

# memorandum

DATE: April 11, 2011

REPLY TO  
ATTN OF: KEC-4

SUBJECT: Environmental Clearance Memorandum

TO: Stephen J. Wright – A-7

**Proposed Action:** Environmental Redispatch and Negative Pricing Policy

**Categorical Exclusion Applied (from Subpart D, 10 C.F.R. Part 1021):** B4.1 Establishment and implementation of contracts, marketing plans, policies, allocation plans, or acquisition of excess electric power that does not involve: (1) the integration of a new generation resource, (2) physical changes in the transmission system beyond the previously developed facility area, unless the changes are themselves categorically excluded, or (3) changes in the normal operating limits of generation resources.

**Proposed by:** Bonneville Power Administration (BPA)

**Description of the Proposed Action:** BPA proposes to adopt interim policies and business practices on an Environmental Redispatch protocol and to not pay negative prices to sell surplus power of the Federal Columbia River Power System (FCRPS) when such protocol is in effect. The Environmental Redispatch protocol is designed to ensure BPA is taking all reasonable efforts to comply with Clean Water Act (CWA) and Endangered Species Act (ESA) obligations, as well as BPA's obligations under the Pacific Northwest Electric Power Planning and Conservation Act (NWPAA), under specific hydro and load conditions, and after all practicable mitigating measures have been implemented. When these conditions exist, BPA proposes to replace scheduled generation in BPA's Balancing Authority Area with Federal hydropower at no cost. BPA also proposes to not pay negative energy prices to maintain compliance with environmental and statutory requirements. Further information on the policies can be found in the Administrator's Draft Record of Decision on Environmental Redispatch and Negative Pricing Policy, March 2011, located on the high water management website at <http://www.bpa.gov/corporate/AgencyTopics/ColumbiaRiverHighWaterMgmt/>.

BPA has the right to implement Environmental Redispatch and the Negative Pricing Policy under existing contract terms.<sup>1</sup> The purpose of the policy is to describe the manner in which BPA will implement contract terms in order to protect the environment and ensure compliance with environmental laws (CWA and ESA) while at the same time meeting the agency's fiscal and other statutory responsibilities. The contractual amendments that BPA will be implementing related to the interim policies simply clarify existing contractual rights, and the decision to not pay negative energy prices is primarily a financial and administrative decision. These components of the policy proposal fall squarely within the scope of the categorical exclusion applicable to contracts and policies.

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<sup>1</sup> Administrator's Draft Record of Decision on Environmental Redispatch and Negative Pricing Policy, March 2011, p. 25.

The proposal also does not involve the integration of any new generation resources. When BPA interconnects a proposed new generation resource, the agency prepares a project-specific NEPA analysis. BPA has observed that during periods of high water and excess generation in the Balancing Authority Area, there is a risk that total dissolved gases may exceed allowable levels safe for fish listed under the ESA. It is this very potential environmental impact that the operational procedures to be implemented are intended to avoid. BPA has previously discussed the environmental impacts of these conditions – conditions which have existed prior to the implementation of the policies in this ROD. See, for example, *Record of Decision for the Electrical Interconnection of the Juniper Canyon I Wind Project*, May 2010, p. 20 (and other RODs related to the interconnection of wind projects).<sup>2</sup>

This proposal does not involve physical changes in the transmission system. There is no transmission infrastructure component to the policy. Nor does the proposal involve changes in the normal operating limits of generation resources—i.e., the FCRPS. As stated in the Draft ROD, Federal generation resources will continue to be operated within current parameters, in particular, the parameters described in the 2008 NOAA Fisheries FCRPS Biological Opinion, the 2010 Supplemental Biological Opinion, and the BPA decision documents adopting them. Those documents indicate that to protect ESA-listed salmon and comply with the CWA, FCRPS operations need to continue meeting current water quality standards established by the states of Washington and Oregon.

Finally, as discussed in BPA's responses to comments received on the draft policy and principles, the proposed action will not have significant or cumulative environmental effects on any resources.<sup>3</sup>

**Findings:** BPA has determined that the proposed action complies with Section 1021.410 and Appendix B of Subpart D of the Department of Energy's (DOE) National Environmental Policy Act (NEPA) Regulations (57 FR 15144, Apr. 24, 1992, as amended at 61 FR 36221-36243, July 9, 1996; 61 FR 64608, Dec. 6, 1996). The proposed action does not present any extraordinary circumstances that may affect the significance of the environmental effects of the proposal. The proposal is not connected [40 C.F.R. 1508.25(a)(1)] to other actions with potentially significant impacts, is not related to other proposed actions with cumulatively significant impacts [40 C.F.R. 1508.25(a)(2)], and is not precluded by 40 C.F.R. 1506.1 or 10 C.F.R. 1021.211.

Moreover, the proposed action would not

- (i) threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety, and health,
- (ii) require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities,
- (iii) disturb hazardous substances, pollutants, contaminants, or Comprehensive Environmental Response, Compensation and Liability Act-excluded petroleum and

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<sup>2</sup> [http://www.bpa.gov/corporate/pubs/RODS/2010/JuniperCanyon\\_I\\_WindEnergyROD-5-10-2010.pdf](http://www.bpa.gov/corporate/pubs/RODS/2010/JuniperCanyon_I_WindEnergyROD-5-10-2010.pdf)

<sup>3</sup> The responses to the comments are posted with the Final ROD on Environmental Redispatch.

- natural gas products that pre-exist in the environment such that there would be uncontrolled or unpermitted releases, or
- (iv) adversely affect environmentally sensitive resources.

This proposed action meets the requirements for the Categorical Exclusion referenced above. We therefore determine that the proposed action may be categorically excluded from further NEPA review and documentation.

/s/ Richard Yarde

Richard Yarde

Environmental Project Manager

Concur:

/s/ Katherine S. Pierce

Katherine S. Pierce

NEPA Compliance Officer

Date: April 11, 2011