



Sugar Camp Energy, LLC Mine No. 1 Significant Boundary Revision 8 Environmental Impact Statement

AGENCY: Tennessee Valley Authority.

ACTION: Record of decision.

SUMMARY: The Tennessee Valley Authority (TVA) has decided to adopt the preferred alternative identified in the Sugar Camp Energy, LLC Mine No. 1 Significant Boundary Revision (SBR) Number (No.) 8 Final Environmental Impact Statement (EIS; Document ID EISX-455-00-000-1729685514). A Notice of Availability of the Final EIS was published in the Federal Register on January 17, 2025. The purpose and need of the proposed action is to comply with the terms and conditions of the previously executed leases and agreements regarding the TVA-owned mineral rights in Illinois which total approximately 64,689 acres (hereafter, TVA Mineral Rights Area). TVA's preferred alternative, analyzed in the EIS as Alternative B, consists of implementing the terms of the existing coal lease agreement, approving the plan to expand its underground longwall mining operations by approximately 22,414 acres (hereafter, SBR No. 8 Mine Area), and pursuing divestment of the TVA Mineral Rights Area from TVA's control and custody. This Record of Decision (ROD) describes TVA's decision to implement the terms of the existing coal lease agreement and approve the plan to mine TVA-owned coal in the SBR No. 8 Mine Area. TVA will consider divestiture of the property in a separate ROD, likely later in 2025, through subsequent consideration and action by the TVA Board of Directors.

FOR FURTHER INFORMATION CONTACT: Elizabeth Smith, Tennessee Valley

Authority, 400 West Summit Hill Drive, WT11B, Knoxville, Tennessee 37902; telephone (865) 632-3053, or by email esmith14@tva.gov. The Final EIS, this ROD and other project documents are available on TVA's website at <https://www.tva.com/environment/environmental-stewardship/environmental-reviews>.

SUPPLEMENTARY INFORMATION: This notice is provided in accordance with TVA's procedures for implementing the National Environmental Policy Act (NEPA), as amended (42 U.S. Code [U.S.C.] 4321 et seq.), found at 18 Code of Federal Regulations (CFR) part 1318.

TVA is a corporate agency and instrumentality of the United States, and among several mission responsibilities, generates and distributes electricity to 153 local power companies serving approximately 10 million people, as well as directly served commercial, industrial, and government customers in the TVA service territory—an 80,000-square-mile region comprised of Tennessee and parts of Virginia, North Carolina, Georgia, Alabama, Mississippi, and Kentucky. TVA receives no direct Congressional appropriations, deriving virtually all its revenue from the sale of electricity. In addition to operating and investing revenues in its power system, TVA provides flood control, navigation, and land management for the Tennessee River watershed, and provides vital economic development, job creation and retention/support assistance within the TVA Power Service Area.

In 2002 and 2009, TVA leased Illinois Basin coal reserves to Sugar Camp, with the condition that any proposed mining plan be subject to environmental review and TVA approval. Any proposed mining plan is also subject to review and approval by the State of Illinois through an associated permit program, through delegated regulatory authority by the U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement under the Surface Mining Control and Reclamation Act of 1977. In 2008, Sugar Camp obtained Underground Coal Mine (UCM) Permit No. 382 from the Illinois Department of Natural Resources (IDNR), Office of Mines and Minerals (OMM), Land Reclamation Division, referenced hereafter as IDNR-OMM,

for Sugar Camp Mine No. 1. UCM Permit No. 382 originally authorized underground longwall mining operations under approximately 12,125 acres in Franklin and Hamilton counties. UCM Permit No. 382 also included a surface effects area to process, store and transport the coal, where the existing coal preparation plant is located. Since then, Illinois has granted Sugar Camp permit revisions to expand underground longwall mining operations for Sugar Camp Mine No. 1, and TVA has prepared multiple environmental assessments and an EIS on the extraction of TVA-owned coal in these additional areas supporting TVA's prior decisions to approve the expanded mining operations under the leases; to date, TVA has approved the mining of 18,010 acres of TVA-owned coal at Sugar Camp Mine No. 1. In June 2023, Sugar Camp requested TVA approval of its SBR No. 8 mine plan to further expand its mining operations. In December 2024, Sugar Camp received SBR No. 8 of UCM Permit No. 382, from IDNR-OMM, which was conditionally issued on the basis of Sugar Camp submitting proof that the current suite of alleged and charged violations by the state of Illinois are in the process of being corrected.

