

HERMISTON GENERATING PROJECT

ADMINISTRATOR'S RECORD OF DECISION

ON

PACIFICORP REQUEST FOR TRANSMISSION SERVICE

**BONNEVILLE POWER ADMINISTRATION
U.S. DEPARTMENT OF ENERGY
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TABLE OF CONTENTS

SUMMARY.....	S-1
1. BACKGROUND	1
1.1 Federal Columbia River Transmission System	1
1.2 Good Faith Request for Transmission from PacifiCorp.....	1
1.3 Adequacy of System to Provide Requested Transmission Service.....	2
1.4 Environmental Analysis.....	2
1.4.1 Alternatives Studied in the EIS.....	3
1.4.2 Summary of Impacts and Discussion of Environmentally Preferable Alternative	3
1.4.3 Avoidance of Environmental Harm.....	4
1.4.4 Need for Mitigation.....	6
2. DESCRIPTION OF THE BPA/PACIFICORP HERMISTON GENERATING PROJECT TRANSMISSION AGREEMENT	7
3. THE PROPOSED TRANSMISSION AGREEMENT MEETS NEED AND PURPOSES.....	8

SUMMARY

The Bonneville Power Administration (BPA) must make prudent use of the transmission facilities of the Federal Columbia River Transmission System (FCRTS), including the transmission of non-Federally generated power. Additionally, as a Federal agency 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 (EPA '92). A good faith request for transmission services was submitted by PacifiCorp in accord with EPA '92 in order to gain access to excess FCRTS capacity required to transmit the power PacifiCorp will purchase from the Hermiston Generating Project.

The Hermiston Generating Project is a proposed gas-fired cogeneration power plant near Hermiston, Oregon. The plant would supply steam to the Lamb-Weston potato processing facility on an adjacent site, and electricity generated at the plant would be sold to PacifiCorp. The plant would add 464 megawatts of capacity to the Northwest power grid, annually generating approximately 3.86 million megawatthours of electricity. In order to respond to PacifiCorp's request for transmission, BPA conducted an analysis of existing system facilities, which showed that with some upgrades, the system is capable of accommodating the additional transmission.

The Hermiston Generating Project proposal also includes a plan to upgrade an existing transmission line which would connect the proposed power plant to BPA's grid at McNary Substation. The existing line is owned and operated by the Umatilla Electric Cooperative Association (UECA), which must obtain the approval of the Rural Electrification Administration (REA) to proceed with the upgrade.

The REA was a cooperating agency on BPA's Environmental Impact Statement (EIS) on the Hermiston Generating Project. The Notice of Availability for the Final EIS was published July 29, 1994, in the Federal Register. The Final EIS provided information pertinent to decisions on offering PacifiCorp transmission services for the output of the Hermiston Generating Project. The Final EIS documented PacifiCorp's need for intra-regional transmission service, and BPA's responsibility to provide that service in accordance with the requirements of the Transmission System Act, and the EPA '92. Providing intra-regional transfers serves the following purposes:

- To make excess transmission capacity available to utilities requesting transmission service;
- To support BPA's obligation to recover costs of the Federal Columbia power and transmission systems;
- To support acceptable environmental quality; and
- To benefit overall economic and operational efficiency of the FCRTS.

The Final EIS found there to be environmental impacts from the construction and operation of the plant. The Hermiston Generating Project includes features designed to reduce the environmental

impacts. No evidence emerged as a result of studies completed for the Final EIS, and public involvement through the EIS process, to suggest that the project is controversial. BPA believes that there is not practicable opportunity for additional mitigation measures.

This Record of Decision (ROD) documents BPA's decision to proceed with a transmission contract with PacifiCorp in order to provide transmission services for the power generated by the Hermiston Generating Project. This contract will maximize power system efficiencies and coordination between PacifiCorp and BPA, and assist BPA in achieving positive net revenues by generating approximately \$5,067,000 annually.

1. BACKGROUND

1.1 Federal Columbia River Transmission System

BPA owns and operates the Federal Columbia River Transmission System (FCRTS), which consists of 14,797 circuit miles of transmission line (including the PNW AC and DC Interties), and 389 associated substations. The FCRTS provides approximately three-fourths of the transmission capacity in BPA's service area, which 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: "(I) 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 -- (I) the provisions of otherwise applicable Federal laws shall continue in full force and effect and shall continue to be applicable to the system"

1.2 Good Faith Request for Transmission from PacifiCorp

On August 30, 1993, PacifiCorp submitted a good faith request for a transmission agreement in order to wheel the 464 MW which will be generated at U.S. Generating Company's Hermiston Cogeneration Plant. PacifiCorp has entered into an agreement with U.S. Generating Company to

purchase the electric energy produced by the plant. Per FERC guidelines on the implementation of EPA '92, BPA sent PacifiCorp the required 60-day reply on October 28, 1993. Attached to the letter of reply was a draft Formula Power Transmission agreement outlining general terms and conditions.

