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February 11, 2021

Washington Department of Ecology
1250 West Alder Street,
Office of the Columbia River
Union Gap, WA, 98903-0009

Attn: Sage Park, Regional Director

RE: Comments Regarding Goldendale Energy Storage Project

Public Utility District #1 of Klickitat County (KPUD) appreciates the opportunity to comment to the Washington Department of Ecology on the appropriate scoping for the proposed environmental review for the Goldendale Energy Storage project under the provisions of SEPA. We request consideration be given to our comments in the following areas:

KPUD Water Rights / Project Water Supply - With these comments KPUD's first priority is to clearly communicate with and achieve recognition / concurrence from Ecology on the matter of water supplied for this project. On Ecology's website for this project, under the project details tab, the provision of water is described as ".....water for the project would be drawn from the Columbia River under a permit that once served the aluminum plant." In its Notice of Significance Ecology states, as a topic to be studied; "Effects of project water withdrawals (e.g., initial fill and annual make-up water) on water quantity in the Columbia River."

These comments cause KPUD concerns in that they are an incomplete, and as such they are potentially a misleading characterization of how water will be provided to the Goldendale Energy Storage Project. It is not clear why and what review would occur of effects on the Columbia River when the water will be provided under a valid municipal water right. As Ecology is aware KPUD obtained the water rights formerly held by NSC and its predecessors who previously owned and operated Goldendale Aluminum. The water right was changed to municipal use after a very rigorous extent and validity analysis and impairment analysis. To be clear, and as KPUD believes Ecology understands but we wish to reiterate, the project, per se will not be withdrawing water from the Columbia River. KPUD will utilize facilities, obtained from NSC, the current property owner, and refurbish and expand as necessary to supply water in accordance with its municipal water rights, to provide water for the Project, as well as other potential customers that locate on the site at such time site clean-up allows. As such any characterization of how the Project is obtaining water for their operations, including the scoping document, should clearly recognize this arrangement, the details of which are currently under negotiation between FFP, NSC and KPUD. I would finally note that contrary to a characterization made by Ecology staff at the January 27 meeting, KPUD does not anticipate leasing water to the project. Rather the water will be sold and provided to the Project and other potential development as customers of the KPUD under either a rate schedule or contractual arrangement generally comparable to other KPUD transactions of a similar nature. We appreciate Ecology staff clarifying that matter in their remarks at the second public meeting

and trust Ecology's website and other communication will be clear and correct in its characterization on this matter.

More specifically as it relates to water supply, KPUD sponsored Washington State Senate Bill 6044 was passed and signed into law on March 30, 2012. The law expressly authorizes KPUD to supply water to a pumped storage project. The Cliff's Water System Plan document (PWS ID #224608), serving the Project was submitted to both Washington State Department of Health (DOH) and Department of Ecology (Ecology). KPUD reached agreement with Ecology and Health to allow for the expressed use of water for the Project and other potential development at the NSC site. Again, KPUD urges Ecology to recognize these facts in the scoping document.

Recognition and Incorporation of Previous Environmental and Related Investigative Efforts for this Project Specifically and Location Generally – In 2005 Klickitat County, after considerable consideration, multiple public hearings conducted by the Klickitat County Planning Commission and Board of Commissioners, and the completion of an EIS, adopted an ordinance and subsequent regulations establishing the Klickitat County Energy Overlay Zone (EOZ). The EOZ was the result of considerable local effort by Klickitat County and its residents to determine if, where and how they wished to see renewable energy resources developed in the county. As Ecology certainly is aware, and must recognize in their scoping document for this project, the proposed Goldendale Energy Storage Project lies within the EOZ.

Ecology is also aware that Klickitat County has seen considerable renewable energy development since that time. Today Klickitat County is one of the nation's leading producers of wind energy with over 1,250 MW in commercial operation. Each of these projects underwent their own permitting / licensing processes and associated studies.

In 2008 KPUD submitted a preliminary permit application for a pumped storage project at the same location as the proposed Project. KPUD's application was granted by FERC on April 1, 2009. In November 2012 KPUD received a successive preliminary permit. During the terms of these preliminary permits, KPUD researched Project feasibility, conducting the full array of consultation, public outreach and a host of environmentally related studies required for permitting and licensing.

The area of the proposed Project has been extensively studied and developed in the almost 16 years since Klickitat County adopted the EOZ. It is likely this area has been studied to a greater extent than any other area of the Pacific Northwest for its suitability for energy project development. Renewable Energy development has received strong support among Klickitat County residents during that time. KPUD requests that Ecology's scoping document acknowledge and incorporate the efforts previously performed in the early development of this project specifically and for renewable energy generally within the EOZ. The scoping document should incorporate and reflect the extensive volume of previous studies and analysis that have been conducted on the site of this Project and proximate areas to the Project.

Consideration of Economic Impact Considerations - KPUD obtained the water rights from National Smelter Corp (NSC) first with the hopes that Goldendale Aluminum might at some time restart, and secondly, in the event resumption of the smelter did not occur, to facilitate the beneficial use of the water in the County and for the redevelopment of the smelter property in order to replace the lost jobs and tax base associated with the closure of Goldendale Aluminum. Goldendale Aluminum was by far Klickitat County's largest employer and the loss of those jobs and tax base is still being felt today. In

response to that loss the KPUD Board of Commissioners correctly anticipated the development of renewable energy would be a significant economic development opportunity, supporting said development through direct participation in projects as well as supporting development through provision of transmission services. KPUD supports the development of the Goldendale Energy Storage Project as a continuation of our efforts to recover from the loss of Goldendale Aluminum jobs and tax base. As part of its efforts to pursue the project KPUD commissioned and economic impact study of the project performed by EcoNorthwest and completed (in draft) in May of 2015. That study concluded:

ECONorthwest's analysis indicates that over the pre-construction and construction years, the JD Pool project will have cumulative direct, indirect and induced economic impacts in Washington and Oregon of \$1.39 billion in output, \$366 million in labor income, and 6,650 full-year-equivalent jobs. These impacts will be spread unevenly over time based on when spending occurs. Once the pumped storage facility is up and running, operating impacts in Washington and Oregon will total \$16.85 million in output, \$5.8 million in labor income, and 72 jobs annually. About 72 percent of output and 65 percent of job impacts in the region would occur in Klickitat County. JD Pool would generate an estimated \$15.1 million in property and other taxes to the County, primarily going towards education. These impacts will continue into the future.

