

memorandum

DATE: June 30, 2010

REPLY TO
ATTN OF: KEC-4

SUBJECT: Environmental Clearance Memorandum

TO: John Wellschlager
Project Manager – PTL-5

Proposed Action: Output Power Purchase Agreement with Northwest Energy Supply Cooperative - Barr-Tech, LLC Resource

Budget Information: #00003863; Task #01

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 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: Fishtrap, Lincoln County, Washington State

Proposed by: Bonneville Power Administration (BPA); Northwest Energy Supply Cooperative (NESC)

Description of the Proposed Action: BPA proposes to make an output power purchase with NESC which will take effect on the date BPA and NESC sign the contract. Actual power purchases shall commence at the conclusion of the test energy period (as defined by the contract) and shall continue through the hour ending 2400 on September 30, 2011 (conditionally per the contract). The 1.94 aMW of continuous renewable energy is referenced here as the output of the Barr-Tech, LLC anaerobic digester methane generation facility, a renewable resource located in Inland Power and Light Company's (Inland) service territory.

Barr-Tech, LLC is dedicated to an integrated approach to carbon-neutral processing of regional organic waste. Barr-Tech, LLC is partnering with a waste hauling company and the Odessa Public Development Authority to establish an organic waste processing facility focused on generating renewable energy, reducing carbon emissions, utilizing all by-products, and creating new green collar jobs. This facility will provide an economic and environmental alternative to eastern Washington State's organic waste challenges. The facility proposes to have a composting facility; a high-solids anaerobic digester (AD) that will process food waste to produce methane; two combined heat and power (AD CHP) gas generator units with a nameplate capacity of 1.1 MW each that will convert the methane into 1.94 aMW of continuous renewable energy; raceway algae ponds for algae harvest and oil extraction; and greenhouses that will use the heat and carbon dioxide from the AD CHP and compost systems. The facility is located on a 40-acre site within the Barr Regional Bio-Industrial Park which is located 22 miles

west of Spokane, Washington, one mile north of the Interstate-90 Fishtrap interchange. Construction on the facility began in 2009.

The purchase agreement does not involve the integration of a new generation resource. Barr-Tech, LLC is selling the power to NESC. BPA is purchasing the electrical power from NESC and shall not receive any renewable energy certificates associated with its purchase. NESC will purchase the output of the Barr-Tech, LLC resource for the purpose of applying the output of such resource to Inland's Above Rate Period High Water Mark Load starting October 1, 2011, pursuant to the BPA and Inland Power Sales Agreement No. 09PB-13057.

The power purchase agreement between BPA and NESC is intended to serve as a bridge arrangement from the Subscription to the Regional Dialogue power sales agreements, accommodating NESC and Inland as they pursue the purchase of a non-federal renewable resource to serve load. This proposed action also helps the region meet the fundamental goals of Regional Dialogue. BPA is not the sole power market available to take the resource as others with potential to purchase include Avista Corporation and Inland Power and Light Company.

There will be no physical changes in the transmission system beyond the previously developed facility area to accommodate the up to 1.1 MW or 2.2 MW of power. NESC shall make the entire amount of energy available to BPA at the point of receipt which is the low voltage side of the Gaffney Substation. There are no changes in the normal operating limits of generation resources.

Findings: 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) National Environmental Policy Act (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 requirement for the Categorical Exclusion referenced above. We therefore determine that the proposed action may be categorically excluded from further NEPA review and documentation.

/s/ Sandra Ackley

Sandra Ackley

Environmental Project Manager

Concur:

/s/ Katherine S. Pierce

Katherine S. Pierce

NEPA Compliance Officer

Date: June 30, 2010

Attachment:

Environmental Checklist

Environmental Checklist for Categorical Exclusions

Name of Proposed Project: Northwest Energy Supply Cooperative Power Purchase Contract

Budget Number: Work Order #00003863; Task #01

This project, the *Output Power Purchase Agreement with Northwest Energy Supply Cooperative (NESC) – Barr Tech LLC Resource* has been found to not adversely affect the following environmentally sensitive resources, laws, and regulations:

Environmental Resources	No	No with conditions
1. Cultural Resources	X	
2. T & E Species, or their habitat(s)	X	
3. Floodplains or wetlands	X	
4. Areas of special designation	X	
5. Health & safety	X	
6. Prime agricultural lands	X	
7. Special sources of water	X	
8. Consistency with state and local laws and regulations	X	
9. Pollution control at Federal facilities	X	

Note: Supporting documentation is attached.

Signed: /s/Sandra Ackley

Date: June 30, 2010

Environmental Compliance Record for Barr Tech LLC

Environmental permits obtained by Barr Tech LLC include:

Lincoln County permits (per Larry Condon verbal communications, December 28, 2009):

Rezone from Agricultural Zone to Industrial Zone - issued March 2009.

Solid waste permit, Septic Permit, Waste System in process summer 2009.

State of Washington permits:

Department of Ecology – permit applications in progress (per Lincoln County Economic Development Council notes CERB-January 2009).

Stormwater Construction Permit – issued June 22, 2009.

Water rights (56 acre feet/year) – issued June 25, 2009.

Air Quality Permit (Notice of Construction) in process summer 2009.

State Environmental Policy Act - Odessa Public Development Authority's meeting notes from January 7, 2009 note that the Washington State Environmental Policy Act (SEPA) is in process (ultimately submitted 1/12/09 per Lincoln County Economic Development Council notes CERB-January 2009).

Washington State Department of Archaeology & Historic Preservation and tribes cultural review (completed per Lincoln County Economic Development Council notes CERB-January 2009).

Wetland delineation - complete (per Lincoln County Economic Development Council notes CERB-January 2009).

State or federal listed species – No effect determination (per Larry Condon verbal communications, December 28, 2009).