



REEDSPORT WAVE ENERGY PROJECT Oregon Solutions Team Meeting

March 20, 2007

Oregon State Library--Salem, OR

Attending Members:

Keith Tymchuk, Co-Convener
Sen. Joanne Verger, Co-Convener
Dave Van't Hof, Governor's office
Robin Hartmann, OPAC
Scott McMullen, OPAC and OFCC
Paul Davies, Central Lincoln PUD
Jeff Griffin, Governor's ERT
Ken Homolka, ODFW
Rick Hohnbaum, City of Reedsport
Jeff Kroft, Oregon DSL
Kevin Moynahan, DSL
Cory Engel, DSL
Chris Castelli, DSL

Dale Blanton, DLCD
Hugh Link, Oregon Dungeness Crab
Justin Klure, Oregon DOE
Terry Moffet, Sen. Gordon Smith
Steve Kopf, Reedsport OPT Wave Park (OPT)
Jim Hastreiter, FERC (by phone)
Cristen Don, ODFW
Terry Thompson, Lincoln County
Onno Husing, OCZMA
Ron Vail, Reedsport
Sallie Schullinger-Krause, OEC
Jeff Lockwood, NOAA Fisheries
Kathy Roberts, USFWS

Welcome and Introductions

Co-convener Senator Joanne Verger and Keith Tymchuk opened the meeting with a welcome to the group. They highlighted the importance of this project and the excitement about the progress that has been made.

Review of FERC Filings

Steve Kopf provided a summary document (attached as Appendix A) of the wave energy projects in Washington, Oregon, and California with filings before FERC. The summary includes the developer, project description and FERC status. Steve recommended that parties sign up for e-notification on the FERC website if there are particular projects of interest. This provides for automatic e-mail notices if anything is received or issued by FERC relative to the project.

Legislative Update

Justin Klure provided a summary of the legislative issues relative to wave energy currently under discussion.

- HB 2844 – Designation of Ocean Enterprise Zones (Boone is sponsor)
- HB 2877 - Public access to territorial sea (Wit is sponsor)
- HB 2924 - Mapping of territorial sea (Boone is sponsor). Estimated to be \$6 million.
- HB 2925 – Exempts R&D projects from needing a state permit (Verger is sponsor)
- SB 875 – Requires a bond to remove facilitates (Verger is sponsor).
- SB 878 – Renewable Portfolio Standard (Dingfelder is sponsor).
- HB 2211 - BETC increase to 50% of project costs.
- House Joint Memorial 22 - Open up federal power act to create clear regulatory process (Lincoln County).
- SB 581 - Oregon Innovation Council proposal which includes \$5.2 million for wave energy industry (Deckart).

FERC Update

Jim Hastreiter from FERC was available by phone for a short period of time. He provided the following information regarding FERC's recent actions and the OPT project.

FERC Notice of Inquiry

FERC has issued a Notice of Inquiry to the public on how to address preliminary permit applications for ocean and tidal energy projects. FERC is taking public comment through April 16. In the Notice of Inquiry, FERC outlined 3 different options they have considered. FERC has adopted an option that has a stricter level of scrutiny that will be applied in the interim. The first preliminary permit that was issued under the interim standards was the Ocean Power Technology permit for Reedsport.

The preliminary permit provides OPT the exclusive right to study the sight. It does not provide any authority to construct or build at the sight. The permit requires OPT to provide a project schedule within 45 days and also to submit a Notice of Intent to file a license application within 1 year. These are tighter timelines than typically required by FERC. They are intended by FERC to determine the level of seriousness of the developer and also to provide better connection between the preliminary permit and a license application.

OPT Progress

Jim shared that, by FERC's standards, OPT has engaged in a really good process. They have involved all the right people and are putting everything on the table for discussion. Of primary interest to FERC is that all the issues of concern are being identified and people are working to address the issues.

Recently, OPT has made it clear that they want to pursue a settlement. The Commission encourages and welcomes settlements. They support settlements because it provides more local control over the outcome. FERC encourages resolution issues by the affected parties. Otherwise, under a contested proceeding, information is provided to the Commission and they will make the decision. In addition, a settlement will expedite the process to less than 1 year. A contested proceeding can be a minimum of 1 ½ years to 2 years.

Statewide Assessment

Although the Reedsport project has provided tremendous opportunity to clarify and define project-specific requirements, it has also further illustrated many state-wide issues that must be addressed. For instance:

- How many projects will be developed along the coast?
- Who will determine where and how far apart they are sited?
- Will the lease revenues be dedicated to local benefit?
- What are the cumulative impacts to fishing, recreation, and aquatic species?

Therese Hampton shared that the Oregon Consensus Program has been asked by the Governor’s office to conduct an assessment to identify issues for statewide policy and planning. The purpose of the assessment is to identify the primary issues that need to be addressed, evaluate current forums and organizations, and recommend options for resolution of the issues. The assessment would result in a written report to be provided to the Governor’s office, OPAC, and the Wave Energy Trust and all participants no later than May 31, 2007. The assessment would be conducted through interviews of interested and affected parties in the stated. This effort will begin April 1, 2007.

Project Update

Steve discussed that OPT had received a preliminary permit from FERC for the Reedsport project in mid-February. He emphasized that this permit only provides OPT with the ability to study the site. There are other permitting requirements for installation of a single buoy and for 14 buoy installation.