On January 20, 2025, President Trump issued a number of executive orders that (1) directed the Council on Environmental Quality to "provide guidance on implementing the National Environmental Policy Act (NEPA), 42 U.S.C. 4321 et seq., and propose rescinding CEQ's NEPA regulations found at 40 CFR 1500 et seq;" and 2) revoked all executive orders on environmental justice. These revoked EOs no longer inform TVA's environmental analysis in NEPA documents. On February 25, 2025, CEQ published an interim final rule removing their NEPA regulations from the Code of Federal Regulations. The interim final rule will take effect on April 11, 2025. This NEPA ROD document was in process prior to the rescission and relies on the CEQ regulations in effect at the time of its preparation.

Alternatives Considered

TVA considered four alternatives in the Draft EIS and Final EIS. These alternatives are a No Action Alternative and three Action Alternatives: Alternative A, Alternative, B, and Alternative C.

No Action Alternative—Under this alternative, TVA would not approve the SBR No. 8 mine plan and Sugar Camp would not undertake the proposed 22,414-acre mine expansion. In addition, TVA would not divest the TVA Mineral Rights Area. TVA assumes that Sugar Camp would continue the previously approved mining, processing, storing, and transporting of approximately 25,847 acres of TVA-owned coal and privately owned coal.

Alternative A—Alternative A consists of TVA implementing the terms of the existing coal lease agreement and approving the plan to extract TVA-owned coal within a 21,868-acre portion of the overall SBR No. 8 Mine Area and not divesting the TVA Mineral Rights Area. Extraction of coal under SBR No. 8 would occur via longwall mining techniques with room-and-pillar techniques used where appropriate to facilitate the longwall operation. Longwall mining operations and associated planned subsidence would occur during a 23-year period between 2025 and 2050. Alternative A would also involve the associated construction and operation of six bleeder shaft facilities in different locations within the SBR No. 8 Mine Area, together occupying approximately 39 acres. Additional IDNR-OMM permits would be required for these actions. Planned subsidence (controlled sinking of the ground surface) of approximately 16,129 acres within the SBR No. 8 Mine Area would result. Connected actions include processing of the extracted TVA-owned coal at an existing coal preparation plant, treatment of the byproducts at three existing facilities, surface storage of coal, and offsite transport of processed coal via an existing rail loop. These facilities also process, store, and transport privately owned coal not subject to TVA approval.

Alternative B—Alternative B consists of TVA implementing the terms of the existing coal lease agreement and approving the plan to extract TVA-owned coal as submitted by Sugar Camp in the SBR No. 8 of UCM Permit No. 382, as well as divesting the TVA Mineral Rights Area of 64,689 acres. Divestment of the TVA Mineral Rights would result in the transfer of the existing coal lease agreements to the receiving entity as running with the transferred property interests; therefore, pursuing execution of the terms and conditions of the lease would be

incumbent upon the purchasing entity. The purchasing entity may or may not choose to continue authorization for the mining of the divested coal reserves. If the purchasing entity elects to mine the divested coal reserves, TVA assumes that the mining techniques and end uses of divested coal, as well as its type and chemical composition, would be the same as described for Alternative A. TVA assumes that environmental liabilities associated with the mining of divested coal reserves would be transferred to the purchasing entity with no likely reduction in the associated impacts. TVA also assumes, for purposes of this analysis, that the mining of the divested coal would be concurrent with the mining under SBR No. 8 of UCM Permit No. 382. Additional IDNR-OMM mining permits would be required for future mining of the divested coal reserves outside of the SBR No. 8 Mine Area. If the purchasing entity elects not to mine divested coal reserves, TVA assumes impacts from mining the TVA Mineral Rights Area outside of the SBR No. 8 Mine Area (approximately 36,632 acres) would be as described for the No Action Alternative.

Alternative C—Alternative C consists of TVA not approving the plan to extract TVA-owned coal as submitted by Sugar Camp in the SBR No. 8 of UCM Permit No. 382 and divesting the TVA Mineral Rights Area of 64,689 acres. Under this alternative, the purchasing entity may or may not choose to mine the divested coal reserves. TVA assumes that the mining techniques and end uses of divested coal, as well as its type and chemical composition, would be the same as described for Alternative A. TVA assumes that environmental liabilities associated with the mining of divested coal reserves would be transferred to the purchasing entity with no likely reduction in the associated impacts. TVA also assumes, for purposes of this analysis, that the mining of the divested coal would occur between 2025 and 2050. Additional IDNR-OMM mining permits would be required for future mining of the divested coal reserves. If the purchasing entity elects not to mine divested coal reserves, TVA assumes impacts would be as described for the No Action Alternative.

