Council a test report (Year One Test) of
6 the actual heat rate (Year One Heat Rate) and nominal generating capacity
7 (Year One Capacity) for phase two operating with power augmentation or
8 enhancement technologies, without degradation, assuming no steam is supplied
9 for cogeneration, as determined by a test at full power completed during the first
10 12 months of commercial operation, with the results adjusted for the average
11 annual site condition for temperature, barometric pressure and relative humidity
12 and use of alternative fuels, and using a rate of 117 pounds of carbon dioxide
13 per million Btu of natural gas fuel. The full power test shall be 100 hours
14 duration unless the Council has approved a different duration pursuant to
15 Condition V.A.4(5).
16

17 B. Standards Relating to the Applicant

18
19 Organizational, Managerial and Technical Expertise Standard: OAR 345-22-010

20
21 1. PGE and CS2 Qualifications and Capabilities:

22
23 PGE, with respect to phase one, and CS2, with respect to phase two, shall
24 contractually require the EPC contractor and all independent contractors and
25 subcontractors involved in the construction and operation of the proposed facilities to
26 comply with all applicable laws and regulations and with the terms and conditions of
27 the site certificate. [rev. Amendment 6]
28

29 2. Third-Party Services and Permits

30
31 (i) Water supply

- 32
33 (1) The facility's water use shall not exceed the flow rates and maximum
34 quantities specified in the ASC for the proposed CSCP nor shall the
35 withdrawal rates exceed the limits imposed by the water right permits for
36 the sources supplying the water. [rev. Amendment 6]
37

- 38 (2) PGE, with respect to phase one, and CS2, with respect to phase two,
39 shall install and operate a continuous, recording flow meter on the facility's
40 process water intake line and maintain records of total process water use
41 on a monthly and annual basis. [rev. Amendment 6]
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43 (ii) Process wastewater disposal

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- (1) Within six months of the date the site certificate is executed, PGE shall demonstrate that the Port of Morrow has received DEQ approval to dispose of the CSCP's process wastewater, or commit to install an on-site, zero-discharge water treatment system. [rev. Amendment 6]
- (2) If PGE or CS2 use the Port of Morrow's industrial wastewater disposal system, they shall not discharge into the Port's system at flow rates and quantities or in excess of water quality limitations or discharge any materials that would violate any applicable laws and regulations or the conditions of the Port of Morrow's WPCF permit. [rev. Amendment 6]

(iii) Sanitary wastewater disposal

PGE, with respect to phase one, and CS2, with respect to phase two, shall not discharge any materials into the City of Boardman sewage treatment system that would violate any applicable laws and regulations or the conditions of the City of Boardman's WPCF permit. [rev. Amendment 6]

3. CS2 Corporate Authority

Prior to commencing construction of phase two and for the duration of this site certificate, Avista Power, LLC, shall hold all necessary authority to direct, compel and obligate CS2 to implement all actions required to meet CS2's obligations under this site certificate. If Avista Power enters into a co-ownership agreement of CS2 with other parties, CS2 shall identify to the Council the co-owners and file with the Council a summary of a contractual agreement among the co-owners demonstrating that Avista Power retains all necessary authority to direct, compel and obligate CS2 to implement all actions required to meet CS2's obligations under this site certificate. In its annual report submitted to the Council, CS2 shall describe any withdrawal of a co-owner of CS2 other than Avista Power. [Amendment 6]

4. Construction and Operation Contracts

- (1) CS2 shall retain a fully-qualified engineering, procurement and construction (EPC) contractor to design and construct phase two. Prior to construction of phase two, CS2 shall identify for the Council the EPC contractor chosen to design and construct phase two. CS2 shall report to the Council any change in the EPC contractor. [Amendment 6]
- (2) CS2 shall retain a fully-qualified firm to operate phase two. Prior to commercial operation of phase two, CS2 shall identify for the Council the firm chosen to operate phase two. CS2 shall report to the Council any change in the firm that operates phase two. [Amendment 6]