Steve provided an update to the group regarding schedule and process. The table below was presented in PowerPoint form to the group:

Phase	Number of Buoys	Number of MW	Number of Houses	Value of Power¹	Installation	License Authority
I	1	0.15	60	\$ 22,995	Spring 2008	ACOE
II	14	2	800	\$ 306,600	Fall 2008	FERC
III	200	50	20,000	\$7,665,000	2010?	FERC

¹ Estimates are based assumptions of 35% capacity factor and \$50/MWh price of power.

Steve discussed that because utility arrangements and FERC permitting took longer than expected, the schedule for installation of the single buoy has changed from Fall of 2007 to Spring of 2008. There was some discussion about how this delay will impact the

amount of information that can be gathered for the single buoy prior to installation of the array. It was clarified that the single buoy was never intended to be studied to support the FERC application. However, the single buoy does give wave data, mooring data and some felt could provide other information prior to installation of the array. Terry Thompson shared his perspective that there is little to learn from the single buoy that isn't already known because similar single buoys exist all over the ocean. The real meaningful information to be gathered from this project, he emphasized, is from the 14 buoy array. This led into a brief conversation about the known interest of NOAA Fisheries to establish baseline monitoring and that the issue is currently under discussion.

There was some discussion about the purpose for dedicating Reedsport as an Oregon Solutions project and the importance of getting the 14 buoys in the water soon. Oregon has indicated an interest in being a leader in this industry. The Reedsport project was designated to identify issues and to provide for a collaborative permitting process.

Achieved to date:

- COE 404 process and schedule defined
- FERC process and approach defined
- Broad stakeholders defined
- Subgroups established and issues identified
 - Aquatic Species
 - Crabbing/Fishing Impacts
 - Water Quality
 - Recreation/Public Safety
 - FERC Process

Process Map, Declaration of Cooperation, and Schedule

A revised process map and schedule was provided (and is included as a separate attachment). The process map identifies the following key scheduling milestones:

May 2007: COE 404 Permit filed

May 2007: Declaration of Cooperation Signed

June 2007: Preliminary Application Document filed with FERC

June through Fall 2007: Settlement Negotiations occur

Spring 2008: Single buoy installed

Fall 2008: Full array installed.

The Declaration of Cooperation includes the following major elements:

1. Definition of Issues
2. Definition of Single Buoy Permit process
3. Commitment to Settlement Discussions
4. Scope of Settlement Issues

There were some questions about what each of the elements meant, but general understanding of what will be included. The timelines are admittedly aggressive and people commented that they are tough. There was a reminder that for 14 buoys these will work, but when the sizes of the projects are larger, timelines like this are unrealistic.

Next Steps

1. Draft Declaration of Cooperation to team by Thursday, April 5th

The draft Declaration of Cooperation will be e-mailed by Thursday, April 5th. This version will be first working draft. Comments and suggestions are encouraged and can be shared via e-mail with Therese. The next Oregon Solutions meeting will include a discussion of the draft.

2. Determine which parties will participate in settlement

3. Develop Website access to information

The following web link now includes all meeting summaries and a meeting calendar. This site will be updated once a week with new information.

<http://www.orsolutions.org/southwest/waveenergy.htm>

4. Finalize Next Meeting Date

Friday, April 20th

10:00 am – 1:00 pm

Port of Umpqua Offices

Reedsport, OR

Developer	Project Description					FERC Status			
	Type	# Devices	MW	Depth, ft	Square Miles	Filing	Case #	Date	MMS
Aqua Energy Group Ltd.	AquaBuOY	4	1	150	0.01	Application Filed	P-12751	11/1/2006	No
Lincoln County	Multi	TBD	180	0 to 160	150*	Preliminary Permit Filed	P-12727	8/16/2006	No
Oregon Wave Energy Partners II, LLC	PowerBuoy®	200	100	120 to 195	1.3	Preliminary Permit Filed	P-12750	10/31/2006	Yes
Reedsport OPT Wave Park, LLC	PowerBuoy®	200	50	150 to 210	1.3	Preliminary Permit Issued	P-12713	2/17/2007	No
Douglas County	Oscillating Water Column	TBD	TBD	TBD	n/a	Preliminary Permit Filed	P-12743	9/18/2006	No
Oregon Wave Energy Partners I, LLC	PowerBuoy®	200	100	150 to 240	1.3	Preliminary Permit Issued	P-12749	10/31/2006	No
Aqua Energy Group Ltd.	AquaBuOY	200	100	120 to 210	2 to 3	Preliminary Permit Filed	P-12752	11/21/2006	No
Aqua Energy Group Ltd.	AquaBuOY	200 to 300	100	120 to 240	2 to 3	Preliminary Permit Filed	P-12753	12/6/2006	Yes
Fairhaven OPT Wave Power Station, LLC	PowerBuoy®	40	20	132 to 156	0.6	Preliminary Permit Filed	P-12780	2/28/2007	No
Pacific Gas and Electric	Multi	TBD	40	60 to 600	136*	Preliminary Permit Filed	P-12779	2/27/2007	Yes
Pacific Gas and Electric	Multi	TBD	40	60 to 600	68*	Preliminary Permit Filed	P-12781	2/27/2007	Yes

* Study areas, whereas others are specific project sites