



REEDSPORT WAVE ENERGY PROJECT SCOPING MEETING

**October 4, 2006
Port of Umpqua Building**

Attending Members:

Keith Tymchuk, Co-Convener
Sen. Joanne Verger, Co-Convener
Dave Van't Hof, Governor's office
Doug Robertson, Douglas County
Commission
Robin Hartmann, OPAC
Scott McMullen, OPAC and OFCC
Paul Davies, Central Lincoln PUD
Jeff Griffin, Governor's ERT
Maggie Sommer, ODFW
Rick Hohnbaum, City of Reedsport
Jeff Kroft, Oregon DSL
JR Herbst, Confederated Tribes of Coos,
Lower Umpqua, and Siuslaw Indians

Greg, McMurray, Oregon DLCD
Hugh Link, Oregon Dungeness Crab
Commission Jackie Degman, Gardiner
Sanitation District
Sheri Aasen, Lower Umpqua Economic
Development Forum
Justin Klure, Oregon DOE
Jason Vaillancourt, Sen. Gordon Smith
Ron Kreskey, Congressman Peter DeFazio
Lyle Hartzell, Commercial Crabbing
Steve Kopf, Ocean Power Technologies
Jim Hastreiter, FERC
Cristen Don, ODFW
Marc Fullhart, Gardiner

Attending Public:

Curt Abbott, Central Lincoln PUD
Tom Tymchuk, Central Lincoln PUD
Ron Vail, Dunes Family Healthcare and Reedsport School District
Al Pazar, ODCC
Onno Husing, OCZMA

Members not present:

Arnie Roblan, State representative
Don Ivy, Coquille Indian Tribe
Kathy Tortorici, NOAA Fisheries
Larry Evans, U.S. Corps of Engineers
Commander Russell Proctor, U.S. Coast Guard
Kemper McMaster, U.S. Fish and Wildlife Service
Gail Achterman, Oregon State University

Welcome, Purpose, Introductions

Co-conveners Senator Joanne Verger and Keith Tymchuk opened the meeting with a brief discussion of the group's purpose, followed by introductions. Dave Van't Hof shared the strong support of the Governor's office for the development of the wave energy industry and the interest to use this specific project and process as a model for future development in the state.

Background

Over the last 1 ½ years, the State of Oregon has been evaluating the potential development of wave energy within the state. Development of a viable wave energy industry provides economic benefit to the state while also advancing renewable resource development. The state's efforts have included application of existing tax credits, proposals for new financial incentives, and coordination with developers, researchers and potentially impacted parties. On July 14, 2006, Ocean Power Technology filed an application with the Federal Energy Regulatory Commission (FERC) for a preliminary permit for development of a 50 MW wave park near Reedsport, OR. The Governor has designated the Reedsport Wave Energy Project as an Oregon Solutions project. The purpose of the effort is to develop a coordinated, well-integrated permitting and licensing process between public, private and non-profit entities and the regulatory agencies.

This effort does not replace or speak to current efforts within the state to address industry-wide issues in the State of Oregon. This Oregon Solutions project will augment those efforts by providing a project specific experience and is intended to provide a process that may then be replicated for other wave energy projects along the Oregon coast.

Status of Preliminary Permits

Ocean Power Technology filed a preliminary permit application on July 14, 2006. FERC made the application available for 60 day public comment on July 28, 2006. On September 20, 2006, Douglas County filed for a preliminary permit for development of the coastline within their county jurisdiction. FERC has published public notice on both applications but has not yet accepted or ruled on either permit application.

Commissioner Doug Robertson indicated that Douglas County's application for a preliminary permit was not intended to be in competition or limit Ocean Power Technology's permit, but to retain County involvement in future development of the coastline. Commissioner Robertson further indicated that parties were coordinating to amend their permit application to eliminate any confusion within FERC regarding County intent.

Project Summary

Steve Kopf from Ocean Power Technology gave an overview of the proposed wave energy park. The presentation included photos of the buoy technology and sketches of the anchoring strategy. The company currently has test buoys operational off the coasts of Hawaii and New Jersey.

