2. Purpose and Need for Action

BPA's transmission lines are used by both public and private electric utilities to transmit and market power. If BPA has excess ***capacity*** on its transmission system, utilities or independent power producers can purchase capacity to carry power where it is needed. Using BPA's transmission system to move power from one system to another system is called ***"wheeling."*** PGE has asked BPA to wheel power from PGE's proposed Coyote Springs Cogeneration Plant over BPA's 500-kV McNary-Slatt transmission line to the Portland, Oregon metropolitan area. The proposed Coyote Springs Cogeneration Plant site is close to this BPA transmission line.

2.1 Need for Action

BPA's Need - BPA needs to decide whether to provide wheeling services to PGE from the proposed Coyote Springs Cogeneration Plant over BPA's McNary-Slatt 500-kV transmission line. (Pub. Law 102-486, Sub. B., Sec. 722 (3) (i).) BPA evaluated power loadings on the McNary-Slatt transmission line and determined that sufficient capacity is available on this line to wheel power from the Coyote Springs Plant for Phase I (220 aMW).

Wheeling power from PGE's proposed power plant would fulfill BPA's obligation under Federal laws to provide wheeling services if excess capacity exists on BPA's transmission system. A decision to provide wheeling services would require amending an existing transmission agreement BPA has with PGE for such services. PGE would pay BPA for providing wheeling services.

PGE's Need - PGE's need for constructing the proposed project is separate from BPA's. PGE's need is to replace power lost when PGE's Trojan Nuclear Power Plant (Trojan) ceased operation. The Coyote Springs Cogeneration Project would replace a significant portion of power lost from Trojan. Trojan provided PGE with 481 aMW of energy.

On January 4, 1993 PGE announced it would permanently close Trojan on April 1, 1996. Trojan has not generated power since the closure was announced. Finding energy resources to replace the ***energy*** supplied by Trojan is an immediate need for PGE. This need was particularly apparent in the winter of 1992-93 when consumer demands for energy exceeded PGE resources.

The Coyote Springs Cogeneration Plant would replace 440 aMW of energy previously provided by Trojan. The facility would be constructed in two phases (220 aMW each). The first phase would be completed as quickly as possible to counter adverse economic impacts associated with Trojan's closure. The timing of the second phase is uncertain.

PGE's loads and resources forecast for 1993-2003 shows resource deficits increasing for each successive year. Resource deficits range from 104 MW in 1993-94 to 884 MW in 2003-04.

PGE's 1992 Integrated Resource Plan identified a Least Cost Plan to meet their customers' energy needs. PGE's preferred resource strategy proposed a wide range of new energy resources:

- 314 aMW of energy efficiency
- 100 aMW of renewable resources (wind and geothermal)
- 100 aMW from repowering the existing Beaver CT plant
- 260 aMW from various other resources, including cogeneration
- Replacing Trojan with resources that have operating, cost and environmental characteristics of gas-fired, combined-cycle CTs
- Building or acquiring 500 aMW of combined-cycle CT power by 1996

PGT's Need - The proposed Coyote Springs Natural Gas Pipeline Extension is needed to enable PGT to transport natural gas to PGE's proposed plant. The Coyote Springs extension would be supplied by PGT's mainline, which runs from the Canadian/Idaho border to Malin, Oregon.

FERC must issue a Certificate of Public Convenience and Necessity for the proposed pipeline project. FERC requires that certificate applications for review and approval of new pipeline projects include "Resource Reports" containing environmental information. PGT has provided these reports to FERC in its certificate application for its "1995 Construction Program" and to BPA for use in the preparation of this EIS. The PGT 1995 Construction Program proposes 169 km (105 miles) of new 30-cm (12-inch) pipeline in Oregon (Coyote Springs Extension and the Medford Extension). The FERC will prepare an environmental assessment on PGT's "1995 Construction Program" as part of its compliance with NEPA. Portions of PGT's application to FERC pertaining to the Coyote Springs lateral have been summarized in Section 5.1.3 and on Table 5-10 of this FEIS.

2.2 Purposes For Action

Making a decision to provide wheeling services to PGE for the power produced at the proposed Coyote Springs Plant must accomplish the following purposes:

- Meet Federal, State, and local environmental requirements;
- Balance environmental impacts with economic costs;
- Assure consistency with BPA's statutory responsibilities; and
- Provide electrical system reliability that meets BPA's reliability criteria.

2.3 Other Proposed Energy Resources in the Area

Two cogeneration projects are proposed near Hermiston, Oregon, 40 km (25 miles) east of Boardman.

U.S. Generating Company's Hermiston Generation Project - U.S. Generating Company proposes to build a combined-cycle cogeneration power plant with two combustion turbines fueled by natural gas. Expected output of the plant is 474 MW under annual average conditions at the site, assuming full ***load***. U.S. Generating Company plans to connect the plant to BPA's existing transmission grid at McNary Substation.

Energy produced at the plant would be acquired by PacifiCorp for its customers in the Northwest. PacifiCorp requested transmission wheeling services from BPA in August 1993. BPA studies show that existing BPA transmission lines have enough capacity to wheel the output of the proposed plant under most operating conditions. BPA issued a DEIS on the Hermiston Generating Project in March 1994. A 45-day period was provided for comments on the DEIS. A public meeting was held in Hermiston on April 26, 1994. A FEIS for the project is currently being prepared. The FEIS is scheduled for completion in July 1994. A ROD is scheduled for August 1994.

Hermiston Power Project - J. R. Simplot Company, IDA-West Energy, and Trans Canada Pipelines Limited are proposing to build a 430 aMW combined-cycle CT cogeneration plant also near Hermiston, Oregon. The Hermiston Power Project was proposed in response to BPA's Resource Contingency Program. In this program, BPA solicited proposals for projects that BPA could option and purchase power from when needed.

Project sponsors were asked to propose projects that met certain requirements. Proposals were ranked and sponsors with potential projects to meet BPA's needs were selected to begin negotiations.

The Hermiston Power Project was selected for negotiations in BPA's Resource Contingency Program process. A DEIS on BPA's Contingency Resource Acquisition Program is scheduled for release in October 1994. A FEIS and ROD is scheduled to be issued in spring 1995.

To Chapter 3