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C. Standards Rlating to the Site and Structure

1. Structural Standard: OAR 345-22-020

a. Seismic hazards

(1) PGE, with respect to phase one, and CS2, with respect to phase two, shall design and construct phase one and phase two in accordance with and in compliance with the laws and regulations administered by BCA. [rev. Amendment 6]

(2) Before submitting building permit applications to BCA, PGE, with respect to phase one, and CS2, with respect to phase two, shall re-evaluate peak ground acceleration for the site based on applying an amplification factor determined from its site-specific studies. The permit applicant shall report the results of its reevaluation to OOE, DOGAMI and BCA. The permit applicant shall design and construct the facility to address any estimate of peak ground acceleration exceeding that covered by seismic zone 2B. [rev. Amendment 6]

b. Adverse soil impacts

During construction, PGE, with respect to phase one, and CS2, with respect to phase two, and their subcontractors shall make reasonable efforts to keep soil disturbances to a minimum. [rev. Amendment 6]

2. Land Use Standard

PGE and CS2 shall comply with the conditions in the variance for the CSCP transmission line granted to applicant by Morrow County on October 25, 1993. [rev. Amendment 6]

D. Standards Relating to the Impacts of Construction, Operation and Retirement

1. Fish and Wildlife Standard: OAR 345-22-060

(1) PGE, with respect to phase one, and CS2, with respect to phase two, shall implement the vegetation, fish and wildlife mitigation measures as contained in

1 the ASC (Exhibits N, P and R), and the following mitigation conditions of
2 ODFW: [rev. Amendment 6]

3
4 a. PGE shall design and construct the electrical transmission towers and lines in
5 a manner appropriate for the protection of raptors. [rev. Amendment 6]

6 b. PGE, with respect to phase one, and CS2, with respect to phase two, shall
7 reseed areas of disturbed soil using the seed composition and planting
8 procedure described in the ASC, Exhibit N. PGE, with respect to phase one,
9 and CS2, with respect to phase two, shall reseed areas where Russian olive
10 trees or tall vegetation is removed using a mix of woody shrubs and perennial
11 grasses to be jointly determined by ODFW and PGE₂ or CS2. [rev. Amendment
12 6]

13
14 c. PGE shall plant trees between the west side of Messner Pond and the facility
15 site, as described in the ASC, to enhance wildlife habitat around Messner Pond
16 and to provide a visual and auditory buffer between the facility site and Messner
17 Pond. PGE and CS2 shall maintain trees in healthy condition and replace trees
18 that die or become unhealthy. [rev. Amendment 6]

19
20 d. The following activities shall be prohibited within 100 feet of the wetland
21 associated with Messner Pond: storage of hazardous materials, chemicals, fuels
22 and lubricating oils; refueling of construction equipment; and performing
23 concrete coating activities.

24
25 e. PGE, with respect to phase one, and CS2, with respect to phase two, shall
26 insure that notification is provided to the ODFW representative in charge of the
27 Heppner District Office at least one week prior to the start of construction for
28 the power plant and transmission lines. [rev. Amendment 6]

29
30 f. PGE, with respect to phase one, and CS2, with respect to phase two, shall
31 leave a 50 foot buffer between the edge of construction and the high water line
32 of the wetland area associated with Messner Pond. [rev. Amendment 6]

33
34 g. PGE shall erect a temporary fence and signs to protect the bank swallow
35 nesting colony from disturbance during construction. [rev. Amendment 6]

36
37 (2) PGE, with respect to phase one, and CS2, with respect to phase two, shall, as
38 part of the post-construction completion compliance status certification report
39 required by Mandatory Condition No. 3, provide documentation of the
40 following: a) cooling tower drift rate, including manufacturer specifications and
41 guaranty, and actual field testing of the CSCP cooling tower drift rate; and b)
42 water analysis of the cooling tower circulation water representative of identified
43 actual source water and cycles of concentration. [rev. Amendment 6]