The company has the following desired project development schedule:

- Summer of 2007: 150 kW single buoy anchored in place for testing and evaluation.
- Summer of 2008: Additional twelve buoys (total of 13 buoys and 2 MW) in place as an array under FERC license and under study.
- Future development: Total of 200 buoys and 50 MW occupying a radius of up to 1 ½ mile by 5 mile

The phased approach to development is valuable in providing evaluation for the following phase. Specifically, the installation of the single buoy in 2007 will assist in evaluation for the larger array proposal. Similarly, the installation of the array will provide research and information for the full project development.

Prior to attaching any buoys to the ocean floor, a Corps of Engineers 404 Permit is required. The 404 permit process will require National Energy Policy Act (NEPA) analysis. Under NEPA, an Environmental Assessment (EA) is used to concisely gather and determine the level of impact of an action. If there is a Finding of No Significant Impact (FONSI), then no further analysis is required. If the impact is determine to be significant, an Environmental Impact Statement (EIS) is required. An EIS includes a public scoping process and a formal coordination among regulatory agencies. It concludes with a Record of Decision (ROD) that includes mitigation and monitoring actions.

Consistent with installation of the single buoys in Hawaii and New Jersey, the company is confident for its proposed single buoy installation that an EA will result in a finding of no significant impact. The company has hired Devine Tarbell Associates to assist in the development of the EA and 404 Permit.

It is the company's interest to be able to sell the output of the additional twelve buoys scheduled for installation in summer of 2008. In order to sell the output of the project, a FERC license likely will be required. The requirements of the FERC license are described below. The company is currently in discussion with PNGC Power for a power purchase and development agreement.

FERC Summary

Jim Hastreiter from FERC's hydro licensing division provided a PowerPoint presentation of the licensing process that would be required for this project. Jim acknowledged that the current process being applied to wave energy, and all other ocean development, is designed for river-based hydro project licensing. It has not yet been modified for wave energy projects. The Commission is very supportive of ocean development projects and is interested in input about how to streamline or modify the process to enable these resources. There are two key upcoming opportunities for input:

- Ann Miles, FERC Manager of Hydro Licensing, is attending October 10 OPAC meeting.
- December 6th meeting with FERC Commission on ocean energy development issues in Washington, D.C.

- Senator Gordon Smith has requested hearings in late December-early January to discuss methods for expediting the FERC process for wave energy projects.

The following summary is based on the existing hydro relicensing process. FERC has multiple type processes to work with, all of which are built on the NEPA process and include public scoping and formal coordination with regulatory agencies. Of the options, Ocean Power Technology would like to use an “Integrated Licensing Process.” The process is broken down into two phases of pre-filing and post-filing activities. The key demarcation is the filing of the license application.

Pre-Filing:

This phase is distinguished by active stakeholder and FERC staff involvement. This phase includes a formal scoping and study development process. The primary result of this phase is a FERC approved study plan. The study plan defines all the studies that will be conducted to provide information to support the license application. This phase can be expedited by stakeholder consensus regarding what studies and the methodology for how to conduct the studies.

Post-filing:

Once the license application is filed, FERC conducts the environmental review of the proposed action. This includes review of the applicant’s information and a formal review by regulatory agencies of the information and proposed mitigation for any impacts. Again, this process can be expedited by stakeholder consensus on the interpretation of the information and agreement on mitigation measures.

Summary of Interests (For a detailed list of interests, please see Appendix A)

Parties around the table are generally excited about the potential of this project.

- There is excitement in having Oregon serve as a leader in the development of a new renewable energy resource. Further, many see that this project and the emerging industry could provide great economic value to the area.
- However, there is caution and a desire to be deliberate in understanding and evaluating the impacts to existing industries and natural resources. Specifically, fishing/crabbing industry, cultural Resources, marine resources, and visual impacts.
- In addition to understanding the impacts of this specific project, there are concerns about the cumulative effects of wave energy development along the coast and an interest in assuring those issues are addressed.
- There is great interest in having this process serve as a model for future wave project development. There is some thought that this project could provide a better model by expediting installation to provide information from actual placement and operation of buoys.

