

# QUESTIONS & ANSWERS



## An Interview with the Managers for the Supplement Analysis to Bonneville Power Administration's Business Plan Environmental Impact Statement

December 20, 2004

In a recent interview, Rick Yarde and Mike Mayer, co-managers for the Supplement Analysis process, were asked many questions about how the process works and how people can get involved. Kathy Pierce, Senior Policy Advisor and a major contributor to the 1995 Business Plan EIS joined them.

**Q. First, why is BPA doing a review of the Business Plan EIS now?**

A. While we believe the Business Plan EIS continues to be valid, we recognize that it's been almost 10 years since we finished the EIS and its ROD. Although passage of time alone is not grounds for revisiting an EIS, we are aware that there is the potential for circumstances to change or new information to arise that could be relevant to the environmental analysis in the EIS. We feel like now is a good time to address this. In addition, through some of our recent public processes, some customers and others have asked us if the EIS is still current, if it is going to be adequate for new issues in the future, and if it provides the NEPA coverage that may be needed for upcoming decisions. Given these considerations, we feel it would be prudent to review the document at this time to ensure that it continues to provide adequate policy coverage under the National Environmental Policy Act (NEPA) for BPA's business practices.

**Q. Can you give a refresher on the background of the Business Plan EIS?**

A. In the early 1990s, BPA determined it needed adaptive policies to guide its actions for meeting its business-related and public service missions. BPA developed the Business Plan EIS, as a policy-level EIS that focused on the relationships between BPA and the electric utility market. The Business Plan EIS evaluates alternatives for BPA's business activities in five key policy areas: Products and Services, Rates, Energy Resources, Transmission, and Fish and Wildlife Administration. The alternatives are designed to cover the range of options for the important issues affecting BPA's business activities.

The EIS also compares how the market responds to each alternative in terms of resource development, resource operations, transmission development and operations, and consumer behavior. Previous environmental studies for key BPA actions had shown that actual environmental impacts are determined by the responses to BPA's marketing actions, rather than by BPA's actions themselves. The Business Plan EIS is unique in that it is based on a "relationship analysis," that is, the EIS quantitatively

and qualitatively evaluates relationships between variables in the short run, and assumes that these relationships will hold true in the long term. Our experience in working with the Business Plan EIS over the last 10 years has shown that these relationships have indeed held true. The Business Plan EIS was written broadly so that subsequent business decisions can and have been tiered off it.

In August 1995, the BPA Administrator issued a Record of Decision that adopted the Market-Driven Alternative from the Business Plan EIS. Since 1995, about 40 strategic business decisions have been implemented through the Business Plan EIS and ROD. For example, the EIS has supported all of BPA's rate cases since 1995 and is expected to provide the potential environmental impacts of the current rate case. In each of these subsequent decisions, the Business Plan EIS and ROD were reviewed to ensure that the decision was consistent with the Market-Driven Alternative and that environmental impacts related to the decision were sufficiently addressed by the Business Plan EIS.

**Q. Why not go ahead and do a Supplemental EIS instead of a SA?**

A. That's a good question. Fortunately, the people who established the Department of Energy regulations for implementing NEPA provided a method for reviewing an EIS to see if there have been any significant changes, either to the affected environment or the environmental consequences, prior to preparing a full Supplemental EIS. When it is unclear whether a Supplemental EIS is required, the regulations allow an agency to do a Supplement Analysis. The Supplement Analysis lets us review the information in the Business Plan EIS and determine if there have been any significant changes. If there have been, we may go forward with a Supplemental EIS. If not, no further NEPA documentation is required.

**Q. Do you foresee doing a Supplemental EIS?**

A. At this point, no. The Business Plan EIS gives BPA a framework for decision making that is *relationship-based*, that is, it examines the relationships among BPA, the electric utility market, and the affected environment and how BPA's decisions impact the natural environment, economy and society. The responses of the market to BPA's business actions determined the potential environmental impacts. Though we realize that the affected environment likely has changed over the past 10 years, at this time we do not think that these fundamental relationships have changed.

**Q. What is the SA going to include?**

A. The SA will generally follow the format of the Business Plan EIS. We will review the information in the EIS and add information that will facilitate the Supplement Analysis. We will incorporate physical and political changes since 1995 such as demographic changes, shifts in environmental policy, recent national security concerns, and geographic landform and land use changes. We will also look at evolving issues such as Available Transmission Capacity and a national energy policy. But basically, the SA will elaborate on what is already in the EIS. We will take each section of the EIS and review it, adding new language if necessary. The format will follow the system used for the EIS so that it will be easy to track.

