

Categorical Exclusion Determination

Bonneville Power Administration
Department of Energy



Proposed Action: Western Regional Adequacy Program (WRAP) Binding Phase Participation

Project Managers: Rahul Kukreti – B-3; Mai Truong – B-3

Location: Multnomah County, Oregon

Categorical Exclusion Applied (from Subpart D, 10 C.F.R. Part 1021): A9- Information gathering, analysis and dissemination; B4.4-Power marketing services and activities; B4.8-Electricity transmission agreements

Description of the Proposed Action: Bonneville Power Administration (Bonneville) is proposing to become a binding participant of Western Resource Adequacy Program (WRAP) administered by the Western Power Pool (WPP) and operated by the Southern Power Pool. WRAP participation requires execution of a participation agreement that obligates its signatories to the terms of the WRAP Tariff. The WRAP Tariff requires participants to provide administrative program funding, follow program rules, be subject to financial liability for failure to meet program requirements, and participate in program governance. WPP filed the WRAP Tariff for review and acceptance by the Federal Energy Regulatory Commission (“Commission” or “FERC”) on August 31, 2022. On November 21, 2022, FERC issued a deficiency letter determining the WPP needs to provide clarifying information, and on December 12, 2022, WPP filed an amended WRAP Tariff and response to FERC’s letter. Because the tariff proceeding is not anticipated to be complete by WPP’s decision deadline for participants to commit to joining the fully binding program, WPP has provided an interim solution to bridge the time period between the end of Phase 3A and FERC approval of the amended WRAP Tariff. This will include execution of a work order to ensure continuity of funding for the initiative and a memorandum of understanding in which participants will memorialize their commitment to the program and to work with each other and WPP to resolve any issues raised in the FERC proceeding.

Bonneville’s decision is dependent on the occurrence of the following two conditions: (i) the WRAP Tariff that WPP filed with the Commission is accepted by the Commission without modification that materially changes the WRAP Tariff in a way that is unacceptable to Bonneville; and (ii) a non-conforming participation agreement that is acceptable to Bonneville is filed and accepted by the Commission. If these conditions do not occur, Bonneville would need to revisit this decision. If these conditions are met, Bonneville would join the binding Phase 3B program of WRAP, and would become subject to the WPP tariff when approved by the Federal Energy Regulatory Commission (FERC). Bonneville has selected winter 2027-2028 as the first season when it would begin operating with binding constraints

Since fall 2019, Bonneville and several utilities in the Western region have been working on developing a regional capacity resource program known as the WRAP. Bonneville has been in the design phase of WRAP process since August 2021, taking part in the non-binding forward showing activities working on the design details of WRAP and evaluating its potential value.

Having determined that joining this binding phase would be consistent with the five participation principles identified in the previous phases of the process, Bonneville is now proposing to do so. Further information on the previous phases, and the program operation can be found in the Administrator's Draft Close-out Letter which was dated October 2022 and located at [Draft WRAP Closeout Letter](#).

Currently, WRAP has more than 26 participants in the western region, spanning ten U.S. states and one Canadian province. The program is needed because many thermal plants are being retired and replaced with intermittent renewable power resources as part of regional decarbonization efforts, leading to concerns about potential regional capacity shortage. Bonneville is facing uncertainty regarding the future availability of cost-effective market-sourced power to meet short and long-term forecasted needs, potentially impacting its ability to reliably meet its customers' future power needs, as required under the Northwest Power Act.

As a load-serving entity (LSE) under the Northwest Power Act, Bonneville is required to meet all net-power requirements of eligible requesting customers, which requires it to manage power and reserve needs to cope with uncertainties and variabilities in serving the net-requirements load. At present, Bonneville performs resource adequacy (RA) planning for its own customers and for its own balancing authority area footprint, with limited visibility into other LSE's RA status. With no coordinated resource planning in place in the Northwest, Bonneville and other LSEs plan for capacity in isolation, making intelligent guesses about resource development in the region. The current process makes resource planning for capacity a very inefficient process. The binding phase of WRAP is expected to help ensure that there is enough capacity to meet the area's power capacity needs through coordination, established metrics, and transparency among participants.