The electric power generated by the Hermiston Generating Project will be transmitted over the approximately 19.3 kilometer (12-mile) 230 kV UECA line from the plant to BPA's McNary Substation, where the project will be interconnected with the FCRTS. PacifiCorp will then take possession of the power for transmission over the FCRTS to PacifiCorp's Points of Delivery. The initial BPA proposal to PacifiCorp called for wheeling the entire 464 MW of the Hermiston Generating Project output to BPA's Alvey Substation. However, as a result of discussions with PacifiCorp, an option was offered to wheel 394 MW to Alvey Substation, and the remaining 70 MW to BPA's Buckley Substation, in which PacifiCorp has 70 MW remaining capacity rights based on the Midpoint-Meridian Agreement, Contract No. DE-MS79-94BP94333.

In late July of 1994, subsequent to the Final EIS completion, PacifiCorp notified BPA of its intent to use its remaining 70 MW of capacity at Buckley Substation, and requested that the pending transmission agreement be completed to allow delivery of 70 MW of power at Buckley Substation, and 394 MW at Alvey Substation. BPA agrees to PacifiCorp's request.

The Final EIS did not specifically address the 70 MW delivery at Buckley Substation. However, such delivery results in no different impact on the environment than delivery of the entire project output to Alvey Substation because presently existing facilities will be utilized for such delivery at presently operating voltage levels. No new construction or alteration to existing facilities is required. Therefore there are no substantial changes in the proposed action that are relevant to environmental concerns and a supplemental EIS is not necessary.

1.3 Adequacy of System to Provide Requested Transmission Service

Systems analysis studies show that the existing transmission lines and associated equipment, with modifications to connect the project, are capable of accommodating transmission of power generated at the project.

1.4 Environmental Analysis

The Hermiston Generating Project Final EIS was mailed to approximately 86 agencies and groups, as well as a large number of businesses and individuals.

The Council on Environmental Quality in CEQ 1505.2 sets forth points which must be covered in a ROD for actions for which an environmental impact statement was prepared. Such 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.

1.4.1 Alternatives Studied in the EIS

The Final EIS evaluated the environmental impacts of two alternatives in regard to the Hermiston Generating Project: (1) No Action, and (2) the Proposed Action. Under the No Action alternative, BPA would decide not to execute a wheeling agreement with PacifiCorp. 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 encompass the following elements:

- Changes at McNary Substation required to accommodate a new 230 kV line;
- Construction and operation of a 464 megawatt gas-fired cogeneration plant on a site approximately 4.8 kilometers (3 miles) southwest of Hermiston, Oregon;
- Construction and operation, primarily within an existing right-of-way, of an approximately 19 kilometer (12-mile) long, 230 kV transmission line connecting the power plant with McNary Substation (Two potential routes for a segment of the line were studied in the Final EIS, one using existing right-of-way and one involving about 2.4 kilometers (1.5 miles) of new right-of-way.);
- Construction and operation of an underground gas pipeline, approximately 8 kilometers (5 miles) long, connecting the power plant to an existing gas supply line;
- Construction and operation of water and steam lines connecting the power plant to the adjacent Lamb-Weston potato processing facility, and minor alterations to that facility; and
- A transmission agreement between BPA and PacifiCorp.

1.4.2 Summary of Impacts and Discussion of Environmentally Preferable Alternative

While the No Action alternative would be the environmentally preferred alternative since it would avoid all adverse effects of the development of the Hermiston Generating Project, the Proposed Action alternative was selected. The No Action alternative would not provide transmission access or meet the other purposes listed in Section 3 of this ROD. The Proposed Action alternative (summarized above) was found to have environmental effects as described in Chapter 3 of the Final EIS, but those effects were found to be relatively minor.

The key environmental concerns arising from construction and operation of the Hermiston Generating Project, and discussed in the Final EIS, include the following potential impacts: (1) air quality impacts, such as pollutant emissions and their contributions to the “greenhouse” effect; (2) health and safety impacts, such as effects of electric and magnetic fields;

(3) effects of water withdrawals on other beneficial uses of the Columbia River, such as hydropower production and fish habitat; (4) noise impacts; (5) fogging and icing impacts on transportation; (6) employment impacts and effects on the demand for housing; (7) visual impacts; (8) consistency with local comprehensive plans; (9) traffic impacts during construction; and (10) impacts to fish and wildlife.