Summary of Issues

1. Define the Regulatory Process:
 - What is the approach to licensing, license study, and amendment?
 - Define the mandatory state requirements: DSC, CZMA, DEQ (401).
 - Efficiency/relationship among regulatory agencies/processes.
 - Coordination with OSU and previous International Paper work.
2. Address current multiple/overlapping FERC applications
3. Crabbing/Fishing Impacts
 - Define loss of area and impacts
 - Define potential for loss of gear
 - Navigational Safety
4. Quantify Economic impacts; both positive and negative
5. Marine Resource Impacts:
 - Baseline data, how much needed for what purpose, when?
 - Marine mammals-address issues of migration or entanglement impacts
 - Electro-magnetic fields? Do they attract or repel fish?
 - Define other impacts to little and big critters. For example, sound, paint, etc.
6. A separate process for larger, statewide issues needs to be identified.
7. Visual Impacts (aesthetic)
8. Tribal and cultural resource impacts
9. Stability of structures. Will they wash up on the beach?
10. Impact on waves, currents, shores (physical process).
11. Who else needs to be included in this process?
 - Hydropower reform coalition
 - Salmon commission, other commissions
 - PGE
 - The watershed council
 - State parks
 - Recreational uses
 - National environmental organization

Next Steps

1. **Secure attendance of appropriate stakeholders—Therese Hampton/Steve Greenwood**
Contact and assure future attendance of invited members that were not present at this meeting. Contact and secure future involvement of the additional organizations identified for participation.
2. **Develop a Process Map—Therese Hampton**
Work with OPT, regulatory agencies, and other entities to clearly illustrate the project development and regulatory process path with an overlay of Oregon Solutions process.

3. Fishing/Crabbing Interests—Therese Hampton to facilitate

Define an approach to discuss and address: key project information needed, identification of impacts, and brainstorm about how to address issues.

4. FERC Permit Application –Steve Kopf

Assure that the appropriate action is taken in the FERC arena to eliminate any competition between Douglas County’s preliminary permit application and OPT’s permit application.

A meeting of the full group will be scheduled to report progress on each of these efforts. The meeting date will be based on the status of the above steps, but is targeted for late November.

***Appendix A:
Interests***

Crab Fishermen: Understand the impact of buoys, arrays and full development on crab fishing. Evaluation of impact to economic livelihood. Want a good process to address issues. Consideration of mitigation of impacts.

Congressman DeFazio: Interest in helping support alternative energy generally and this project specifically.

Senator Smith: Interest in helping support alternative energy generally and this project specifically. Has asked for hearings with FERC to address process issues and is willing to provide guidance to FERC.

Oregon Department of Energy: Encourages alternative technologies and a process model that can be replicated. Actively supported the Business Energy Tax Credit and other incentives through Oregon Inc.

Lower Umpqua Economic Development Forum: Encouraged about potential for economic development.

Gardiner Sanitation District: Encouraged about potential for economic development, but want to ensure it doesn't impact other development currently planned or under planning in the area.

Oregon Department of Fish and Wildlife: Baseline of marine life established, monitoring and studies of impacts, and commercial and recreational fishing impacts evaluated.

Oregon Coastal Zone Management Association: Entirely collaborative process with counties and other impacted parties.

Douglas County: Our interests are protected.

Tribes: Tribal and cultural resources protected.

Department of Land Conservation and Development: Goal is consistency of the Federal License and Oregon policy. Further, ensure this project has link to the broader statewide issues/impacts.

Department of State Lands: Need to provide management submersible lands. Authorize proprietary use, permit fill/removal, rule-making authority requested.

City of Reedsport: Provide good public information and an offer from the City to assist with communication. The City Council is on record supporting this project because of the unique feature and economic benefits.

PNGC Power: See wave energy as promising resource. Want to better understand commercial viability and purchase power.

Central Lincoln PUD: Interesting in purchasing output. Will have responsibilities for maintaining tie-in facilities.

Oregon Fisherman's Cable Commission: Loss of fishing grounds, navigational safety, anchor stability, "clean-up" if project is over. Good research and monitoring in the first years. Study of the electro magnetic field impacts.

Ocean Policy Advisory Council: Concern about "single use" and the ultimate cumulative impacts of wave energy along the coast.

FERC: Provide good information to FERC for their decision making. Good consultation; get the environmental groups involved.

Governor Kulongoski's office: Ensure a common vision from the state agencies, applicability of the existing business energy tax credit and support for expanded financial incentives.

Senator Joanne Verger: Throughout this process assure that we evaluate and protect what we have.

Port of Umpqua: Economic development of area.

Ocean Power Technology: Oregon is a good place to work and invest. Sustain momentum and move expeditiously.