

## **U.S. DEPARTMENT OF AGRICULTURE**

### **Rural Development**

#### **Dairyland Power Cooperative: Notice of Supplemental Environmental Assessment**

**AGENCY:** Rural Development, USDA

**ACTION:** Notice of Supplemental Environmental Assessment

**SUMMARY:** Notice is given that the Rural Utilities Service (RUS), as required by the National Environmental Policy Act of 1969 (NEPA), is issuing a supplemental environmental assessment (SEA) in connection with possible impacts related to the Nemadji Trail Energy Center (NTEC) Project in Douglas County, Wisconsin.

Dairyland Power Cooperative (Dairyland) intends to request financial assistance from the U.S. Department of Agriculture (USDA) Rural Utilities Service (RUS) under its Electric Loan Program for its share of the Project, thereby making the proposed project a Federal action subject to the NEPA, as amended (42 United States Code [U.S.C.] § 4321 et seq.) and the Council on Environmental Quality's NEPA implementing regulations (40 Code of Federal Register [CFR] Parts 1500-1508), and Rural Development's (RD) NEPA implementing regulations, Environmental Policies and Procedures (7 CFR Part 1970). Consistent with 7 CFR §1970.3(b)(iv)(C), Dairyland prepared environmental documentation that described the Project in detail and discusses its anticipated environmental impacts. RUS concurred with its scope and content. In accordance with 7 CFR § 1970.102(6), RUS adopted the report and issued it as the agency's Environmental Assessment (EA) for the proposed Project (NTECEA).

RUS found that the NTECEA is consistent with federal regulations and meets the standards for an adequate EA. Dairyland published two notices, on October 30 and November 6, 2020, in a local newspaper, announcing the availability of the EA for a 30-day public review period, in accordance with 7 CFR §1970.102(6)(ii). The public review period ended on November 30, 2020. In accordance with NEPA, as amended (42 U.S.C. 4321 et seq.), the Council on Environmental Quality Regulations (40 CFR 1500–1508), and RD's Environmental Policies and Procedures (7 CFR Part 1970), RUS determined that the environmental effects of the proposed Project had been adequately addressed and that no significant impacts to the quality of the human environment would result from construction and operation of the proposed Project. Because RUS' action will not result in significant impacts to the quality of the human environment, an Environmental Impact Statement was not prepared for the Project. The Preferred Alternative was the Nemadji River 1 Alternative, consisting of the Nemadji River plant site and the eastern transmission line macro-corridor. RUS also recognized the Public Service Commission of Wisconsin (PSCW) previously approved this alternative, confirming the site could be permitted and would minimize environmental impacts through Project design and mitigation measures imposed as part of permit conditions. A Finding of No Significant Impact (FONSI) was published in June 2021 which concluded RUS' environmental review process in accordance with NEPA and RD's Environmental Policies and Procedures (7 CFR Part 1970).

On June 23, 2021, RUS received a petition from the Minnesota Center for Environmental Advocacy, Sierra Club Environmental Law Program, Clean Wisconsin, and Honor the Earth to rescind the FONSI and to prepare a Supplemental EA (SEA) to include an analysis of greenhouse

gas (GHG) emissions and climate change. The petition stated that new studies related to climate change should be taken into account in the evaluation of the Project. The petition also noted that recently reinstated Council on Environmental Quality (CEQ) guidance requires agencies to evaluate GHG emissions and climate impacts (Executive Order [EO] 13990). This guidance was reinstated shortly after the NTECEA and FONSI were published. The petition also referenced EO 14008, which discourages fossil fuel infrastructure. RUS agreed that a supplemental analysis of the potential environmental impacts of the Proposed Action was warranted and a SEA would be prepared to take into account the recent studies outlined in the petition, as well as applicable EOs and reinstated CEQ guidance.