Joining the binding phase would obligate Bonneville and all WRAP participants to comply with the binding aspects of two distinct WRAP programs during the first season of participation: (1) a Forward Showing Program that evaluates each participant's capacity need against the participants' resources based on loads and resource data submitted seven months in advance, including firm transmission necessary to meet 75 percent of load; and (2) an Operations Program which evaluates each participant's operational loads and generation resources and obligates members with calculated surplus to assist participants with deficits. WRAP is expected to make available regional load, resource and other metrics, modeling, and analysis, enabling Bonneville and fellow participants to make cost-effective resource planning and acquisition decisions.

Overall, WRAP is also expected to assure Bonneville more reliability in service and there may be some reduction in reserve margins that Bonneville needs to hold for reliability. Further, the WRAP is expected to assist Bonneville and other utilities in forecasting potential congestion areas and undertaking mid-term and long-term planning. While in WRAP, Bonneville would continue to be responsible to plan for resources in the long term, the short term, and real time to assure an adequate power supply to meet its contractual obligations in light of operational uncertainties. Bonneville's participation in the WRAP is expected to provide an additional source from which to make purchases if Bonneville is in deficit, and an additional market in which to sell when it is in surplus. There would be no changes made to products offered, and only minimal changes made to how Bonneville currently manages its RA obligation.

Bonneville's participation in WRAP may increase the amount of carbon-free hydropower reserves that are used in the region in order to meet the resource adequacy standards. This would result in lowering adverse air quality and greenhouse gas impacts in the region. Additionally, the availability of Bonneville's hydropower resources for reserves could also potentially reduce the chances of "overbuilding" beyond the region's resource needs. Similarly, Bonneville participating

in WRAP could help to optimize regional transmission planning among program participants and possibly lower some needs for new transmission builds, reducing the potential for some transmission-related environmental (particularly land) impacts compared to the status-quo transmission planning paradigm.

While participating in WRAP, Bonneville would continue to retain its authority over matters relating to the reliability and operation of the Federal Columbia River Power and Transmission systems. There would be no changes to how Bonneville operates as a balancing authority or to its function as a transmission operator, and the federal power projects would continue to operate in accordance with applicable laws and regulations. Additionally, for a variety of business reasons, Bonneville has the option to withdraw from WRAP with two years' notice without paying an exit fee, or with less than two years' notice subject to a penalty. Bonneville is also working with the WPP to sign a federal non-conforming participation agreement which would contain provisions allowing Bonneville's participation in a manner consistent with its statutes and non-jurisdictional status. There would also be provisions in the agreement requiring Bonneville's express consent to any modifications to the WRAP tariff, business practices, and participation agreement, or allowing Bonneville to exit early.

As designed, Bonneville's participation in the WRAP would essentially be a modification to its current resource management activities using the existing transmission systems and the existing generation sources that are operating within normal limits. Changes made to allow this participation would primarily include administrative, marketing, and financial measures such as collecting and reporting a few additional Resource Adequacy metrics and possibly entering into transmission or power contracts to meet requirements of the WRAP. The federal projects would continue to operate consistently within applicable environmental laws and regulations, including compliance with the National Marine Fisheries Services and U.S. Fish and Wildlife Service 2020 Biological Opinions on the operations and maintenance of the Columbia River System, the Columbia River System Operation (CRSO) EIS Record of Decision, and any related court orders or other agreements. Bonneville's participation would not require construction of new generation projects or physical changes made to the transmission system beyond areas previously disturbed or developed.

