

Forman said the agency means to sit down with IPC to negotiate a settlement to the IOU's deemer balance but has been too busy with the rate case.

BPA says IPC received REP benefits totaling \$75 million in 2006 dollars during the first 20 years of the REP. IPC says it got another \$90 million in the six years following that.

Meantime, the 9th Circuit is still awaiting Clatskanie PUD's response to its order that the PUD show cause why its petition challenging BPA's decision to offer the interim deals should not be dismissed. The filing is due April 10. Only Grays Harbor PUD has filed in support of the challenge, while BPA is opposing Clatskanie's motion for expedited review.

On March 21, Snohomish PUD filed in support of BPA's opposition. It said Clatskanie did not have good cause to seek expedited review because it would suffer no irreparable harm and its appeal does not risk becoming moot.

"BPA's interim remedy contains true-up measures to ensure that any payments improperly made to the IOUs . . . will be recovered at the close" of the WP-07 supplemental rate case," Snohomish wrote. "[B]ecause BPA's interim remedy preserves all legal claims for resolution in the [WP-07S] proceeding and any appeals arising from that proceeding, there is no threat that Clatskanie's appeal will become moot."

Snohomish also said there is no reason to worry that BPA won't be able to get money back from the IOUs if, after the true-up, it turns out they were overpaid.

"Any overpayments made under the interim agreements will be offset against future REP payments to the IOUs, and if these offsets prove inadequate, the interim contracts . . . contain 'an unconditional obligation' to return any overpayments."

Therefore, Snohomish concluded, regardless of how state regulators require the IOUs to treat the payments, the IOUs "have an indefeasible obligation to return any overpayments" *[Ben Tansey]*.

[18] Wallula Energy Resource Center Withdraws Site-Study Request ■ from [4]

Sponsors of the Wallula Energy Resource Center have withdrawn their request for a potential site study on the IGCC project proposed for construction near Wallula, Wash.

A WERC spokesman said the March 25 withdrawal of the request to the Energy Facility Site Evaluation Council is associated with delays in Battelle Northwest's carbon-sequestration pilot project.

The project was supposed to start Phase 2—drilling of some test wells into deep basalt on Port of Walla Walla property near the proposed plant site—this spring. That activity has been set back until fall, due to problems securing the proper drilling equipment.

"Since our project is tied to the results of the test, we feel the need to delay as well," said WERC spokesman Tim Killian. Once Battelle has completed its pilot sequestration project, WERC will refile with EFSEC, he told *Clearing Up*. "It's just a timing issue for us."

IGCC project, said it will continue to oppose Battelle's test as well.

"The conclusion we've come to is that the two are inextricably tied together," Riordan said. "We think [the Port commissioners] will find more questions that can't be answered than they will reasons to allow Battelle to proceed" *[Jude Noland]*.

The withdrawal of WERC's EFSEC request has little bearing on the research pilot, said Battelle spokesman Geoff Harvey.

"We started this research long before there was any talk of a power plant and plan to continue doing the science regardless," he said.

The results have ramifications beyond the Wallula project, he pointed out.

"The focus is on whether or not basalt flood formations can safely retain CO₂, which is extremely important in the global carbon cycle," Harvey told *Clearing Up*. "Results determined here could provide valuable information for sequestering the greenhouse gas in major basalt formations that exist throughout the world."

Experiments have shown that carbon dioxide reacts with the basalt to form calcium carbonate—a solid that scientists believe would remain firmly in place in the subterranean basalt. The pilot project is aimed at demonstrating that.

Such a demonstration is necessary before the Wallula Energy Resource Center can go forward.

Developers of the 700-MW integrated gasification combined-cycle plant have included carbon sequestration in their proposal, in line with new state regulations.

"We intend to sequester," Killian said. "That's such a key part of our project. We're confident that they'll resolve this and that the science will bear out."

Battelle officials emphasize that their project is a small-scale pilot.

"There is no way the results of our test will provide the information required under the new EFSEC rules to get their [WERC's] facility permitted," Harvey said.

"The research pilot has always been independent of the EFSEC process and we have no control one way or the other over anything involving that effort or the process," said Dr. Peter McGrail, Battelle laboratory fellow in charge of the project.

Jim Kuntz, executive director of the Port of Walla Walla, said WERC's decision to pull the application will "let the carbon-sequestration project go on for the scientific good."

Opponents of the IGCC proposal have voiced objections to the pilot because they believe it's tied to the proposed power plant, Kuntz said.

"I hope the debate now will be, 'Should we do the scientific inquiry,'" he told *Clearing Up*.

Kuntz also said the delay in the pilot project will give Battelle and the Port a chance to really sort through the questions Port commissioners have raised about the demonstration.

At a Port meeting last month, commissioners delayed a decision to allow the test to move forward, and asked Battelle to respond to a list of their concerns about the pilot—most related to potential liability issues (CU No. 1330 [6/15]).

Brad Riordan, spokesman for the Coal Working Group, a local organization of opponents to the

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