

memorandum

DATE: May 28, 2004

REPLY TO
ATTN OF: KEC-4

SUBJECT: Supplement Analysis for the Business Plan EIS (DOE/EIS-0183/SA-06)

TO: Deb Malin
Project Manager – PT-5

Proposed Action: Memorandum of Agreement between Bonneville Power Administration (BPA) and Bonneville Environmental Foundation (BEF) to help support BEF's renewable resources activities.

Location: Unknown at this time, but likely throughout the Pacific Northwest.

Proposed by: BPA and BEF.

Description of the Proposed Action: BPA proposes to enter into a Memorandum of Agreement (MOA) to provide annual funding to the BEF. The BEF is a non-profit organization that supports watershed restoration programs and development of new sources of renewable energy, such as wind, solar, hydro, and landfill gas, in the Pacific Northwest. The MOA would fund the following BEF activities: (1) renewable educational programs, (2) renewable research, development and demonstration (RD&D) activities, and (3) Direct Application Renewable Resources. Direct Application Renewable Resources are resources that utilize solar, wind, hydro, geothermal biomass, or similar sources of energy which reduce the electric power requirements of consumers served by BPA's public utility and electric cooperative customers, thereby offsetting demand on the BPA system. It is unknown at this time how BEF might choose to allocate the provided funding among its proposed activities, what specific types of renewable resource projects the BEF might choose to fund, or the location of any such projects if they are developed. The BEF may also use up to 20% of the funds provided under the MOA for certain general and administrative purposes.

Under the MOA, BPA would provide funding to BEF on an annual basis from October 2005 to September 2011. This funding would be derived from premiums included in BPA's sales of Environmentally Preferred Power, Green Tags, and other marketing and sales programs. The amount of funding would be calculated under terms of the MOA and would be based on revenue generated from the premiums described above. In fiscal years 2005 through 2006, BPA would provide \$86,000 annually, with the potential for additional funds calculated in accordance with the MOA. In fiscal years 2007 through 2011, BPA would annually provide the greater of \$250,000, or an amount calculated in accordance with the MOA. However, for any year during

this period in which BPA's total annual renewable premium revenues are less than \$250,000, no annual payment would be made to BEF. BEF would provide "after the fact" annual reports on BEF's distribution of the funds it receives from BPA, and BPA would retain the right to terminate the funding under the MOA if money is used for projects different from the types of projects described in the MOA.

Analysis: BPA's Business Plan Final Environmental Impact Statement (FEIS) (DOE/EIS-0183, June 1995) provides an analysis of various business directions and related actions for the agency. For each alternative considered in this FEIS, options were included for BPA support of development of renewable resources in the Pacific Northwest. Business Plan FEIS, section 2.3.1.4. This FEIS also identified the general environmental impacts potentially associated with renewable resource development and operation. Business Plan FEIS, section 4.3. In the Record of Decision (ROD) for the Business Plan FEIS, the BPA Administrator adopted the Market-Driven Alternative. Intrinsic to the Market-Driven Alternative was the idea of incentives and other financial support provided to BPA customers for development of renewable resources to respond to consumer support for environmentally preferred energy resources and to promote the growth of those resources in the region. Business Plan FEIS, section 2.3.2. The principles and objectives of the proposed MOA are consistent with these aspects of the Business Plan FEIS and ROD.

The Business Plan FEIS also incorporated by reference the environmental analysis contained in BPA's Resource Programs Final EIS (DOE/EIS-0162, February 1993). The Resource Programs FEIS described and analyzed the potential environmental impacts associated with a variety of generation resources, including renewable resources such as wind, solar, hydro, and geothermal. Resource Programs FEIS, sections 3.2, 5.3, and 5.4. In the ROD for the Resource Programs FEIS, the BPA Administrator adopted the Emphasize Conservation Alternative. This alternative assumed a mix of renewable and thermal resource development in the region. Although the focus was on potential resource acquisition at the time the Resource Programs FEIS and ROD were prepared, the types of renewable resources that could be developed under the proposed MOA would be the same as those discussed in the EIS. Moreover, the potential environmental impacts from these resources are expected to be within the range of impacts discussed in the Resource Programs EIS and ROD.

Findings: As documented in this Supplement Analysis, the potential indirect environmental impacts that may result from BPA support of renewable resources have been addressed in BPA's Business Plan and Resource Programs FEISs, and the proposed MOA with the BEF is generally within the scope of BPA actions contemplated in these FEISs. Furthermore, the proposed action is consistent with the alternatives adopted in the Business Plan and Resource

Programs RODs. There are no new circumstances or information relevant to environmental concerns and bearing on the proposed action or its impacts. Therefore, no further NEPA documentation is needed.

/s/ Richard Yarde 5-28-04

Richard Yarde
Environmental Project Manager – KEC-4

Concur:

/s/ Thomas McKinney 5-28-04

Thomas C. McKinney
NEPA Compliance Officer – KEC-4

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