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- (3) PGE, with respect to phase one, and CS2, with respect to phase two, shall install, operate and maintain a continuous monitoring system to measure and record the total dissolved solids (TDS) concentration of the cooling tower/condenser circulating water. [rev. Amendment 6]
- (4) The cooling tower drift factor for phase one and phase two shall not exceed 0.002 percent of the circulation rate. PGE, with respect to phase one, and CS2, with respect to phase two, shall not allow the total dissolved solids concentration in the cooling tower/condenser system to exceed 2,084 parts per million. [rev. Amendment 6]
- (5) PGE and CS2 shall fully comply with the terms and conditions of the December 10, 1993 Ecological Monitoring Program, as revised on January 5, 1994, and shall take such actions as deemed appropriate by OOE, in consultation with ODFW, to fully mitigate adverse impacts to the Messner Pond area, including but not limited to reducing the cycles of concentration in the cooling tower system. [rev. Amendment 6]

2. Scenic and Aesthetic Standard: OAR 345-22-080

PGE, with respect to phase one, and CS2, with respect to phase two, shall implement and fulfill the mitigation proposals as contained in the ASC, including site perimeter landscaping with appropriate vegetation; painting building structures and the exhaust stacks in neutral shades; minimizing exterior lighting and directing lights into the facility site; and establishing landscape screening along the perimeter of the proposed power plant site. [rev. Amendment 6]

3. Historic, Cultural, and Archaeological Standard: OAR 345-22-090

- (1) If the area in which artifacts were found is to be disturbed by construction or operation, PGE and/or CS2 shall obtain the recommendation of SHPO as to any clearance requirements for the affected area and shall comply with all applicable regulations and laws relating to historic, cultural, and archaeological resources. [rev. Amendment 6]
- (2) If historic, cultural or archaeological resources are found during project construction or construction-related activities, PGE, with respect to phase one, and CS2, with respect to phase two, shall stop all work in the vicinity of the find and consult with the SHPO. The applicant shall not restart work in the area of the find until SHPO has concurred that the applicant has identified actions to minimize or avoid further impact. [rev. Amendment 6]

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(3) PGE and CS2 shall comply with all applicable state laws regarding Indian graves, removal of historic materials and archaeological objects and sites. [rev. Amendment 6]

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4. Socio-Economic Impact Standard: OAR 345-22-110

a. Solid waste

PGE and CS2 shall, at a minimum, test their sludge waste and maintain records as required by DEQ and the landfill operator pursuant to applicable permits and licenses, including testing under the Toxicity Characteristic Leaching Procedure (TCLP), or equivalent per 40 CFR part 262.11, Hazardous Waste Determination. [rev. Amendment 6]

b. Emergency services

PGE and CS2 shall reimburse the Boardman Fire Department for reasonable costs for new training and equipment which is specifically needed, as determined by the State Fire Marshall, to respond to an emergency at the CSCP. [rev. Amendment 6]

c. Roadways

PGE and CS2 shall mitigate all fogging and icing impacts caused by CSCP to off-site roadways that create hazardous traffic conditions. Mitigation measures, if needed, shall be undertaken and implemented in consultation with the Port of Morrow and other responsible local agencies, and may include, but are not limited to: hazard warning signs, lighting and sanding. [rev. Amendment 6]

5. Waste Minimization Standard: OAR 345-22-120

a. Solid wastes

PGE, with respect to phase one, and CS2, with respect to phase two, shall minimize and recycle solid wastes generated during construction and operation whenever practical, including: [rev. Amendment 6]

a) packing materials, wood, piping and steel scrap during construction;

b) spent ion exchange resins used for demineralizing water during plant operation;

1 c) waste from the facility's office, including paper products, aluminum cans,
2 glass and plastics.