The proposal is for construction of a one-on-one combined cycle generation plant with a capacity of approximately 625 megawatts with an in-service date in 2027 in the City of Superior, Wisconsin. The Project would be owned by Dairyland, South Shore Energy, LLC (SSE), a subsidiary of ALLETE, Inc., and Nemadji River Generation, LLC, a subsidiary of Basin Electric Power Cooperative (Basin Electric) (together the “Owners”). The project would also include the construction of approximately 4 miles of 345-kV transmission line from the generation plant to a new switching station in Parkland, Wisconsin. The switching station would be built by American Transmission Company. The plant site would be approximately 26.3 acres in size. The transmission line would extend from the plant generally southeast along existing utility infrastructure and would require a 130-foot right of way. Dairyland will be seeking financing from RUS for its portion of the project development.

Dairyland needs to add new generating capacity to the current resource mix to serve growing load within the service territories that the member cooperatives serve (including the newly acquired member cooperative load of approximately 175 MW, in Minnesota and Illinois, from Interstate Power and Light) and to replace generation that was recently retired. The addition of the NTEC will also enable Dairyland to facilitate the addition of new renewable electricity sources to the power portfolio by complementing their intermittent nature.

At this point in time, gaps exist in the ability to rely upon 100 percent renewable power. Therefore, flexible and reliable dispatchable power sources are necessary to close this gap, and high efficiency combined cycle natural gas-fired power plants meet this need better than any other dispatchable resource, while supporting the retirement of coal and reducing reliance on lower efficiency natural gas facilities to further drive GHG reductions in the near-term. The Project will be designed to be highly flexible and capable of operating in peaking and intermediate load modes to fulfill energy and capacity requirements alongside renewable additions until sufficient facilities and resources are developed to continue to provide reliable electric power throughout the Dairyland system.

**DATES:** Written comments on this SEA will be accepted until July 25, 2022. All comments should be emailed to [NemadjiTrailEnergyCenterProject@usda.gov](mailto:NemadjiTrailEnergyCenterProject@usda.gov) by July 25, 2022, in order to be considered.

**ADDRESSES:** A copy of the SEA may be viewed online at the following websites: Rural Utilities Service at <https://www.rd.usda.gov/resources/environmental-studies/assessment/nemadji-trail-energy-center-wisconsin>, the Dairyland Power Cooperative website at <https://www.dairylandpower.com/NTEC/EA>, and the Project website at <http://nemadjitrailenergycenter.com/resources>, as well as at the following libraries:

- Superior Public Library, 1530 Tower Avenue, Superior, WI 54880 (715-394-8860)
- La Crosse Public Library, 800 Main Street, La Crosse, WI 54601 (608-789-7100)
- Murphy Library Resource Center, University of Wisconsin – La Crosse, 1631 Pine Street, La Crosse, WI 54601 (608-785-8505)

**FOR FURTHER INFORMATION CONTACT:**

Peter Steinour  
Environmental Protection Specialist, RUS  
Peter.Steinour@usda.gov

**SUPPLEMENTARY INFORMATION:** Dairyland Power Cooperative (Dairyland) is proposing to participate with South Shore Energy, LLC (SSE), a subsidiary of ALLETE, Inc., and Nemadji River Generation, LLC, a subsidiary of Basin Electric Power Cooperative (Basin Electric) (together the “Owners”), in a one-on-one combined cycle natural gas turbine (CCGT) with an in-service date in 2027. The NTEC facility is a cornerstone enabling Dairyland’s Sustainable Generation Plan which features renewable energy sources. This Project will be designed to be highly flexible and capable of operating at peaking and intermediate load modes to fulfill both energy and capacity requirements for Dairyland to support the addition of renewable resources.

The Project includes a fired output of approximately 625 megawatt (MW) 1x1 CCGT electric generating unit consisting of one H-Class gas turbine generator, one heat recovery steam generator (HRSG) with duct firing, and one steam turbine generator (STG). NTEC will burn natural gas with the capability to be retrofitted to use fuel oil as a backup fuel. NTEC will be between approximately 26 acres to 75 acres, depending on the site selected for the Project, and would be located near Superior, Wisconsin. The Project will be cooled using dry cooling by finned heat exchangers. Development of the NTEC facility also requires the development of associated electricity infrastructure. The new facility would require a new electric transmission line to connect to a new switching station located southeast of the site. The switching station would then be connected to the electricity grid to deliver the power generated to the bulk power system. The switching station would be built by American Transmission Company.

