

United States Government

Department of Energy
Bonneville Power Administration

memorandum

DATE: December 14, 2009

REPLY TO
ATTN OF: KEC-4

SUBJECT: Environmental Clearance Memorandum

TO: Sam Cannady
Acting Vice President, Bulk Marketing, PT-5

Proposed Action: Power Sales Contract between Bonneville Power Administration (BPA) and Alcoa/Intalco

Categorical Exclusion Applied (from Subpart D, 10 C.F.R. Part 1021): B4.1 Establishment and implementation of contracts, marketing plans, policies, allocation plans, or acquisition of excess electric power that does not involve: (1) the integration of a new generation resource, (2) physical changes in the transmission system beyond the previously developed facility area, unless the changes are themselves categorically excluded, or (3) changes in the normal operating limits of generation resources.

Location: Portland, OR and Ferndale, WA

Proposed by: BPA

Description of the Proposed Action: BPA proposes to enter into a power sales contract with Alcoa that would allow BPA to continue to provide service for Alcoa's Intalco Works (Intalco), an existing aluminum smelter in Ferndale, Washington. The proposed contract provides for the sale of firm power by BPA to Alcoa, at the applicable industrial firm power (IP) rate, during an initial 2-year period and potentially a subsequent 5-year period. The initial period would begin in December 2009. During the initial period, BPA would provide 285 average megawatts (aMW) of firm power to Alcoa. Alcoa may request that BPA extend the initial period up to one year and increase the sale of firm power to 320 aMW. The second, 5-year, period would be for the sale of 320 aMW of firm power.

Although the precise source for the power that BPA would use to provide service under the contract is not known at this time, the most likely source would be a simple market purchase, a purchase from a pre-existing generation resource, or some combination of both. All acquisitions undertaken by BPA would be consistent with BPA's enabling statutes and BPA would ensure compliance with the National Environmental Policy Act (NEPA) and other applicable environmental laws and regulations. BPA's obligation to make any future power acquisition under the contract is conditioned on several requirements, including that such acquisition (and any potential associated carbon tax, greenhouse gas mitigation, or other environmental costs) will be below a specified price cap, and that any plant-specific acquisition will not be from a coal-fired resource.

Findings: Executing the power sales contract with Alcoa would involve providing continued service to a facility (the Intalco smelter) that is already in existence and currently operating. This contract does not require BPA to take any action that would have a potential effect on the environment. BPA expects to provide power from existing generation sources that would continue to operate within their normal operating limits. This power would be supplied over existing transmission lines that connect Intalco to BPA's electrical transmission system and no physical changes to this system would occur. In addition, the proposed contract would not cause a change in Intalco's existing operations in such a way that environmental impacts would significantly differ from the currently existing situation.

If BPA is not able to obtain power to fulfill its obligations under the contract with Alcoa from only market purchases and/or existing generation sources operating within their normal operating limits, BPA would review the proposed acquisition under NEPA and conduct additional NEPA evaluation, as appropriate, for the proposed acquisition, once more information is known about the nature, type and source of the acquisition. BPA would also prepare additional NEPA documentation as necessary prior to making such an acquisition.

Given these circumstances, BPA has determined that the proposed action complies with Section 1021.410 and Appendix B of Subpart D of the Department of Energy's (DOE) NEPA Regulations (57 FR 15144, Apr. 24, 1992, as amended at 61 FR 36221-36243, July 9, 1996; 61 FR 64608, Dec. 6, 1996). The proposed action does not present any extraordinary circumstances that may affect the significance of the environmental effects of the proposal. The proposal is not connected [40 C.F.R. 1508.25(a)(1)] to other actions with potentially significant impacts, is not related to other proposed actions with cumulatively significant impacts [40 C.F.R. 1508.25(a)(2)], and is not precluded by 40 C.F.R. 1506.1 or 10 C.F.R. 1021.211. Moreover, the proposed action would not (i) threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety, and health, (ii) require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities, (iii) disturb hazardous substances, pollutants, contaminants, or Comprehensive Environmental Response, Compensation and Liability Act-excluded petroleum and natural gas products that pre-exist in the environment such that there would be uncontrolled or unpermitted releases, or (iv) adversely affect environmentally sensitive resources.

This proposed action meets the requirements for the Categorical Exclusion referenced above. We therefore determine that the proposed action may be categorically excluded from further NEPA review and documentation.

/s/ John W. Barco

John W. Barco, KEC-4
Environmental Project Manager

Concur:

/s/ Katherine S. Pierce

Katherine S. Pierce
NEPA Compliance Officer

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