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7 b. Industrial wastewater

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9 If commencement of construction of either phase of the proposed CSCP is
10 delayed beyond two years from the date the site certificate is executed, PGE,
11 with respect to phase one, and CS2, with respect to phase two, shall submit,
12 prior to commencement of construction of that phase, a revised cooling system
13 evaluation that addresses the then available technologies, their costs, savings
14 and benefits. [rev. Amendment 6]

15
16 6. Retirement Standard: OAR 345-22-130

17
18 Upon retirement of the facility, PGE, with respect to phase one, and CS2 with respect
19 to phase two, shall restore their respective portions of the CSCP site to a useful
20 condition. [rev. Amendment 6]

21
22 E. Noise

23
24 (1) PGE, with respect to phase one, and CS2, with respect to phase two, shall comply
25 with the noise standards and limits contained in OAR 340-35-035 (1)(b)(B). [rev.
26 Amendment 6]

27
28 (2) PGE, with respect to phase one, and CS2, with respect to phase two, shall, by facility
29 design and the installation of silencers and/or other devices, limit noise emissions from
30 the facility's pressure-relief safety valves such that sound levels attributable to their use
31 do not exceed the limits contained in OAR 340-35-035 (1)(b)(B). [rev. Amendment 6]

32
33 (3) PGE, with respect to phase one, and CS2, with respect to phase two, shall retain a
34 registered acoustical consultant to conduct noise monitoring to determine compliance
35 with conditions (1) and (2) above and provide a report of that monitoring to OOE
36 within 120 days after beginning commercial operation of the proposed facility. [rev.
37 Amendment 6]

38
39 F. Public health and safety

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41 To the extent possible, consistent with BPA's specifications, PGE shall design and construct
42 the transmission line in accordance with the requirements of OAR 345-24-090: [rev.
43 Amendment 6]

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- (a) The transmission line shall be designed so that alternating current electrical fields shall not exceed 9 kv per meter above the ground surface in areas accessible to the public;
- (b) The transmission line shall be designed so that induced currents resulting from the transmission line and related facilities will be as low as reasonably achievable. PGE and CS2 agree to a program which shall provide reasonable assurance that all fences, gates, cattle guards, trailers, or other objects or structures of a permanent nature that could become inadvertently charged with electricity shall be grounded through the life of the line; and [rev. Amendment 6]
- (c) The transmission line shall be designed and constructed, and operated in a manner consistent with the 1993 edition of National Electrical Safety Code (American National Standards Institute, Section C2, 1993 edition).

VI. MONITORING CONDITIONS

OAR Chapter 345, Division 26 contains monitoring and reporting requirements for thermal power plants with site certificates. The following monitoring and reporting requirements are intended to achieve the purpose, expressed in OAR 345-26-005, "...to assure that the construction and operation of thermal power plants is accomplished in a manner consistent with the protection of the public health, safety and welfare, and the protection of the environment."

As provided in OAR 345-26-015(3), in the event that any of the specific monitoring or reporting conditions contained in the site certificate conflict or are inconsistent with the rules and requirements of OAR Chapter 345, Division 26, the site certificate conditions shall be deemed to control.

- (1) PGE, with respect to phase one, and CS2, with respect to phase two, shall submit to EFSC a report at least quarterly from the start of construction to commercial operation of phase two. The report shall include, but is not limited to: [rev. Amendment 6]
 - (a) an assessment of the construction schedule for each phase, including any changes to major milestones that affect the critical path for construction; [rev. Amendment 6]
 - (b) an assessment of the then known costs and costs projections for the CSCP in relation to the applicant's then current least cost plan;
 - (c) an assessment of the construction staffing, including status of staffing and any staffing problems that may affect construction schedule;

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(d) any significant work stoppage;

(e) any noncompliance with the conditions of the site certificate, including the background of the causes of the noncompliance, the mitigation or correction of the noncompliance and the impact of the noncompliance on the project schedule or financing;

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(f) any noncompliance with the conditions of permits issued by any other federal, state or local authority, including the background of the causes of the noncompliance, the mitigation or correction of the noncompliance, and the impact of the noncompliance on the project schedule or financing;