Preferred Alternative

In fulfilling its responsibilities under NEPA, TVA has prepared this EIS to inform TVA's decision on whether to approve Sugar Camp's application to mine TVA-owned coal reserves within the SBR No. 8 Mine Area and whether to divest TVA of all mineral reserves in Illinois. TVA historically acquired the mineral rights area between 1964 and 1984 to ensure an adequate and reliable coal supply for TVA's fleet of coal-fired power plants. TVA has subsequently retired several of its coal plants. In accordance with the 2019 Integrated Resource Plan (IRP) and supported by the 2025 IRP currently under development, TVA plans to retire its remaining coal-fired generating facilities by 2035 and will then no longer have a need for the mined coal or to own coal reserves. The proposed divestment also aligns with direction in the TVA Act regarding real property interests excess to TVA's mission and TVA's aspirational goal of net-zero carbon emissions by 2050. The purpose and need of adhering to the executed lease agreements is to comply with the terms and conditions of the previously executed leases and agreements regarding the TVA Mineral Rights Area. Surface activities to support underground mining of TVA-owned coal would include continued operation of the existing coal preparation plant, treatment of the byproducts, storage, and transport of the coal. Sugar Camp would utilize its existing Sugar Camp Mine No. 1 facilities to process and ship the extracted coal, and expansion of these facilities is not needed to support the proposed mine expansion. Sugar Camp would also construct approximately six bleeder ventilation shafts and install associated utilities needed to operate the bleeder shafts within the SBR No. 8 Mine Area. TVA will consider divestiture of the property in a separate decision.

TVA's preferred alternative is Alternative B, which consists of TVA authorizing expansion under the lease to extract TVA-owned coal as submitted by Sugar Camp in the SBR No. 8 of UCM Permit No. 382 and divesting the TVA Mineral Rights Area of 64,689 acres. Alternative B is preferred for several reasons. Section 31 of the TVA Act provides that real property interests shall not be held "except when necessary in the opinion of the [TVA] Board to

carry out plans and projects actually decided upon requiring the use” of the real property interest. As with other mineral interests, TVA acquired the Illinois mineral rights to assure a coal supply for TVA’s coal-fired power plants. TVA’s 2021 Aging Coal Fleet evaluation recommended the retirement of all of TVA’s coal plants on or before 2035. Further, TVA no longer purchases coal mined from the TVA Mineral Rights Area for use in its coal plants. Divestment of the TVA Mineral Rights Area would align with TVA’s goals of being low-cost, risk-informed, environmentally responsible, reliable, diverse, and flexible, as identified in the 2019 IRP and supported by the 2025 IRP and as well as with TVA's mission of providing affordable, reliable and increasingly clean power to its roughly 10 million customers.

In contrast, Alternative A would not align with TVA’s statutory mission requirement regarding maintenance of these assets, as the historical need for maintaining custody and control of these mineral interests included supporting a steady supply of coal for TVA’s coal plants; TVA plans to retire aging coal units as they reach the end of their useful life (expected by 2035). The TVA Act directs TVA to divest real property interests not necessary to support TVA’s mission, and TVA’s plans to retire aging coal units mean that TVA no longer needs the coal supply or coal reserves. Alternative C would not approve the SBR No. 8 mining plan such that it would not meet the need to adhere to the executed lease agreements and comply with the terms and conditions of the previously executed leases and agreements regarding the TVA Mineral Rights Area.

Coal mining activities would occur under any of the four alternatives. Under the No Action Alternative, mining would most likely occur in the portions of the TVA Mineral Reserve Area that TVA has already approved under the lease for mining. Under Alternatives A and B, and potentially Alternative C, a larger area would be mined, and similar levels of impacts could occur under any of the three action alternatives. Minor temporary impacts to soils, prime farmland, groundwater, floodplains, water quality and supply, air quality and greenhouse gases, wildlife, aquatic life, natural areas, public health, and socioeconomics would occur. Minor

temporary and permanent impacts to vegetation, land use, and geology would occur. Moderate temporary impacts to surface waters and wetlands, transportation, noise and visual resources, utilities, and cultural resources would occur. Moderate temporary and permanent impacts to transportation and waste management would occur. Moderate short- to long-term positive impacts to socioeconomics would occur. The adverse impacts would be minimized or mitigated per IDNR permit requirements. Under Alternative B and per IDNR permit conditions, the pertinent federal and state agencies would ensure impacts associated with the bleeder shaft facilities to cultural resources and to federally and state-listed species are avoided, minimized, or mitigated, once siting locations for the bleeder shaft facilities are determined. Generally, these consultations are also required for mining under the other alternatives, per IDNR permit conditions.