KPUD is aware that the current Project developers have also conducted an economic impact study performed in 2019 by Highland Economics. It concluded:

Including ripple effects in other sectors, total economic activity supported by the Project in Klickitat County during construction is estimated to total 900 to 1,100 job-years and \$53.6 million to \$65.6 million in total labor income. In total, in all of Washington and in Oregon, 6,900 to 8,400 jobs years and \$650 million to \$795 million in labor income will be supported. On an average annual basis this equates to or approximately 190 to 230 jobs and \$10.7 million to \$13.1 million in labor income annually in Klickitat County. In total in Washington and in Oregon, this equates to approximately 1,390 to 1,730 jobs and \$130 million to \$159 million in labor income annually.

.....the first year after project construction, property taxes paid to Klickitat County by the Project may be as much as \$20 million to \$30 million. Thereafter, the value would fluctuate based on the net profitability of the Project. These property taxes would support local jurisdictions and county services in Klickitat County.

These studies clearly demonstrate the significant economic impact the construction and operation of the Goldendale Energy Storage Project would have, certainly for Klickitat County specifically but for the region generally. These anticipated benefits drove the Mid-Columbia Economic Development District to incorporate support for the project in their March 2020 Economic Development Strategy. We urge Ecology incorporates economic consideration such as jobs, wages, and tax revenues into its analysis.

Impact of Goldendale Energy Storage on Smelter Site Cleanup and Redevelopment – KPUD, through its own previous development effort as well as through its continued support of redevelopment of the NSC property has gained a reasonable understanding of the contamination issues and associated cleanup efforts at the site. We further understand that the Project developer, FFP is seeking a prospective purchaser consent decree to define the cleanup actions needed for the portion of the site they propose to purchase for the energy project. Based on KPUD's understanding of the specific property in question we believe those cleanup efforts are not only manageable given the scope of the project, but more importantly will likely accelerate and broaden clean up actions at the site. We believe Ecology should

incorporate in its effort the impact of the Project in enhancing cleanup and restoration on the area covered by the prospective purchaser's agreement specifically and the NSC site as a whole.

Consideration of Role of Project in Meeting Washington's Clean Energy and Carbon Reduction Legislation and Goals - KPUD also anticipated that, as the percent of regional energy supply was increasingly comprised of intermittent renewable resources, there would be need for capacity resources to integrate said renewables into a reliable regional power supply. That is now clearly the case. While solar and wind energy is capable of replacing lost fossil fuel generation in the region (primarily coal generation) it is now clear that as wind and solar increase as a percentage of the regions electricity generation mix, the need for dispatchable capacity resources is becoming critically apparent. Failure to construct these types of resources to integrate wind and solar will result in either Washington failing to meet its renewable energy and carbon reduction goals, or result in an electric grid system prone to rolling blackouts as has happened recently in California. Conversely utility scale storage, such as the Goldendale Energy Storage Project will enable the further development of renewable energy into a reliable electric supply while meeting Washington's energy policy laws.

The consulting firm E3, in late 2019 issued a report pointing out the immediacy of the need for new capacity in the region. It stated:

Near-term (today-2025): the Pacific Northwest faces a near-term capacity shortfall of 3-7 GW

Mid-term (2025-2030): capacity need grows to as much as 10 GW as additional firm capacity retires and this need is not fully replaced by planned additions

All planned capacity additions, and significantly more, are required by 2030 •

Even in an optimistic scenario (if all planned capacity additions detailed in the reviewed utility IRPs are approved and constructed), the region remains approximately 3 GW short by 2030

The study also pointed out that its conclusions are comparable to those conducted by the Northwest Power and Conservation Council, the Bonneville Power Administration, the Pacific Northwest Utilities Conference Committee and the region's largest utilities integrated resource plans. Projects such as the Goldendale Energy Storage Project have long lead times. Projects such as this need to move into construction expeditiously to meet the needs identified by 2030. Failure to do so will lead to either system reliability problems such as those that began to recently appear in California, or a reliance on fossil fuel generation greater than would otherwise be necessary. KPUD urges Ecology to recognize this fundamental fact in the Project scoping document.

Legislature's Designation of Goldendale Energy Storage as a Project of Statewide Significance- House

Bill 2819 designated the Goldendale Energy Storage Project as a "project of statewide significance."

It is KPUD's understanding that the legislature intended this designation to help to prioritize this project for expedited permitting and multi-level collaboration with the Governor's Office for Regulatory Innovation and Assistance. The designation also requires cities and counties with development projects of statewide significance to include a plan for consultation with affected tribes. KPUD supported this legislation and urges Ecology to comply with its intent and language and reflect that compliance in its scoping process. In the event that the Yakama Nation participates in State processes, this scoping document should encourage constructive dialogue between FFP, project supporters including local government and the Yakama Nation to reach mutually agreeable solutions to the Yakama's concerns, as contemplated by the designation of statewide significance legislation.

Once again KPUD appreciates Ecology's consideration of our comments and stands ready to assist Ecology in any way we can in moving this critical infrastructure forward.

Sincerely,



Jim Smith
General Manager