(g) any noncompliance with the conditions of permits issued to third parties that are known to PGE or CS2 and that are significant and relevant to the construction or operation of the facility, such as Water Rights Permits or Water Pollution Control Facility Permits, including the background of the causes of the noncompliance, the mitigation or correction of the noncompliance, and the impact of the violation on the project schedule or financing; [rev. Amendment 6]

(h) copies of all correspondence and reports related to facility construction submitted to a federal, state, or local authority, except material withheld from public disclosure under federal or state law. Abstracts of reports may be submitted in place of full reports. However, full copies of abstracted reports must be provided at the request of OOE or EFSC;

(i) any other information that EFSC requests that is considered necessary to monitor and evaluate compliance by PGE or CS2 with the terms and conditions of the site certificate. [rev. Amendment 6]

(2) PGE, with respect to phase one, and CS2, with respect to phase two, shall submit to the EFSC an annual report from the start of commercial operation of the first unit through retirement of the last operating unit. The annual report shall include, but is not limited to: [rev. Amendment 6]

(a) results of performance tests, including project efficiency testing, summaries of fuel use, average volume and mass of steam supplied to any cogeneration host and the estimated fuel used to generate any host steam load;

(b) in the first report submitted after commencement of commercial operation, unit heat rate in Btu per kilowatt hour produced, corrected to ISO conditions and accounting for steam delivered to any steam host, and also facility capacity corrected to 52.8° F, 55% relative humidity, standard air pressure adjusted for elevation, no steam to process, natural gas fuel, and normal steam turbine exhaust pressure, net of plant auxiliary loads;

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(c) the power production by the facility by unit, by month, including peak capacity, average capacity, gross and net kilowatt hour production, availability, reasons and durations of planned and unplanned outages, plans to improve capacity and availability and to correct recurring problems;

(d) an assessment of the operations staffing, including status of staffing and any staffing problems that may affect facility operation;

(e) any noncompliance with the conditions of the site certificate, including the background of the causes of the noncompliance, the mitigation or correction of the noncompliance and the impact of the noncompliance on the project operation or financing;

(f) any noncompliance with the conditions of permits issued by any other federal, state or local authority, including the background of the causes of the noncompliance, the mitigation or correction of the noncompliance, and the impact of the noncompliance on the project operation or financing;

(g) any noncompliance with the conditions of permits issued to third parties that are known to the applicant and that are significant and relevant for the operation of the facility, such as Water Right Permits or Water Pollution Control Facility Permits, including the background of the causes of the noncompliance the mitigation or correction of the noncompliance, and the impact of the noncompliance on the project operation or financing;

(h) copies of all correspondence related to facility operation which was submitted to a federal, state, or local authority, except material withheld from public disclosure under federal or state law. Abstracts of reports may be submitted in place of full reports. However, full copies of abstracted reports must be provided at the request of OOE or EFSC;

(i) an assessment of the project's cost of operation in relation to the applicant's then-current least cost plan;

(j) any other information that EFSC requests that is considered necessary to monitor and evaluate the applicant's compliance with the terms and conditions of the site certificate.

(3) Information To Be Reported Promptly

(a) PGE, with respect to phase one, and CS2, with respect to phase two, shall report to OOE within 72 hours of receiving knowledge of noncompliance with the conditions of the site certificate arising from the acts or omissions of PGE, CS2, their contractors, subcontractors or agents; [rev. Amendment 6]

1 (b) PGE, with respect to phase one, and CS2, with respect to phase two, shall report to
2 OOE within 24 hours of receiving knowledge of any condition arising from the construction
3 and operation of the facility that endangers public health and safety. [rev. Amendment 6]
4

5 VII. AMENDMENT OF SITE CERTIFICATION AGREEMENT
6

7 PGE, CS2 and EFSC recognize that, because of the length of time that may pass between the date on
8 which this Agreement is executed and the date on which construction will commence, and that will pass
9 between the time construction is commenced and the energy facility is retired, it may be necessary to
10 amend this Agreement.