Implementation of the transmission access provisions of Section 721 of EPA '92 may often give rise to adverse environmental impacts. These adverse impacts would be due to the development of new generating resources. EPA '92 may weaken the ability of state and regional planning and regulatory entities to encourage development of conservation and generating resource types with the least environmental impacts. It may also reduce the ability of such entities to limit resource development to that which would be needed to serve overall loads. Resource development which is economic for individual entities despite the existence of sufficient already-built resources may be allowed to a greater degree due to EPA '92.

The results of the Final EIS with the Proposed Alternative present a potential preview of impacts of future requests to and responses by BPA in light of the increased access to the federal power grid pursuant to EPA '92 as interpreted by the Federal Energy Regulatory Commission. Such access will serve to facilitate power sales, service to loads, and enhancement of BPA's revenues.

1.4.3 Avoidance of Environmental Harm

The Hermiston Generating Project, as proposed by U.S. Generating Company, and with the addition of mitigation measures outlined in the Final EIS, would have relatively minor impacts on the environment. The following factor summaries lead to this conclusion.

- **Geology and Soils:** Project impacts on geological resources would be negligible. There are no unique geologic features at the plant site or along rights-of-way. Soil compaction would be limited to a very small area, and only a minor amount of erosion would occur during project construction. Mitigation measures, including development and implementation of an erosion and sediment control plan, would prevent large scale erosion and sedimentation.
- **Hydrology and Water Quality:** Project operations would consume the equivalent of withdrawing 0.1 cubic meter (4.2 cubic feet) of water per second from the Columbia River. The power plant incorporates a zero discharge design, so there would be no waste to dispose of off-site. The plant's water use would add slightly to cumulative withdrawals of water from the Columbia River, potentially causing a very slight decrease in other beneficial uses of the river. As mitigation for potential impacts, U.S. Generating Company has agreed to fund efforts to augment instream flows in the Columbia River or its tributaries.
- **Vegetation:** The most significant area of native vegetation in the vicinity of the project occurs just to the west, on the U.S. Army's Ordnance Depot. This area would not be affected by project construction or operation. Impacts of the project would be limited to temporary disturbance along the transmission and gas pipeline rights-of-way, and permanent loss of vegetation at the power plant site. None of these impacts would be significant.

- **Wildlife:** The area contains no critical habitat for Federally listed or proposed threatened and endangered species, and none were observed during site surveys. The project would have no significant direct or indirect impact on wildlife species or habitat in the project area.
- **Fish:** The project's yearly water use would add very slightly to the cumulative effects of competing water uses on the Columbia River fishery resource.
- **Air Quality:** Modeling of the project's emissions indicates all would be within acceptable limits compared to state and Federal emission standards, and the project would not have a significant effect on ambient air quality. Additionally, based on modeling there would be no occurrences of cooling-tower induced icing, and minimal occurrences of fogging, on nearby roadways.
- **Noise:** The proposed project would generate noise above existing ambient levels during the 26-month construction period and during operation. Mitigation would be by the use of equipment meeting specific noise standards, which would keep noise levels below the Oregon Department of Environmental Quality's allowable levels.
- **Traffic and Circulation:** The plant's 26-month construction period would cause increased local traffic at certain times of day. Mitigation efforts during the construction period would reduce traffic impacts during peak periods. There would be no noticeable effects on traffic once normal plant operation begins.
- **Visual Quality and Esthetics:** The power plant would add to the density of industrial development in the immediate area. Vegetative screening would, in time, reduce the visual impact of the plant. The overall visual impact of the plant on the surrounding area would not be significant.
- **Cultural Resources:** If previously unknown resources are discovered during construction, the construction will halt while the significance of the find and proper mitigation is determined. Given these procedures, the project would not have any significant effect on cultural resources.
- **Land Use Plans and Policies:** The proposed power plant, gas pipeline, and transmission line would all comply with the County of Umatilla and the City of Hermiston comprehensive plans as either permitted or conditional uses.
- **Socioeconomics:** The project would add about \$200 to \$250 million to the local tax base, and construction of the project would have a positive impact on employment in the area. U. S. Generating Company would work with local community officials to alleviate potential housing problems associated with introducing 130 workers into a local rental housing market which has a low vacancy rate.

