

**UNITED STATES DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION**

**Stateline Wind Project
Power Purchase Agreement**

Administrator's Record of Decision

Summary

The Bonneville Power Administration (BPA) has decided to execute a Power Purchase Agreement (PPA) with Pacific Power Marketing, Inc., a subsidiary of Scottish Power (PPM) to purchase up to 90 megawatts (MW) of scheduled electrical output (up to 30.7 average MW) and associated environmental attributes from the Stateline Wind Project (Project). The output will be delivered to BPA's Franklin-Walla Walla 115kV transmission line.

The Project spans the border between the States of Washington and Oregon, 20 miles west of Walla Walla, WA. The Project began commercial operation in July 2001, and full operation is expected by December 31, 2001. When completed, it will have 399 wind turbines with a combined capacity of 263 MW. The Project owner is FPL Energy Vansycle, L.L.C. (FPL), which on November 30, 2000, contracted to sell the entire output of the facility to PPM. PPM is marketing the output to BPA and others.

The Walla Walla County Regional Planning Department published a Final Environmental Impact Statement for the Project pursuant to the Washington State Environmental Policy Act in October 2000, and on November 16, 2000, it issued a conditional use permit for the portion of the Project located in Washington. The Oregon Energy Facility Siting Council approved construction of the Project facilities located in Oregon on September 14, 2001.

BPA has reviewed its proposed action of purchasing power from the Project, and has determined that this action is categorically excluded from further environmental review under the National Environmental Policy Act. As discussed above, BPA's action involves the purchase of power from an already operating resource through PPM. PPM's decision to enter into the contract with FPL to purchase the output of the Project was made regardless of whether BPA ultimately decided to purchase Project output from PPM, as was FPL's decision to construct the Project. In addition, all of the Project output could be transmitted over transmission lines owned by PacifiCorp.

FOR FURTHER INFORMATION CONTACT: Tom Osborn, Project Manager, Bonneville Power Administration (PTS-Walla Walla), 1520 Kelly Place, Walla Walla, Washington 99362; phone number 509-527-6211; email trosborn@bpa.gov. For copies of this ROD, please call BPA's toll-free document request line at 1-800-622-4520.

Supplementary Information

BPA has decided to purchase up to the entire output from 137 Vestas V-47 660-kilowatt wind turbines with a total installed capacity of 90.42 MW, which are a portion of the 263-MW Stateline Wind Project. The Project is located on Vansycle Ridge, which extends from Walla Walla County in Washington to Umatilla County in Oregon. FPL will develop, construct, own, and operate the Project. In November 2000, PPM contracted with FPL to purchase all the Project output. BPA will purchase up to 30.7 aMW of Project output from PPM for a term of 25 years.

This ROD explains the rationale for BPA's decision to execute a PPA with PPM.

I. BACKGROUND

On October 30, 1998, FPL submitted an unsolicited proposal for BPA to acquire the output from a wind power facility to be located near the existing Vansycle Wind Project in Umatilla County, Oregon. After evaluating the proposal, BPA decided to begin contract discussions and to prepare to conduct an environmental impact assessment of the Project pursuant to the National Environmental Policy Act (NEPA).

FPL initially proposed two alternative Projects in the same vicinity, each of them 25.5 MW in size. But as contract discussions and planning for the NEPA process proceeded, FPL informed BPA that it would prefer to construct a larger Project and would be contacting other entities that might be interested in purchasing wind power. FPL ultimately decided to seek permits to construct and operate a 300-MW Project. It was a goal of FPL and BPA to have the Project achieve commercial operation before December 31, 2001, and thereby be eligible for a federal Production Tax Credit (PTC) that would significantly reduce the cost of power.

NEPA requires federal agencies to examine the environmental impacts of a major action prior to making any irreversible and irretrievable commitment of resources. BPA determined that an Environmental Impact Statement (EIS) should be prepared for the Project prior to making a decision whether to sign a PPA with FPL. Because it normally takes at least 12 months to complete an EIS, BPA decided to begin the NEPA process while the PPA and a predevelopment agreement were still being negotiated.

Predevelopment agreements allocate responsibility and costs between BPA and a power Project developer during the NEPA process. Although a fully negotiated, but unexecuted, PPA is normally an attachment to the predevelopment agreement, the predevelopment agreement is not a commitment by BPA to execute the PPA.

On June 5, 2000, BPA published in the Federal Register a notice of its intent to prepare an EIS for the Stateline Wind Project in cooperation with Walla Walla County. The County was responsible for implementing the Washington State Environmental Policy Act as it applied to the Project and was considering whether to issue a conditional use permit for the portion of the Project located in the State of Washington. Public scoping meetings were held in Helix, Oregon, and Touchet, Washington, on June 14 and 15, 2000, respectively. A third scoping meeting was held in Portland on June 22, 2000.