11
12 Amendments shall be made in accordance with OAR Chapter 345, Division 27 or EFSC rules
13 applicable and in effect at the time the amendment is sought.⁴
14

15 VIII. SUCCESSORS AND ASSIGNS
16

17 No site certificate, or any portion thereof, may be transferred, assigned, or disposed of in any other
18 manner, directly or indirectly, except in compliance with OAR 345-27-100 or EFSC rules applicable
19 and in effect at the time such action is proposed.
20

21 IX. SEVERABILITY AND CONSTRUCTION
22

23 If any provision of this agreement and site certificate is declared by a court to be illegal or in conflict with
24 any law, the validity of the remaining terms and conditions shall not be affected, and the rights and
25 obligations of the parties shall be construed and enforced as if the agreement and site certificate did not
26 contain the particular provision held to be invalid.
27

⁴The Order Approving Amendment No. 1, on page 12, included the following:

“Notwithstanding the latter statement in Section VII, OAR 345-27-011 states that the Council's current rules in Division 27 do not apply to facilities for which a site certificate was executed before November 30, 1994, unless the site certificate is amended to include the applicability of the rules in this division. This amendment would apply the current rules at OAR 345-27-050 through OAR 345-27-080, and OAR 345-27-095 to this site certificate.

“PGE's request is consistent with the terms of the site certificate. It would be consistent with the other recommended amendments for the Council to amend the site certificate to incorporate specifically the applicability of OAR 345-27-050 through OAR 345-27-080 and OAR 345-27-095 to clarify that the Council will process subsequent requests for amendments or petitions by PGE under the Council's most current procedural rules.

“OE concludes that the application of these current rules would not create a threat to public health and safety or to the environment. OE supports this amendment. The Council agrees and finds that this amendment is appropriate.”

1 In the event of a conflict between the warranties and conditions contained in this site certificate and
2 EFSC's final order, the warranties and conditions contained in this site certificate shall control.

3
4 X. GOVERNING LAW AND FORUM

- 5
6 A. This agreement shall be governed by the laws of the State of Oregon.
7 B. Any litigation or arbitration arising out of this agreement shall be conducted in an
8 appropriate forum in Oregon.

9 /
10 XI. CONDITIONS ISSUED PURSUANT TO APPLICANT REPRESENTATIONS

11 References to page numbers and exhibits are to the Application for Site Certificate for the CSCP.
12 [Amendment 1, inclusive]

- 13
14 1. PGE, with respect to phase one, and CS2, with respect to phase two, shall notify the
15 Council of any modifications to the ownership of the controlling interest of their respective
16 corporations. [rev.Amendment 6]
17
18 2. PGE shall notify the Council of any change of the identity of the operator of the facility.
19
20 3. NOx emissions shall be controlled to 25 ppm on natural gas. (p. B-3)
21
22 4. Each heat recovery steam generator shall be provided with an ammonia injection system
23 and selective catalytic reduction system to further reduce the NOx emissions at the stack outlet.
24 (p. B-4)
25
26 5. All chemicals listed in section 4.7 of Exhibit B shall be stored in approved storage
27 containers consistent with industry standards for the particular chemical. All chemical storage
28 systems shall have provisions for secondary containment to prevent uncontrolled spills to the
29 environment. (p. B-8)
30
31 6. PGE, with respect to phase one, and CS2, with respect to phase two, shall implement fire
32 protection and life safety design features as described at Section 4.10 of Exhibit B. (pp. B-9 and
33 B-10) [rev. Amendment 6]
34
35 7. The low NOx burners on the auxiliary boiler shall control emissions to a maximum of
36 40 ppm at the stack outlet. (p. B-12)
37
38 8. All equipment drain wastewater shall be processed in an oil/water separator designed to
39 remove oil contamination down to 10 ppm in the discharge water. Storm water collected within
40 the fuel tank area shall be ... processed through the facility oil/water separator down to 10 ppm oil
41 in the discharge water. (pp. B-11)
42