Findings: In accordance with Section 1021.410(b) 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, Jul. 9, 1996; 61 FR 64608, Dec. 6, 1996, 76 FR 63764, Nov. 14, 2011), BPA has determined that the proposed action:

- 1) fits within a class of actions listed in Appendix B of 10 CFR 1021, Subpart D (see attached Environmental Checklist);
- 2) does not present any extraordinary circumstances that may affect the significance of the environmental effects of the proposal; and
- 3) has not been segmented to meet the definition of a categorical exclusion.

Based on these determinations, BPA finds that the proposed action is categorically excluded from further NEPA review.

/s/ Amy Mai
Amy Mai

Concur:

<u>/s/ Katey C. Grange</u>	<u>December 15, 2022</u>
Katey C. Grange	Date
NEPA Compliance Officer	

Attachment(s): Environmental Checklist

Categorical Exclusion Environmental Checklist

This checklist documents environmental considerations for the proposed project and explains why the project would not have the potential to cause significant impacts on environmentally sensitive resources and would meet other integral elements of the applied categorical exclusion.

Proposed Action: Western Regional Adequacy Program (WRAP) Participation

Project Site Description

Bonneville markets wholesale electrical power from 31 electric power projects in the Northwest, one non-federal nuclear plant, and several small non-federal power plants. Bonneville also operates and maintains about 15,000 miles of the high-voltage transmission in its service territory that spans Oregon, Washington, Idaho, Western Montana, and small parts of eastern Montana, California, Nevada, Utah and Wyoming.

Evaluation of Potential Impacts to Environmental Resources

1. Historic and Cultural Resources

Potential for Significance: No

Explanation: The decision to join WRAP would largely involve marketing, administrative, and financial activities using the existing transmission system and existing generation sources operating within normal limits. Joining the WRAP would not result in any ground-disturbing activities or changes to any existing structures. The availability of Bonneville's hydropower resources for reserves could potentially reduce the chances of "overbuilding" beyond the region's resource needs. Similarly, Bonneville participating in the WRAP could help to optimize regional transmission planning among program participants and possibly lower some needs for new transmission builds reducing the potential for some transmission-related environmental impacts, including to cultural resources, compared to the status-quo transmission-planning paradigm. For these reasons, the decision to join the WRAP would not adversely affect historic and cultural resources.

2. Geology and Soils

Potential for Significance: No

Explanation: The decision to join WRAP would largely involve marketing, administrative and financial activities using the existing transmission system and existing generation sources operating within normal limits that would not result in any ground disturbing activities or potential for erosion, landslides, or other related impacts. The availability of Bonneville's hydropower resources for reserves could potentially reduce the chances of "overbuilding" beyond the region's resource needs. Similarly, Bonneville participating in the WRAP could help to optimize regional transmission planning among program participants and possibly lower some needs for new transmission builds reducing the potential for some transmission-related environmental impacts, including to soils, compared to the status-quo transmission-planning paradigm. For these reasons, the decision to join the WRAP would not adversely affect geology and soils.

3. Plants (including Federal/state special-status species and habitats)

Potential for Significance: No

Explanation: The decision to join WRAP would largely involve marketing, administrative and financial activities using the existing transmission system and existing generation sources operating within normal limits and would not result in any ground disturbing activities or vegetation removal or alteration. Additionally, the availability of Bonneville's hydropower resources for reserves could also potentially reduce the chances of "overbuilding" beyond the region's resource needs. Similarly, Bonneville participating in the WRAP could help to optimize regional transmission planning among program participants and possibly lower some needs for new transmission builds, reducing the potential for some transmission-related vegetation impacts compared to the status-quo transmission-planning paradigm. For these reasons, the decision to join the WRAP would not adversely affect plants, including special-status species.