In August 2000, FPL informed BPA of its decision to sell the entire output of the Project to PPM. PPM had reserved sufficient transmission capacity on a PacifiCorp 230-kilovolt transmission line in the vicinity of the Project to transmit the entire output of the facility. Neither a PPA with BPA nor transmission over BPA transmission lines was needed for FPL to construct and operate the Project. Because BPA no longer had any involvement in the Project, a NEPA review by BPA was no longer required. BPA thus issued a stop work order to the EIS contractor and recovered from FPL the cost of the EIS work performed to date. BPA later notified the public that the federal EIS for the Project would not be completed.

PPM subsequently offered to resell part of the Project output to BPA. In November 2000, PPM and BPA executed a non binding letter of intent to negotiate a PPA. While contract negotiations occurred through the remainder of 2000 and most of 2001, FPL proceeded to obtain the necessary permits from Walla Walla County and the Oregon Energy Facility Siting Council and to construct the Project.

II. BPA and the Northwest Power Act

BPA is a self-financing Federal power-marketing agency with statutory responsibility to supply electricity to customers in the Pacific Northwest. Section 6 of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), 16 U.S.C. § 839 et seq., authorizes the Administrator to purchase power to meet firm contractual load obligations whether through short-term or long-term purchases. Section 6 provides further that the Administrator may purchase power from resources that are consistent with the Northwest Power Planning Council's (Council) plan or, if no plan is in effect, resources that are consistent with sections 4(e)(1) and (2). The Council's Fourth Power Plan recognizes that wind power is the least costly renewable alternative for producing large quantities of energy; this purchase, under section 6(d), further provides BPA research and development benefits due to its operation within the BPA control area. BPA would like to obtain wind output data from an operating wind plant near areas where future wind plants are likely to be developed. This purchase will provide BPA such information. This data is important and will assist BPA in assessing the impacts on the hydropower system of integrating large amounts of wind power in the future. The proposed purchase of power

from the Project is consistent with these statutory provisions and is consistent with BPA's resource strategy, which is to diversify its resource portfolio, particularly renewable resources.

In the face of regional growth in electrical loads and increasing constraints on the existing energy resource base, BPA seeks to purchase power from resources that will contribute to diversification of the long-term power supply in the region. The purposes of diversifying BPA's resource portfolio include:

- protecting BPA and its customers against risk by diversifying energy supplies;
- meeting customer demand for energy from renewable energy resources, thereby assuring consistency with BPA's Business Plan EIS (DOE/EIS-0183, June 1995) and Business Plan ROD, and
- meeting the objective in the January 2000 Strategic Plan of BPA's Power Business Line to purchase at least 150 average megawatts (aMW) of new renewable resources by the end of fiscal year 2006 in order to meet customer demand for new renewable resources.

III. THE NATIONAL ENVIRONMENTAL POLICY ACT (NEPA)

NEPA is the national road map toward protection of the environment. NEPA requires Federal agencies to make environmental information available to decision-makers and interested citizens before decisions are made and before actions are taken. Scientific analysis, expert agency comments, and public scrutiny are essential to implementing NEPA. The NEPA process is intended to help public officials make decisions that are based on an understanding of the environmental consequences of their actions.

As noted above, BPA's currently proposed action represents a change from BPA's original plan in early 2000. When FPL and PPM entered into their contract, BPA no longer had any involvement in the Project. BPA did not plan to take any action necessary to the Project, including transmitting or purchasing power from it. In fact, FPL began to construct the Project in early 2001, and portions of it achieved commercial operation in July 2001. Nevertheless, when it appeared that PPM and BPA would reach agreement on the terms of a PPA, BPA reexamined its NEPA responsibilities for the action it now proposes to take.

After reviewing the circumstances of the Project, BPA has determined that the proposed action meets the requirements for being categorically excluded from further NEPA review and documentation. A copy of this determination is available on request (Environmental Clearance Memorandum dated November 7, 2001).

IV. DECISION

I am making this decision to authorize proceeding with the purchase of power from this Project after consultation with and recommendation from BPA's Power Business Line.

Issued in Portland, Oregon, on December 13, 2001.

Stephen J. Wright
Acting Administrator and
Chief Executive Officer

cc:

Adm. Chron File – A-7

K. Pierce – KEC-4

S. Branum – KEC-4

P. Key – LC-7

T. Johnson – LP-7

M. Miller – PT-5

G. Insley – PTS-5

S. Riewer – PTS-5

Official File – PT (PM-11)

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