



Department of Energy
Washington, DC 20585

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Environmental Affairs
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600 18th Street North
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Subject: U.S. Department of Energy, Office of Energy Dominance Financing,
Environmental Review for the Demand Side Management Programs,
Alabama

Dear Ashley McVicar:

The United States Department of Energy (DOE), Office of Energy Dominance Financing (EDF) has issued a Federal loan guarantee to Alabama Power Company (APC) pursuant to DOE's authority under Title XVII of the Energy Policy Act of 2005, as amended. The loan guarantee to APC is intended to provide financing for many projects over the life of the Federal loan guarantee. Each project is reviewed and considered individually prior to being approved for financing under the Federal loan guarantee. APC has identified the Demand Side Management (DSM) Programs (Project) for potential inclusion in the loan guarantee.

APC's DSM elements focus on modifying customer energy consumption patterns through technology-driven solutions, such as smart thermostats, heat pumps, and load control agreements to reduce energy demand. DSM Programs help reduce system peak loads to meet electricity needs. These programs work to induce demand response and energy efficiency to provide reliable load-shedding capacity; reliable load shedding capacity reduces energy waste, peak demand, renewable curtailment, and system capacity investment costs.

EDF, in coordination with APC, identified that the following environmental reviews and consultations are required by the applicable and relevant environmental statutes and Executive Orders (EOs) associated with its proposed Federal financial support:

1. Section 7, Endangered Species Act (16 USC 1536)
2. Section 106 of the National Historic Preservation Act (54 USC 306108)

EDF completed the environmental reviews and consultations associated with the Project, as summarized below.

Section 7, Endangered Species Act

In accordance with Section 7(a)(2) of the Endangered Species Act (ESA), EDF reviewed its proposed action, Federal financial support for the Project, to ensure that such action would not be

likely to jeopardize the continued existence of federally listed threatened or endangered species, or result in the destruction or adverse modification of designated critical habitat. EDF determined that its action would have *no effect* on federally listed species or designated critical habitat because the Project entails the purchase and installation of new behind-the-meter energy resource technologies that will take place entirely within private homes or simply reduce the electricity demand of homes. Therefore, it does not involve removal of native vegetation or ground disturbance and does not involve suitable habitat for listed species in the project area.

Section 106, National Historic Preservation Act

Section 106 of the National Historic Preservation Act (NHPA) of 1966, as amended, and its implementing regulations (36 CFR 800) requires federal agencies to consider the effects of undertakings they carry out, assist, fund, permit, license, or approve on historic properties. If a federal or federally-assisted project has the potential to affect historic properties, the agency is responsible for conducting a Section 106 review and consultation. However, 36 CFR § 800.3 (a)(1) states the following:

No potential to cause effects. *If the undertaking is a type of activity that does not have the potential to cause effects on historic properties, assuming such historic properties were present, the agency official has no further obligations under section 106 or this part.*

The Project entails the purchase and installation of new behind-the-meter energy resource technologies that will take place entirely within new and existing homes, and no construction activities are involved; therefore, the undertaking is a type of activity that does not have potential to cause effects on historic properties. In addition, the Project does not have the potential to cause effects on archaeological or cultural resources. Under 36 CFR 800.3(a)(1), EDF's Section 106 obligations are hereby complete.

Conclusion

With this letter, EDF confirms that it has completed the environmental reviews and consultations required by the applicable and relevant environmental statutes and EOs associated with its proposed Federal financial support for long-lead equipment purchases.

Respectfully,

Molly R. Cobbs
Environmental Project Manager
Office of Energy Dominance Financing

cc: Denis O'Meara, EDF Utilities Vertical Lead
Giulio Areinamo-Duque, EDF Portfolio Management Division
Todd Stribley, Director, EDF Environmental Programs