

COYOTE SPRINGS COGENERATION PROJECT

Administrator's Record of Decision

ON

**PORTLAND GENERAL ELECTRIC COMPANY'S
REQUEST FOR TRANSMISSION SERVICE**

**BONNEVILLE POWER ADMINISTRATION
U.S. DEPARTMENT OF ENERGY
September 1994**

Summary

The Bonneville Power Administration (BPA) must make prudent use of the transmission facilities of the Federal Columbia River Transmission System (FCRTS), including using these facilities to transmit non-Federally generated power. Additionally, as the Federal owner and operator of the primary transmission facilities in the Pacific Northwest, BPA must provide to non-Federal parties reasonable access to FCRTS capacity for intra-regional transactions.

BPA has provided access to intra-regional transmission capacity under the provisions of the Regional Preference Act, the Transmission System Act, the Northwest Power Act, and the Energy Policy Act of 1992. In February 1993, Portland General Electric Company (PGE) requested that BPA transmit power from its Coyote Springs development over the FCRTS to its customers in the Portland Metropolitan Area. PGE also requested that BPA begin electrical system planning and environmental studies.

The Coyote Springs Cogeneration Project is a proposed natural gas-fired cogeneration power plant near Boardman, Oregon. The proposed power plant would be built on a 9-hectare (22-acre) site in the Port of Morrow Industrial Park. The plant would have two combustion turbines that would generate 440 average megawatts of energy when completed. The proposed plant would be built in phases. The first combustion turbine would be built as quickly as possible. Timing for the second unit is uncertain.

BPA conducted an analysis of existing system facilities that showed that under most operating conditions the FCRTS is capable of accommodating the output of the first combustion turbine (220 aMW). To connect the proposed plant to BPA's transmission grid, a proposed double-circuit, 500-kV transmission loop line would be built from the McNary-Slatt transmission line to a new substation located at the plant site, a distance of about 2.4 km (1.5 miles). Microwave communication facilities would be built to connect the plant with BPA's existing communications network.

Pacific Gas Transmission Company (PGT) proposes to build a new pipeline to supply gas for the plant. The 29.8-km (18.5-mile) pipeline will connect to its main natural gas transmission pipeline, which runs from the Canadian/Idaho border to Malin, Oregon. The Federal Energy Regulatory Commission (FERC) is a cooperating agency for this EIS. FERC plans to distribute an Environmental Assessment addressing the environmental impacts of the Coyote Springs and Medford Lateral pipelines in fall 1994.

In accord with the procedural requirements of the National Environmental Policy Act (NEPA), BPA began an environmental study of the proposed project in June 1993. BPA conducted an EIS scoping process in June and July 1993, issued a Draft EIS in January 1994, and distributed the Final EIS in July 1994. A Notice of Availability for the Final EIS was published in the *Federal Register* on July 29, 1994. The last step in the NEPA process is to issue a public Record of Decision (ROD), which provides a concise public record of BPA's decision on PGE's request that BPA provide transmission services for its Coyote Springs Cogeneration Project.

The Final EIS provides information pertinent to decisions about offering PGE transmission services for the output of the Coyote Springs Cogeneration Project. The Final EIS documents PGE's need for intra-regional transmission service, and BPA's responsibility to provide that service. The Final EIS also describes the environmental consequences that would result from a BPA decision to provide transmission services. Public comments on the Draft EIS as well as BPA's responses are provided in the Final EIS.

The Final EIS identifies environmental impacts likely to result from the proposed project and identified mitigation measures proposed to reduce these impacts. The Final EIS, and public involvement throughout the EIS process, provide no evidence that the project would be environmentally unacceptable or would fail to comply with Federal, state or local environmental laws or standards.

This Record of Decision documents BPA's decision to revise its general transmission agreement with PGE to establish Unit 1 of Coyote Springs as a point of interconnection for transmission wheeling services. For these services PGE will pay BPA about \$3,000,000 annually.

BPA's Decision

This Record of Decision documents my decision to authorize the use of the FCRTS to transmit power from Unit 1 of PGE's proposed Coyote Springs Cogeneration Plant to the Portland Metropolitan Area. This decision would be achieved by building the proposed transmission facilities that are required to interconnect the proposed plant with the FCRTS and by revising the general transmission agreement with PGE to establish Coyote Springs as a point of interconnection for wheeling services.