4. Wildlife (including Federal/state special-status species and habitats)

Potential for Significance: No

Explanation: The decision to join WRAP would largely involve marketing, administrative and financial activities using the existing transmission system and existing generation sources operating within normal limits that would not result in any ground-disturbing activities or on the ground activities that would have a potential to cause impacts to wildlife, including special-status species and habitats. Additionally, the availability of Bonneville's hydropower resources for reserves could also potentially reduce the chances of "overbuilding" beyond the region's resource needs. Similarly, Bonneville participating in the WRAP could help to optimize regional transmission planning among program participants and possibly lower some needs for new transmission builds reducing the potential for some transmission-related wildlife and habitat impacts compared to the status-quo transmission-planning paradigm. For these reasons, the decision to join the WRAP, would not adversely impact wildlife.

5. Water Bodies, Floodplains, and Fish (including Federal/state special-status species, ESUs, and habitats)

Potential for Significance: No

Explanation: The decision to join WRAP would largely involve marketing, administrative and financial activities using the existing transmission systems and existing generation sources operating within normal limits, and would not result in any ground-disturbing activities or potential to cause impacts to water bodies, floodplains, and fish, including federal/state special-status species, ESUs and habitats. Additionally, the availability of Bonneville's hydropower resources for reserves could also potentially reduce the chances of "overbuilding" beyond the region's resource needs. Similarly, Bonneville participating in the WRAP could help to optimize regional transmission planning among program participants and possibly lower some needs for new transmission builds reducing the potential for some transmission-related water and fish impacts compared to the status-quo transmission-planning paradigm. For these reasons, the decision to join WRAP would not adversely affect water bodies, floodplains, and fish, including federal/state special-status species, ESUs and habitats.

6. Wetlands

Potential for Significance: No

Explanation: The decision to join WRAP would largely involve marketing, administrative and financial activities using the existing transmission system and existing generation sources operating within normal limits, and would not result in any ground-disturbing activities or on the ground work that would have a potential to cause impacts to wetlands. Additionally, the availability of Bonneville's hydropower resources for reserves could also potentially reduce the chances of "overbuilding" beyond the region's resource needs. Similarly, Bonneville participating in the WRAP could help to optimize regional transmission planning among program participants and possibly lower some needs for new transmission builds reducing the potential for some transmission-related wetland impacts compared to the status-quo transmission-planning paradigm. For these reasons, the decision to join the WRAP would not adversely affect wetlands.

7. Groundwater and Aquifers

Potential for Significance: No

Explanation: The decision to join WRAP would largely involve marketing, administrative and financial activities using the existing transmission system and existing generation sources operating within normal limits, and would not result in any ground-disturbing activities or on the ground work that would have a potential to cause impacts to groundwater and aquifers. Additionally, the availability of Bonneville's hydropower resources for reserves could also potentially reduce the chances of "overbuilding" beyond the region's resource needs. Similarly, Bonneville participating in the WRAP could help to optimize regional transmission planning among program participants and possibly lower some needs for new transmission builds reducing the potential for some transmission-related groundwater impacts compared to the status-quo transmission-planning paradigm. For these reasons, the decision to join the WRAP would not adversely affect groundwater and aquifers.

8. Land Use and Specially-Designated Areas

Potential for Significance: No

Explanation: The decision to join WRAP would largely involve marketing, administrative and financial activities using the existing transmission system and existing generation sources operating within normal limits, and would not result in any ground-disturbing activities or on the ground work that would have a potential to cause impacts to land use and specially designated areas. Additionally, the availability of Bonneville's hydropower resources for reserves could also potentially reduce the chances of "overbuilding" beyond the region's resource needs. Similarly, Bonneville participating in the WRAP could help to optimize regional transmission planning among program participants and possibly lower some needs for new transmission builds reducing the potential for some transmission-related land use impacts compared to the status-quo transmission-planning paradigm. For these reasons, the decision to join the WRAP would not adversely affect land use and specially designated areas.

