



Frequently Asked Questions about NEPA for Power Purchase Agreements and Interconnections

What is NEPA?

The National Environmental Policy Act (NEPA) is legislation that was passed by Congress in 1969. It requires federal agencies to consider the impacts of its actions on the environment before making decisions and involve the public in the decision-making.

Why is NEPA required for the Purchase of Power and Interconnection Agreements?

TVA's purchase of renewable energy is a federal action that is subject to formal environmental regulation and review. When TVA purchases power from a new generating facility, the environmental impacts associated with the construction of that facility must be reviewed in accordance with NEPA. This review is often documented in an Environmental Assessment (EA) or Environmental Impact Statement (EIS) (discussed below). If TVA is required to modify or upgrade its transmission system as a result of an Interconnection Agreement to facilitate that new generating facility, it is considered a connected Federal action subject to the same environmental regulation and review and must be included in the EA or EIS. However, if TVA does not intend to purchase the power generated from the new proposed facility and an Interconnect Agreement is requested, TVA may complete a NEPA review of its modification or upgrade to its transmission system only. This review may be documented in a Categorical Exclusion Checklist (CEC) or depending on its complexity, an EA or EIS. NEPA compliance is integrated into the decision-making process and procedures of programs to ensure that environmental impacts are considered.

What is a NEPA review?

A NEPA review takes into account both the direct and indirect environmental consequences of proposed actions and alternatives. It includes the effects of anticipated development activities and explains the overall cumulative effects. Certain environmental issues and effects may be governed by Federal, State, and local regulations and orders, requiring permits or consultation with other regulatory agencies. Depending on the complexity of the project and the level of environmental review necessary, a public comment period may be required. All these requirements would be discussed during project scoping and described in the NEPA review.

Why is NEPA important to a Developer/Seller of energy to TVA?

The NEPA review is an integral part of a Power Purchase Agreement and the NEPA review must be completed and approved by TVA before Notice to Proceed is granted for project site construction.

Why is NEPA important to an Interconnection Customer?

The NEPA review must be completed prior to any modifications or upgrades to the TVA transmission system that are necessary to provide connection to the interconnection customer.

What can a Developer/Seller or Interconnection Customer do to help manage his/her project's NEPA compliance costs and time?

The site location of a project greatly influences the costs and time required to complete the NEPA review. Since there are specified timeframes and critical deadlines, we recommend that the seller screen potential site locations and consider potential environmental problems prior to application or interconnection requests. For example, selecting a site in close proximity to existing TVA transmission lines or substations will reduce the scope of required TVA transmission system upgrades. Costs associated with site location and time, can determine how well a project fits within the parameters of these deadlines.

What are the responsibilities of the Developer/Seller?

After the notification to begin NEPA, it is the responsibility of the Seller to initiate the NEPA process by contacting the TVA NEPA representative. It is the responsibility of the Seller to pay the cost of the review, any mitigation costs, obtain any necessary site permits, and ensure that work is conducted in accordance with the site plan and requirements described in the NEPA review.

FAQs about NEPA for Power Purchase Agreements and Interconnections

What is the role of the TVA NEPA Office?

The TVA NEPA Office works closely and in coordination with the Seller and Interconnection Customer until the NEPA review is complete. The TVA NEPA representative will advise the Seller or Interconnection Customer about necessary field surveys and data, any public involvement needed (when applicable), and the extent of the review (see “what are the levels of NEPA review” below). TVA offers examples and guidelines for preparing adequate documents and can advise the Seller regarding qualifications of consultants to assist with the NEPA review and field surveys, if any are necessary. TVA must approve the Consultants hired to prepare NEPA documents.

What determines the duration of a NEPA review?

Time to complete the NEPA review depends on the size of the project, the nature of affected environmental resources, whether a NEPA document is issued for public review and the pace of work by the NEPA contractor. It also includes time for consultations with other agencies that are required for most projects.

What is the basis of typical costs of NEPA reviews?

The cost of the NEPA review varies greatly with the size of the project, the characteristics of the project site, and the scope and level (see below) of the environmental review. A NEPA review typically may involve costs for field surveys and the survey report preparation, NEPA document preparation, and consultations with other regulatory agencies. Some of these tasks are typically performed by a TVA-approved contractor hired by the Seller and others are performed by TVA staff.

Where can I find information about TVA’s NEPA procedures and NEPA reviews for similar projects?

The current procedures and examples are available on the TVA Website’s NEPA homepage: <https://www.tva.gov/nepa>

How will the Developer/Seller know when a NEPA review is completed? What happens after a NEPA review is completed?

Once the environmental review is completed, the TVA NEPA Staff will send notification of its completion with a copy of the environmental review documentation to the Power Origination Staff, and the Developer/Seller. The Seller will then take the environmental review and other documents required for NTP approval and submit them to the Power Origination Staff.

What are the levels of NEPA review?

There are two levels of NEPA review for Power Purchase Agreements through the TVA Power Origination Business Unit, depending upon the project design, location and the likelihood of environmental impacts.

- **Environmental Assessments (EA):** EAs are prepared if the environmental impacts are expected to be minimal and are most likely to allow TVA to reach a Finding of No Significant Impact (FONSI). The typical time involved is usually 8-15 months.
- **Environmental Impact Statement (EIS):** Any project that is expected to result in any significant environmental effects requires the most intensive level of review, the EIS. If an EIS review is required, then the project could potentially have a greater chance of being deemed as not environmentally acceptable. An EIS usually takes longer than other types of review (12-24 months or more) due to greater effort and often more extensive field studies involved. There are at least two periods of public involvement associated with the EIS.

For Interconnection Customers, a third level of NEPA review may also be considered.

- **Categorical Exclusion Checklist (CEC):** An interconnection project that does not result in TVA’s purchase of power but results in minor upgrades to TVA’s Transmission System being required, may qualify for a CEC. These projects are determined on a case-by-case basis and may still require additional environmental consultations depending on the level of environmental impact and project circumstances. This level of review generally takes 3-6 months.

When can NEPA kick off?

The environmental review cannot kick off until there is a Power Purchase Agreement and Tri-Party Agreement between TVA and the developer. Furthermore, all facilities studies, the system impact study, and transmission line assessment must all be complete in order to identify areas of disturbance for field survey purposes.

Who is qualified to conduct a NEPA review?

TVA requests the following information regarding the credentials of the proposed consulting firm, employees, and subcontractors.

- Project Manager – resume should demonstrate at least 5 years experience managing NEPA reviews
- Key personnel –specialists proposed to provide technical writing, document assembly, and expertise in describing baseline conditions and evaluating impacts for all resource areas addressed in an environmental review. Resumes of key personnel should demonstrate familiarity with NEPA regulations and process, well as experience in leading preparation of NEPA documents.