

CATEGORICAL EXCLUSION

Project Title: Rate Adjustment and Sales of Surplus Energy Products, 2021-2024

Requestor: Jody Wootton, N6100

Date Required: 6-5-20

Date Submitted: 6-1-20

Work Order Number: none

Western Area Power Administration (WAPA), Sierra Nevada Region (SN), proposes new formula rates for the Central Valley Project (CVP). These rates are associated with two events: participation in the California Independent System Operator's (CAISO) Energy Imbalance Market (EIM) and aligning CVP's sale of surplus energy and capacity products (SSP) with other WAPA regions. Rates will be effective April 1, 2021, to December 31, 2024.

To accommodate participation in EIM, new formula rate schedules are proposed for: (1) EIM Administrative Service Charges, (2) EIM Energy Imbalance (EI) Service, and (3) EIM Generator Imbalance (GI) Service. The EIM Administrative Service Charge rate schedule applies under Schedule 1S of the WAPA Tariff. The EIM EI service rate applies under Schedule 4S of the WAPA Tariff. The EIM GI service rate applies under Schedule 9S of the WAPA Tariff. The proposed EI service and GI service will be in effect when WAPA is participating in EIM. WAPA's current EI and GI services remain unchanged and in effect when EIM is suspended.

WAPA SN is proposing to add a new rate schedule for sale of surplus products (SSP) to make its practices consistent with other WAPA regions. This proposed rate is for the sale of surplus energy and capacity products such as energy, regulation, reserves frequency response, and resource sufficiency. Frequency Response Reserve (FRR) is a new product requirement based on North American Electric Reliability Council (NERC) standards. Generating units that are on-line and generating at less than maximum output provide FRR. Resource Sufficiency product supplies capacity for EIM balancing resources and load. Resource Sufficiency is not a spin or regulation product.

WAPA is proposing a cost allocation methodology for EIM implementation costs and net EIM ongoing costs and/or net benefits to flow through the CVP Power Revenue Requirement. The proposal is for Balancing Authority of Northern California (BANC), WAPA, and Reclamation EIM implementation costs to be recovered over a one- to three-year period. The net EIM ongoing costs and/or net benefits for non-conforming load are proposed to be allocated and direct billed to the customer(s) with the non-conforming load(s) in accordance with WAPA's business practices.

In accordance with 10 CFR 903.15(a) and 10 CFR 903.16(a), WAPA will hold public information and public comment forums for this rate adjustment. WAPA will review and consider all timely public comments at the conclusion of the consultation and comment period and make amendments or adjustments to the proposal as appropriate. Proposed rates will be forwarded to the Assistant Secretary for Electricity for approval on an interim basis.

Category of Action:

B4.3: Electric power marketing rate changes

Rate changes for electric power, power transmission, and other products or services provided by

a Power Marketing Administration that are based on a change in revenue requirements if the operations of generation projects would remain within normal operating limits.

B4.4: Power marketing services and activities

Power marketing services and power management activities (including, but not limited to, storage, load shaping and balancing, seasonal exchanges, and other similar activities), provided that the operations of generating projects would remain within normal operating limits.

Regulatory Requirements for a Categorical Exclusion Determination: The Department of Energy (DOE), National Environmental Policy Act (NEPA) Implementing Procedures, 10 CFR 1021.410(b) require the following determinations be made in order for a proposed action to be categorically excluded (see full text in regulation).

1. The proposed action fits within a class of actions listed in Appendices A and B to Subpart D. For classes of actions listed in Appendix B, the following conditions are integral elements; i.e., to fit within a class, the proposal must not:
 - a. Threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety, and health, including requirements of DOE and/or Executive Orders;
 - b. Require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities, but may include categorically excluded facilities;
 - c. 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 un-permitted releases; or
 - d. Have the potential to cause significant impacts on environmentally sensitive resources, including, but not limited to, those listed in paragraph B(4) of 10 CFR Part 1021, Subpart D, Appendix B;
 - e. 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 listed in paragraph B(5) of 10 CFR Part 1021, Subpart D, Appendix B. There are no extraordinary circumstances related to the proposal which may affect the significance of the environmental effects of the proposal;
2. The proposal has not been segmented to meet the definition of a categorical exclusion. The proposal is not connected to other actions with individually insignificant but cumulatively significant impacts (40 CFR 1508.27(b)(7)), and is not precluded by 40 CFR 1506.1 or 10 CFR 1021.211 concerning limitations on actions requiring preparation of an environmental impact statement.

Results of Review: In accordance with DOE environmental regulations (10 CFR 1021), WAPA has reviewed the proposed action in terms of the level of NEPA review needed. Based on this review, WAPA has determined the proposal is encompassed within a class of actions listed in Appendix B to Subpart D (10 CFR 1021.410) which do not require preparation of either an environmental impact statement (EIS) or an environmental assessment (EA).

The proposed action fits within the specified class(es) of action, the other regulatory requirements set forth above are met, and the proposed action is hereby categorically excluded from further NEPA review.

To be completed by Environment Only

Action taken

Note: All Documentation is Attached

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| <input checked="" type="checkbox"/> Categorical Exclusion (CX) | <input type="checkbox"/> Integral Elements |
| <input type="checkbox"/> Environmental Assessment (EA) | <input type="checkbox"/> NEPA Attachment Sheet |
| <input type="checkbox"/> Environmental Impact Statement (EIS) | <input type="checkbox"/> Environmental Requirements/Mitigation |
| <input type="checkbox"/> Other Determinations: Biological Assessment | <input type="checkbox"/> Maps/Figures |

Determination: Based on my review of information provided to me concerning the proposed action as NEPA Compliance Officer, I have determined that the proposed action meets the requirements for the categorical exclusion listed above. Therefore, I have determined that the proposed action may be categorically excluded from further NEPA review and documentation.

Gerald Robbins, NEPA Compliance Officer

6/4/20

Date Approved