Authority

BPA owns and operates the Federal Columbia River Transmission System (FCRTS), which consists of 23,813 circuit kilometers (14,797 circuit miles) of transmission line (including the Pacific Northwest AC and DC Interties), and 389 associated substations. The FCRTS provides approximately three-fourths of the transmission capacity in BPA's service area. BPA's service territory includes Oregon, Washington, Idaho, western Montana and parts of Wyoming, Nevada, Utah, and California.

BPA is required to provide access to excess FCRTS capacity on a fair and nondiscriminatory basis in accordance with the following statutory directives:

Regional Preference Act of 1964: "Any capacity in Federal transmission lines . . . which is not required for the transmission of Federal energy . . . shall be made available as a carrier for transmission of other electric energy between such areas No contract for the transmission of non-Federal energy on a firm basis shall be affected by any increase, subsequent to the execution of such contract, in the requirements for transmission of Federal Energy . . . or other electric energy."

Transmission System Act of 1974: "The Administrator shall make available to all utilities on a fair and nondiscriminatory basis, any capacity in the Federal transmission system which he determines to be in excess of the capacity required to transmit electric power generated or acquired by the United States."

Pacific Northwest Electric Power Planning and Conservation Act of 1980: "The Administrator shall furnish services, including transmission . . . unless he determines such services cannot be furnished without substantial interference with his power marketing program . . . Subject to (1) any contractual obligations of the Administrator, (2) any other obligations under existing law, and (3) the availability of capacity in the Federal transmission system, the Administrator shall provide transmission access"

Energy Policy Act of 1992: "(il) Laws applicable to the Federal Columbia River Transmission System. (1) The Commission shall have authority . . . to (A) order the Administrator of the Bonneville Power Administration to provide transmission service and (B) establish the terms and conditions of such service. In applying such sections to the Federal Columbia River Transmission System, the Commission shall assure that – (il) the provisions of otherwise applicable Federal laws shall continue in full force and effect and shall continue to be applicable to the system"

Request for Transmission from Portland General Electric Company

On February 19, 1993, PGE submitted a request for transmission wheeling services from its proposed Coyote Springs Cogeneration Plant in Boardman, Oregon. Since receipt of this request, BPA has completed an evaluation of available capacity in the transmission system and conducted an environmental review in accordance with NEPA. The results of these studies are summarized below.

Adequacy of System to Provide Requested Transmission Service

System analysis studies determined that under most operating conditions sufficient capacity is available to wheel power from Phase 1 (220 aMW) of the Coyote Springs Plant. If PGE decides to build the second combustion turbine, BPA will reevaluate the transmission system, and provided sufficient capacity exists, will also integrate the second unit. If insufficient capacity exists, BPA would consider a range of service options including providing nonfirm service and building new transmission or substation facilities. If new facilities are required to integrate the second unit, additional environmental analysis will be completed and if required, a Supplement to the EIS will be prepared.

Environmental Analysis

BPA began an environmental study of the proposed project in June 1993. BPA completed an EIS scoping process in July 1994, a Draft EIS in January 1994, and a Final EIS in July 1994. The Coyote Springs Cogeneration Project Final EIS was mailed to about 250 agencies, groups, and individuals. A Notice of Availability for the Final EIS was published in the *Federal Register* on July 29, 1994.

In accordance with Council on Environmental Quality Regulations for Implementing the Procedural Provisions of the National Environmental Policy Act (CEQ Regulations), this Record of Decision provides a concise public record of BPA's decision to provide transmission services to PGE for its Coyote Springs Cogeneration Project.

The CEQ Regulations at 1505.2 set forth points which must be covered in a ROD for actions for which an environmental impact statement was prepared. A ROD must state what the decision is; identify all alternatives considered by the agency specifying which were considered to be environmentally preferable; discuss all relevant decision factors including economic and technical considerations, agency statutory missions and balancing of national policy considerations, and discuss practicable means which may be available to avoid or minimize environmental harm from the alternative selected. BPA's decision was described previously under **BPA's Decision**.

Alternatives Studied in the EIS

The Final EIS evaluated the environmental impacts of two alternatives for the Coyote Springs Cogeneration Project: (1) No Action, and (2) the Proposed Action.

Under the No Action alternative, BPA would decide not to execute a transmission agreement with PGE. Without access to the Federal transmission system, the project would not be economically viable, and would not be built. Environmental impacts associated with constructing and operating the power plant and related facilities would not occur.