RUS prepared a SEA that describes the project, assesses the proposed project’s impacts related to climate change and tribal environmental justice, and summarizes proposed mitigation measures used to minimize environmental effects. During construction of the plant, transmission line, and switching station, small amounts of air pollutants, including GHGs, would be temporarily generated. These construction emissions would be temporary in nature, would fall off rapidly with distance from construction areas, and are not anticipated to result in long-term impacts. Once the construction activities are completed, construction-related emissions would cease. A variety of emissions resulting from Project operation are considered GHGs. A Best Available Control Technology analysis was performed for GHG. A summary of the BACT emission limits and the associated control technologies for the combined-cycle combustion turbine are provided in the SEA. BACT for GHG emissions from the combustion turbine was determined to be the use of natural gas as a fuel, monitoring and control of excess air, efficient turbine design, and an oxidation catalyst. These design options will allow the combustion turbine to not exceed 850 lb CO<sub>2</sub>/ megawatt-hour (gross) on a 12-month rolling average basis while combusting natural gas and 1,180 lb CO<sub>2</sub>/ megawatt-hour (gross) on 12-month rolling average basis while combusting fuel oil. The Prevention for Significant Deterioration (PSD) permit application is included in Appendix A of the SEA and contains analyses/assessments regarding emissions of regulated pollutants, including GHG emissions.

Nodal Production Cost Modeling was performed to estimate the quantity of electricity produced from different generation facilities in future years. The Project is expected to reduce CO<sub>2</sub> emissions in MISO West by an average of 964,000 tons per year (2025-2040). With the Project displacing coal generation and requiring less frequent operation of less efficient fossil fuel units, there is a net decrease in GHG emissions. Additionally, the proposed location of NTEC will reduce transmission congestion across the region as well, which will result in more generation from renewable resources, specifically wind, due to a reduction in renewable resource curtailment.

Native American access and use of the area surrounding the Project would be temporarily disrupted by Project construction. Access to the Nemadji River at 18<sup>th</sup> Street may be limited or temporarily closed during construction of facilities through temporary road closures and temporary increased noise associated with construction. If the Nemadji River Site is constructed, there would be increased traffic and operation noise near the fishing access at 18<sup>th</sup> Street during operation. Traffic during operation would primarily include employees entering or exiting the plant facility, as well as occasional maintenance vehicles. Traffic during operation of the Project would increase vehicles on nearby roads but is not anticipated to significantly increase traffic due to the number of employees anticipated or reduce access to these facilities. Access to all or portions of the Allouez Area Parcel 1 hunting area, the Itasca Area hunting area, and the Annex hunting area may also be controlled during construction. Once completed, access to these areas would be restored. While the Proposed Action will cause GHG emissions in the direct vicinity to any surrounding tribal use areas, climate change occurs on a global scale. No guidelines or thresholds for local climate impacts due to localized GHG emissions have been developed or identified by the US EPA. There are no NAAQS or health exposure thresholds for GHGs. While criteria pollutants such as NO<sub>x</sub>, SO<sub>2</sub>, CO and particulates cause localized health impacts, GHGs have effects on the global carbon cycle and cause system-wide changes (EPA, 2021). As described in Section 1.4, the construction of this Project will aid in the transition to renewable electricity, and in turn cause a net decrease in GHG emissions. This transition to renewables will reduce the effects of climate change on a global and, subsequently, a local level.

RUS has conducted an independent evaluation of the environmental assessment and believes that it accurately assesses the impacts of the proposed project. No significant impacts are expected as a result of the construction of the project.

Questions and comments should be sent to RUS at [NemadjiTrailEnergyCenterProject@usda.gov](mailto:NemadjiTrailEnergyCenterProject@usda.gov). RUS will accept questions and comments on the SEA for 30 days from the date of initial publication of this notice.

Any final action by RUS related to the proposed project will be subject to, and contingent upon, compliance with all relevant Federal environmental laws and regulations and completion of environmental review procedures as prescribed by 7 CFR Part 1970, Environmental Policies and Procedures.

**Dated:** June 24, 2022