Decision

TVA has decided to implement the preferred alternative of the EIS and approve the plan to extract TVA-owned coal reserves within a 21,868-acre portion of the overall SBR No. 8 Mine Area. This alternative would achieve the purpose and need of the project. The proposed action would adhere to the executed lease agreements to comply with the terms and conditions of the previously executed leases and agreements regarding the TVA Mineral Rights Area. Similar levels of impacts could occur under any of the three action alternatives as described above. TVA's Board of Directors will consider TVA's divestment of the TVA Mineral Rights Area of 64,689 acres at a later date. Divestment of the TVA Mineral Rights would result in the transfer of the existing coal lease agreements to the receiving entity as running with the transferred property interests; therefore, pursuing execution of the terms and conditions of the lease would be incumbent upon the purchasing entity. The purchasing entity may or may not choose to continue authorization for the mining of the divested coal reserves. TVA will issue a subsequent ROD to document the decision of the TVA Board of Directors.

Public Involvement

On September 1, 2023, TVA published a Notice of Intent (NOI) in the Federal Register announcing that it planned to prepare an EIS to address the potential environmental effects associated with the proposed mine expansion and divesting TVA-owned mineral rights. The NOI initiated a 30-day public scoping period, which concluded on October 2, 2023. The NOI solicited public input on other reasonable alternatives that should be considered in the EIS. During the public scoping period, TVA received comments from the U.S. Environmental Protection Agency (USEPA), Sierra Club, Prairie Rivers Network, and private individuals. Most of the comments from individuals seemed to come through a letter campaign promoted by the Illinois chapter of the Sierra Club. Comments about the EIS process was related to the purpose and need, project description, alternatives, subsidence, natural resources, threatened and endangered species, air quality, water quality, greenhouse gas emissions and climate change, socioeconomics, and safety.

In their comments, USEPA requested to participate in the NEPA process as a cooperating agency. TVA granted this request. TVA made the Draft EIS available for a 45-day public review and comment period ending on October 15, 2024. TVA sent the Draft EIS notice via email to agencies and organizations. TVA published notices regarding the Draft EIS in newspapers that serve the area, including the Franklin County Gazette, The Southern Illinoisan, Marion Republican, and Harrisburg Register. TVA received comments from USEPA, Illinois Environmental Protection Agency, the Sierra Club, Prairie Legal Network, Environmental Law and Policy Center, Amphibian Refuge, Ruger Coal Company, and many private citizens. Comments were received regarding the purpose and need for the proposed action, public involvement, permits and agency coordination, descriptions of alternatives, alternatives analysis, environmental impacts generally and focused on water resources, air quality and greenhouse gases, biological resources, environmental justice, the cumulative impacts analysis, and the

ROD. The Final EIS contains these comments and TVA's responses to the comments. Several sections of the EIS were also revised in response to the comments.

The Notice of Availability for the Final EIS was published in the Federal Register on January 17, 2025. TVA received comments from the Environmental Protection Agency (EPA) Region IV on the FEIS. In their letter, EPA acknowledged that TVA responded to their draft EIS comments in the FEIS. EPA also noted that while they have no substantive comments on the FEIS, they ask that any future action taken by Sugar Camp be in compliance with Clean Water Act Section 404(b)(1) Guidelines.

Mitigation Measures

IDNR would require Sugar Camp to implement best management practices and mitigation to minimize potential adverse environmental effects throughout the SBR No. 8 Mine Area as conditions of its mine permit. Throughout the TVA Mineral Rights Area, any future mine operator would be subject to these same requirements.

Permit conditions would be enforced by the State of Illinois; TVA does not regulate the mining activities of Sugar Camp, nor would it regulate any mining activities that begin after divestment of the TVA Mineral Rights Area. TVA assumes that environmental liabilities associated with the mining of divested coal reserves would be transferred to the purchasing entity. State of Illinois mitigation measures include:

1. The implementation of sediment and erosion control practices (e.g., silt fences, straw, mulch, or vegetative cover) and fugitive dust minimization (e.g., wetting roads prior to heavy use).
2. The implementation of water quality protection measures (e.g., sediment pond treatment, water quality monitoring, or establishment of riparian zone buffer zones).
3. The repair or compensation of any damage to buildings or other structures caused by subsidence.

4. The minimization of invasive species transmission per the requirements of the Illinois Noxious Weed Law.
5. Compensation for any interruption to well water quality or quantity caused by subsidence until the groundwater is restored.
6. The repair of any damage to roads caused by subsidence.
7. The repair of any drainage alteration caused by subsidence.
8. The compensatory mitigation of wetlands and streams impacted by subsidence, if necessary. This condition would also be enforced by the U.S. Army Corps of Engineers.
9. The repair of any damage to utilities caused by subsidence.

Authority: 40 CFR 1505.2.

Dated: March 18, 2025.

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Senior Vice President, Major Projects.

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