The Proposed Action would have the following elements:

- A double-circuit 500-kV transmission loop line would be built from a tap point on BPA's McNary-Slatt line to the Coyote Springs Cogeneration Plant, a distance of about 2.4 km (1.5 miles).
- Microwave communication facilities would be installed at the plant and other remote sites to connect the plant with BPA's communications network.
- PGE would construct and operate a 440 aMW gas-fired cogeneration plant (initially 220 aMW) on a site within the Port of Morrow Industrial Park near the City of Boardman, Oregon.

- PGE would construct an electrical substation at the Coyote Springs plant site to carry out electrical functions, to minimize safety risk, and to accommodate operations and maintenance.
- PGT would build a 29.8-km (18.5-mile) 30-cm (12-inch) pipeline from PGT's main transmission line to the plant site.
- PGE would pay BPA approximately \$2,000,000, plus operation and maintenance charges to integrate the Coyote Springs Project into the FCRTS.
- The BPA/PGE General Transmission Agreement would be revised to establish the Coyote Springs Cogeneration Plant as a point of interconnection for wheeling services. The revised agreement would cover wheeling for power from the first combustion turbine (220 aMW). When operation of the first unit begins, PGE would pay BPA about \$3,000,000 annually for wheeling services.

Summary of Impacts and Discussion of Environmentally Preferable Alternative

The most noteworthy impacts of the Proposed Action as reported in the Final EIS are: (1) the plant would emit oxides of nitrogen and carbon monoxide in significant quantities, however National Ambient Air Quality Standards of the U.S. Environmental Protection Agency are not exceeded; (2) the plant would emit lesser quantities of particulate matter, sulfur dioxide, and volatile organic compounds; (3) groundwater withdrawals for the plant would reduce Columbia River flows at downstream dams and thereby reduce hydropower production by 1,000,000 kWh (lost BPA revenues of \$60,000 annually); (4) the plant, transmission line and pipeline could impact fish and wildlife particularly during construction, however no impacts to threatened or endangered species are predicted; (5) ground disturbance may cause increased soil erosion and soil compaction; (6) construction processes would create noise impacts as would operation of the plant, however Oregon noise standards would be met; (7) long-term employment would increase by 20-30 people at the plant site; (8) there will be increased demand for housing during construction of the plant, transmission line and pipeline; (9) the plant and transmission loop line will create visual impacts; (10) the proposed new facilities will increase the assessed property value (and tax revenues) in Morrow County; (11) construction vehicles may cause traffic impacts.

The No Action alternative would be the environmentally preferred alternative since it would avoid all adverse effects of the development of the Coyote Springs Cogeneration Project. The No Action alternative, however, would not meet BPA's obligation to provide transmission access nor meet PGE's need to replace energy lost by closing the Trojan Nuclear Power Plant. There is a fair likelihood that PGE would build a project of similar size and type in a different location because its need for energy would remain. PGE could also acquire an equivalent amount of energy from independent power producers.

Avoidance of Environmental Harm

Though the Proposed Action will have environmental impacts, the predicted impacts are: (1) at least partly mitigated due to proposed mitigation and monitoring measures; (2) do not pose a clear risk to human health or safety; (3) do not irreversibly or irretrievably damage the environment; and (4) do not exceed Federal, state or local environmental standards.

Need for Mitigation

Mitigation measures proposed that could be taken to reduce predicted impacts are reported in Chapter 5, Environmental Consequences, of the Final EIS.

The Final EIS showed that residual environmental impacts are generally minor and do not exceed environmental quality standards. Public comments on the EIS have not questioned the magnitude nor the extent of impacts reported in the EIS. A letter from the Environmental Protection Agency however, makes an important comment on cumulative global warming impacts. EPA states, "this [cumulative CO₂ emissions] is a very significant impact...." At the time the Final EIS was written, PGE had not decided to include CO₂ offset mitigation (tree planting) in their proposal. In consideration of EPA's concern, BPA has asked PGE to give consideration to including tree planting to offset CO₂ emissions from the Coyote Springs Cogeneration Plant. No decision has been made as of this date.

Considering that CO₂ is not a regulated air emission substance, and the otherwise low impact of the Proposed Action, BPA considers the overall environmental impact of the project to be acceptable and does not believe additional mitigation is essential to make a favorable decision on PGE's request for wheeling services.

Decision Authorization

I have reviewed and hereby approve this decision to offer the transmission contract to Portland General Electric Company as described herein.

Issued in Portland, Oregon, on Sept. 9, 1994.



Randall W. Hardy, Administrator

9/9/94

Date