- 1 9. Code classifications and requirements described in Section 5.2 of Exhibit B shall apply to
2 the energy facility and to any modifications. (p. B-14)
3
- 4 10. Aircraft warning lights shall be installed on the heat recovery boiler stacks if required by the
5 FAA. (pp. B-22)
6
- 7 11. Equipment layout shall allow access for fire fighting or responses to any spills when
8 required. (p. B-29)
9
- 10 12. The facility shall be designed, constructed, tested and operated in accordance with the
11 codes and standards normally used for this type of facility. Where State of Oregon codes or local
12 codes specify added or more stringent requirements, these requirements shall be incorporated into
13 the facility design and construction. Codes listed in Exhibit B, Section 8.0 shall apply. (pp. B-30)
14
- 15 13. All of the equipment listed on Table B-2 may be constructed. PGE may construct the fuel
16 oil-related equipment shown on Figure B-M10. However, PGE shall not use fuel oil for electric
17 generation or steam production without prior Council approval.
18
- 19 14. Acid and caustic shall each be stored in individual carbon steel storage tanks. The tanks
20 shall be located above ground within a concrete containment bermed area. The bermed area shall
21 contain sump pumps allowing any leakage to be transferred to the neutralization system. These
22 tanks shall be located outdoors with appropriate weather protection. Handling of these materials
23 shall be in accordance with approved industry standard practice as well as federal, state and local
24 regulations. (p. F-4)
25
- 26 15. The ammonia storage system shall be designed to the requirements outlined in American
27 National Standard Institute (ANSI) K61.1, Safety Requirements for the Storage and Handling of
28 Anhydrous Ammonia. (p F-4)
29
- 30 16. The hydrogen storage and transfer system shall comply with the guidelines established in
31 section VIII of the American Society of Mechanical Engineers (ASME) Boiler and Pressure
32 Vessel Code and in ANSI B31.1 of the American National Standard Code for Pressure Piping.
33 Other codes that shall be followed include the National Electrical Code (NEC) Article 500,
34 NFPA 496, ANSI/AWS D1.1 The area immediately around the hydrogen generators and
35 storage system area shall be an NFPA/NEC Class I, Division II, Group B Hazardous Area.
36 (p. F-4)
37
- 38 17. For miscellaneous materials described in section 2.7 (p. F-6), appropriate safety measures
39 shall be taken around the storage sites. Handling and storage of these items shall be strictly in
40 accordance with approved procedures to provide safe storage of the substances. (p. F-5)
41
- 42 18. To ensure proper safe handling of the natural gas, the entire system shall be installed and
43 operated in accordance with the NFPA 54; Natural Fuel Gas Code, Part 2; Gas Piping System

1 Design, Materials and Components, Part 3; Gas Pipe installation, Part 4; and Inspection, Testing
2 and Purging. The piping shall be designed in accordance with ANSI B31.8. (p. F-6)
3

4 19. Fuel control systems on the gas turbines shall include separate fuel shutoff valves to stop all
5 fuel flow to the unit under shutdown conditions. Fuel flow shall restart when all permissive firing
6 condition have been satisfied. Each fuel shutoff valve shall have a mechanical device for local
7 manual tripping and a means for remote tripping. A vent valve shall be provided on the fuel gas
8 system to vent automatically the piping downstream of the shutoff valve when the fuel shutoff valve
9 closes. Gas shutoff valves shall be installed at the utility pipeline connection point as well as at the
10 facility. The area immediately around the gas system shall be a NFPA/NEC Class I, Division II,
11 Group D Hazardous Area. Operations in the area shall be in accordance with this classification
12 and accepted industrial standards of practice and procedures. (p. F-7)
13

14 20. Management of non-fuel substances shall be conducted as described in section 3.2 of the
15 ASC. (pp. F-6 and F-7)
16