**Q. What kinds of information could be added?**

A. We have a list of regional issues that are being discussed in other BPA processes, such as Post-2006 Power Sales Contracts, Industry Restructuring, Transmission Adequacy Standards, Non-Wires Transmission Solutions, new rates and many others. It's a long list, but it is also just a snapshot in time of the kinds of issues an agency or region might face. In addition, many of these "new" issues appear to be issues that existed in some form at the time the Business Plan EIS was prepared, and were included in its analysis. The Business Plan EIS provided a solid structure for the types of decisions BPA must and can make for its business practices. The SA will look at these current issues, trends in the utility business, new terms and other language changes in the industry and see if the structure and analysis in the Business Plan EIS is sufficient.

**Q. Do you plan on adding any alternatives to the SA or choosing a different alternative and doing a new ROD?**

A. Again, at this point we believe the BPA's current business direction is largely consistent with the Market-Driven Alternative that the Administrator chose in the original ROD. Our business practices are still market-driven, and unless something in the marketplace changes drastically that we cannot predict, this will likely not change. We want to hear from people if they believe or know about something that might change how we do business. That's why we are asking for comments for developing the SA.

**Q. What about decisions on policy/program issues needed before the SA is completed?**

A. The environmental and socioeconomic analysis of BPA's market-driven business approach provided in the EIS is still valid, and BPA has tiered about 40 business decisions off it since the Record of Decision was signed. Until the SA is completed, which we currently expect by fall 2005, all of BPA's policy, program, and project decisions will either continue to be tiered to the 1995 Business Plan EIS or have individual NEPA assessments prepared as appropriate.

**Q. What exactly are you looking for from people in their comments?**

A. Because this isn't a brand new EIS, there might be some confusion. But let me explain. We have an existing EIS that reported on the existing environment and then analyzed how BPA's business practices could, under different policy alternatives, affect that environment. Now, we are asking if something significant has changed or wasn't anticipated in the Business Plan EIS, which changes the relationships or the impacts that were described in the EIS. Specifically, under DOE NEPA regulations, we need to determine the following:

- If there have been substantial changes in the proposed action (BPA's business activities) that are relevant to environmental concerns; or
- If there are significant new circumstances or information relevant to environmental concerns and bearing on the proposed action or its impacts.

In essence, BPA will be considering whether there have been substantial changes in BPA's business activities since the 1995 Business Plan EIS that have resulted in environmental impacts not previously contemplated in the EIS, and whether there are any new circumstances or information that present a seriously different picture of likely environmental consequences than those already considered in the EIS. What does this mean? We know that in the affected environment there have been changes such as some fish stocks being listed as endangered or threatened. We can note that this has happened and provide this information in the SA. But we must also ask ourselves and the region this question — does this new information change the relationships described in the EIS, does it change the analysis that was done for the EIS, and does it change how those stocks might be impacted by BPA's business decisions? And, if there are changes, are they significant?

**Q. Do you expect any significant changes?**

A. We don't expect any significant changes at this time. In addition to having already taking a preliminary look at the EIS with an eye toward significant changes and not finding any, reviews conducted for our many decisions that we have tiered to the Business Plan EIS and ROD over the last few years did not find any significant changes. If we believed there were significant changes, then we would start a Supplemental EIS instead of the SA. We expect that the underlying relationships in the EIS will remain the same, regardless of changes in the affected environment. We expect to affirm that the relationship analysis in the EIS is still valid, that the EIS has continued utility to the agency. We will update data and show how the affected environment may be different. But although we don't expect any significant changes, we still need to do the analysis necessary to make that determination. And we would like the region's help in identifying any changes that merit consideration.

**Q. How does the SA fit together with all the other processes BPA has going on such as Regional Dialogue?**

A. We realize that there are many public processes that folks are involved in and that it is sometimes difficult to figure out how all the processes come together. We are working with the BPA staff leading these other processes and gathering any comments they receive that might pertain to the EIS and our analysis. We will continue to be connected to the other processes to make sure we track any comments made at meetings, through a formal comment period or through our Account Executives.

**Q. How is the SA process different from an EIS process?**

A. An EIS process is a much more prescribed and formal process with requirements for review and comment periods, development of a draft and final, etc. The SA is a verification process for an existing EIS, not the creation of a new EIS. The process for a SA is much less formal, with no requirements for scoping or a public process except that the SA must be available to the public for information. Though a public process isn't required, we are choosing to involve the public to help our analysis. We would like to give people a chance to share their information for our analysis.

**Q. Why should I pay attention and be involved?**

A. This scoping process is your opportunity to be involved in a document that will be used to support the agency's policy decisions for a number of years. If you are interested in agency decisions and how they could affect the environment, then it would help all of us for you to be involved.

**Q. What is the public involvement process?**

A. We are sending out a letter hoping to get comments by March 1. We have no public meetings planned. We have launched a web page that we hope can be interactive, that is, people can post their thoughts and others can reflect on those comments and make comments of their own. We plan to have that be an ongoing process as we do our analysis. We will use the information from comments and our own research and put together the SA by September 2005. We'll make that available through the web page and other notices.