- **Public Services and Facilities:** There would be no significant adverse effects on public services during construction or operation of the project.
- **Public Health and Safety:** The project meets or exceeds state and Federal standards for safety in all its components. Continuous monitoring of process variables and a thorough maintenance program will promote safety and reliability.

1.4.4 Need for Mitigation

The Hermiston Generating Project has incorporated measures to limit environmental impacts. The Final EIS showed that residual environmental impacts are relatively minor. BPA believes that there is not practicable opportunity for additional mitigation measures, therefore no mitigation action plan is needed.

2. DESCRIPTION OF BPA/PACIFICORP TRANSMISSION AGREEMENT

PacifiCorp Hermiston Transmission Agreement, DE-MS79-94BP94316

This contract provides transmission services to PacifiCorp for a 30-year period, and enables the transmission of the 464 megawatt output of the Hermiston Generating Project to PacifiCorp's Points of Delivery, with the following distribution: 70 megawatts at BPA's Buckley Substation, and 394 megawatts at BPA's Alvey Substation.

The contract provides protection and priority to transmission of Federal hydroelectric power generation in that when such power is in danger of spill if unable to be transmitted on FCRTS facilities needed to transmit power under the contract, BPA reserves the right to suspend deliveries of Hermiston Generating Project power under the contract in order to transmit such Federal hydroelectric power to the point of use or point of sale.

The contract has additional provisions for the suspension or reduction of transmission services in the event of operational constraints, planned outages, and unplanned outages.

- **Operational Constraints:** The contract defines operational constraints as expected limitations on system transfer capability caused by, among other things, expected overloading of parallel transmission paths, expected adverse loading patterns, or expected adverse generating patterns.
- **Planned Outages:** The contract defines planned outages as outages due to equipment installation, removal, replacement, repair, inspection, investigation, or other customary transmission system maintenance or construction.
- **Unplanned Outages:** The contract defines unplanned outages as outages due to transmission system emergencies, uncontrollable forces, or resource outages.

Provision is made in the contract to bill at the Energy Transmission Rate any test energy generated by the project in any month prior to the commercial operation date.

The contract recognizes that, as additional generation develops in the McNary Substation area, transmission reinforcements to the west may be required. If BPA adds such facilities, PacifiCorp shall be obligated to pay an appropriate share of the incremental costs. However, if the charge arising from PacifiCorp's share of such incremental costs is greater than what the then prevailing Formula Power transmission charge would have been for the delivery of 100% of Project Output to Alvey Substation, Formula Power transmission charges shall be assessed based on such 100% delivery of Project Output at Alvey Substation, while continuing to allow delivery of 70 megawatts of electric power at Buckley Substation.

The contract contains a General Environmental Provisions Exhibit which details affirmative obligations, breach of obligations, remedy for breach, and fish and wildlife responsibilities.

3. THE PROPOSED TRANSMISSION AGREEMENT MEETS NEED AND PURPOSES

The EIS statement of need was that BPA must respond to the need for transmission access as represented by PacifiCorp's request for transmission services. Proposed actions meet this need and serve the stated purposes to the best degree possible. In the EIS, BPA identified the following purposes:

- Assure consistency with BPA's statutory responsibilities, including the Northwest Power Act, the Transmission System Act, and the Energy Policy Act of 1992;
- Balance environmental impacts with economic costs;
- Protect BPA's ability to serve its existing contractual obligations, and to remain able to meet the needs of its customers;
- Provide electrical system reliability which meets BPA/WSCC reliability criteria; and
- Preserve transmission capability for future BPA resources.

The decision to provide transmission services to PacifiCorp for the output of the Hermiston Generating Project is responsive to the stated purposes because it:

- Provides access to excess FCRTS capacity on a fair and nondiscriminatory basis;
- Preserves preference of BPA's power marketing program;
- Provides protection and preference to Federal hydroelectric power generation in that when such power is in danger of spill, BPA reserves the right to suspend deliveries under the contract;
- Provides for PacifiCorp to pay an appropriate share of incremental costs of future transmission reinforcements;
- Provides for conditions under which transmission will be curtailed in order to maintain system reliability;
- Contains environmental provisions detailing affirmative obligations, breach of obligations, remedy for breach, and fish and wildlife responsibilities.

I have reviewed and hereby approve this decision to offer the transmission contract to PacifiCorp as described herein.

Issued in Portland, Oregon, on August 30, 1994.

/s/ Randall W. Hardy
Administrator