17 21. PGE, with respect to phase one, and CS2, with respect to phase two, shall handle and
18 dispose of construction waste as described in Section 4.1 of the ASC. (pp. F-7 and F-8). [rev.
19 Amendment 6]
20

21 22. Hazardous waste shall be stored no more than 90 days and transported to a licensed
22 treatment storage disposal facility. (p. F-9)
23

24 23. Waste oil shall be collected in a single underground storage tank and trucked offsite to an
25 approved recycling and disposal facility. The underground tank shall be of fiberglass double wall
26 construction to provide corrosion protection and secondary containment. Leakage monitoring
27 shall also be provided. (p. F-10)
28

29 24. PGE, with respect to phase one, and CS2, with respect to phase two, shall set back heavy
30 plant facilities a minimum of 60 feet from the edge of the irrigation pond to the east of the facility
31 site. (p G-6) [rev. Amendment 6]
32

33 25. PGE, with respect to phase one, and CS2, with respect to phase two, shall plant fill slopes
34 with vegetation to prevent surface erosion. (p. G-7) [rev. Amendment 6]
35

36 26. PGE, with respect to phase one, and CS2, with respect to phase two, shall implement
37 mitigation measures as described in section 4.0 of the ASC. (p. G-8) [rev. Amendment 6]
38

39 27. PGE, with respect to phase one, and CS2, with respect to phase two, shall implement
40 mitigation measures to vegetation impacts described in section 6.0 of the ASC. (p. N-4) [rev.
41 Amendment 6]
42

1 28. PGE, with respect to phase one, and CS2, with respect to phase two, shall implement
2 mitigation measures described in section 5.0 of the ASC. (p. P-4) [rev. Amendment 6]

3
4 29. PGE, with respect to phase one, and CS2, with respect to phase two, shall implement
5 mitigation measures described in section 5.0. (p. R-10) [rev. Amendment 6]

6
7 30. PGE, with respect to phase one, and CS2, with respect to phase two, shall implement
8 mitigation measures described in Exhibit W, unless those are superseded by more detailed
9 measures described in the Council's final order of September 16, 1994 or in the site certificate.
10 [rev. Amendment 6]

11 /

12 XII. CONDITIONS ISSUED PURSUANT TO USING ALTERNATE FUEL IN A NATURAL
13 GAS-FIRED FACILITY [Amendment 2, inclusive]

14
15 1. The CSCP shall not exceed permitted emission levels, total emissions or the allowable
16 amount of distillate fuel use stated in its Air Contaminant Discharge Permit (amended for distillate
17 fuel burning). The CSCP's use of distillate fuel in its phase one combustion turbine in any year
18 shall not exceed an amount of 10 percent of the expected total fuel use, on a Btu higher heating
19 value basis. [rev. Amendment 3]

20
21 2. PGE shall not use #2 low sulfur distillate fuel oil in its phase one turbine at CSCP prior to
22 receiving an amended Air Contaminant Discharge Permit from the Department of Environmental
23 Quality authorizing it to burn distillate fuel. [rev. Amendment 3]

24
25 3. PGE shall prepare a Spill Prevention Control and Countermeasures Plan meeting federal
26 standards and fully implement it within one year of storing distillate fuel at CSCP.

27
28 4. PGE shall prepare a response plan meeting the requirements of a Federal Response
29 Plan for CSCP suitable for submission to the U.S. Environmental Protection Agency Regional
30 Administrator prior to beginning filling the second distillate oil storage tank.

31
32 IN WITNESS WHEREOF, this Site Certificate has been executed by the State of Oregon, acting by
33 and through its Energy Facility Siting Council, Portland General Electric, Coyote Springs 2, LLC and
34 Avista Power. [rev. Amendment 6]

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39 _____
40 Karen H. Green
41 Chair, Energy Facility Siting Council

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43 Date: June 23, 2000

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On behalf of Coyote Springs 2, LLC

1 Date: _____

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10 On behalf of Portland General Electric Company

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19 On behalf of Avista Power

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21 Date: _____
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