9. Visual Quality

Potential for Significance: No

Explanation: The decision to join WRAP would largely involve marketing, administrative and financial activities using the existing transmission system and existing generation sources operating within normal limits. Joining the WRAP would not result in any ground-disturbing activities or changes to any existing structures or landscapes and would, therefore, not have potential to cause impacts to visual quality. Additionally, the availability of Bonneville's hydropower resources for reserves could also potentially reduce the chances of "overbuilding" beyond the region's resource needs. Similarly, Bonneville participating in the WRAP could help to optimize regional transmission planning among program participants

and possibly lower some needs for new transmission builds reducing the potential for some transmission-related visual impacts compared to the status-quo transmission-planning paradigm. For these reasons, the decision to join the WRAP would not adversely affect visual quality.

10. Air Quality

Potential for Significance: No

Explanation: The decision to join WRAP would largely involve marketing, administrative and financial activities using the existing transmission system and existing generation sources operating within normal limits. Joining the WRAP would not result in any ground-disturbing activities or changes to any existing structures or landscapes and would, therefore, not have potential to cause impacts to air quality. Bonneville's participation in WRAP may increase the amount of carbon-free hydro reserves that are used in the region in order to meet the RA standards. This would result in lowering adverse air quality and greenhouse gas impacts in the region. For these reasons, the decision to join the WRAP would not adversely affect air quality.

11. Noise

Potential for Significance: No

Explanation: The decision to join WRAP would largely involve marketing, administrative and financial activities using the existing transmission system and existing generation sources operating within normal limits, and would not result in any ground-disturbing activities or on the ground work that would have a potential to cause impacts to noise. Additionally, the availability of Bonneville's hydropower resources for reserves could also potentially reduce the chances of "overbuilding" beyond the region's resource needs. Similarly, Bonneville participating in the WRAP could help to optimize regional transmission planning among program participants and possibly lower some needs for new transmission builds reducing the potential for some transmission-related noise impacts compared to the status-quo transmission-planning paradigm. For these reasons, the decision to join the WRAP would not adversely affect noise.

12. Human Health and Safety

Potential for Significance: No

Explanation: The decision to join WRAP would largely involve marketing, administrative and financial activities using the existing transmission system and existing generation sources operating within normal limits, and would not result in any ground-disturbing activities or on the ground work that would have a potential to cause impacts to human health and safety. Additionally, the availability of Bonneville's hydropower resources for reserves could also potentially reduce the chances of "overbuilding" beyond the region's resource needs. Similarly, Bonneville participating in the WRAP could help to optimize regional transmission planning among program participants and possibly lower some needs for new transmission builds reducing the potential for some transmission-related human health and safety risks compared to the status-quo transmission-planning paradigm. For these reasons the decision to join the WRAP would not adversely affect human health and safety.

Evaluation of Other Integral Elements

The proposed project would also meet conditions that are integral elements of the categorical exclusion. The project would not:

Threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety, and health, or similar requirements of DOE or Executive Orders.

Explanation: N/A

Require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities (including incinerators) that are not otherwise categorically excluded.

Explanation: N/A

Disturb hazardous substances, pollutants, contaminants, or CERCLA excluded petroleum and natural gas products that preexist in the environment such that there would be uncontrolled or unpermitted releases.

Explanation: N/A

Involve genetically engineered organisms, synthetic biology, governmentally designated noxious weeds, or invasive species, unless the proposed activity would be contained or confined in a manner designed and operated to prevent unauthorized release into the environment and conducted in accordance with applicable requirements, such as those of the Department of Agriculture, the Environmental Protection Agency, and the National Institutes of Health.

Explanation: N/A

Landowner Notification, Involvement, or Coordination

Description: The proposed action does not involve activities directly or indirectly affecting any particular real property; therefore, notification and involvement of any specific land owner is not required. However, over the last three years, Bonneville conducted several WRAP workshops to evaluate various aspects of joining the WRAP which included notifying the public and stakeholders. During this time, Bonneville sought public comments and involved potentially affected parties leading up to the final decision.

Based on the foregoing, this proposed project does not have the potential to cause significant impacts to any environmentally sensitive resource.

Signed: /s/ Amy Mai

Amy Mai
Environmental Protection Specialist

December 15, 2022

Date