Report to the Environmental Quality Board on the 2000 Annual Hearing of the Power Plant Siting Program

The Power Plant Siting Act provides for an annual hearing to "afford interested persons an opportunity to be heard regarding its inventory of study areas and any other aspects of the board's activities and duties specified in the sections 116C.51 to 116C.69." This hearing was convened by the Environmental Quality Board (EQB) staff at its offices on December 2, 2000. Notice was provided by U.S. Mail to last year's attendance list and by publication in the State Register.

In addition to providing the opportunity to be heard regarding any aspects of the Board's activities, duties, or policies pursuant to the Power Plant Siting Act, Minnesota Statutes 116C.51-.69, or its Power Plant and Transmission Line Siting Rule, Minnesota Rules part 4400, EQB staff identified a focus topic. In particular, comments were requested on the need to modify the Act's provisions for a statewide power plant study area inventory (116C.55) in order to respond to electric industry shifts to wholesale competition, an emphasis on natural gas-fired power plants, and increasing competitiveness of renewable fuels and distributed generation. The MEQB also sought comments on whether the study area inventory remains a useful concept, and, if so, how it should be adapted to the State Energy Policy Plan process proposed by the Minnesota Department of Commerce.

Much of the dialogue at the hearing was informal question and answer, with EQB staff providing information about how the process works generally, and, in some specific projects, how some process decisions were made. A summary follows that highlights the major comment themes.

Summary of Testimony

- Generally, most of the discussion recognized that the electric industry is changing dramatically, and that state policy and regulations will change as well. This reality makes it difficult to focus in an annual hearing forum on either policies or process until the legislature determines the course of change.
- Future planning, whether through a power plant site inventory process or some other mechanism, should be based on a regional framework, because that is basis used by the industry for facility planning and development. Also an inventory should recognize that future generation technology may be sized differently than today.
- An inventory should provide a way to focus on long-range deficiencies to help develop creative solutions, which may be smaller, newer technologies and have a more local orientation. Taking it a step further, the state should design and implement better mechanisms and incentives to attract smaller, dispersed generation technologies.
- Public experience on controversial projects has often focused on the lack of a need certification by the state. Many of the comments emphasize this as a problem, and suggest that it is difficult for the public to engage in discussions of siting inventories and other planning tools until that problem is addressed.
- Caution was recommended against reliance on for-profit entities to adequately plan and serve public interest in a restructured market environment.

- A predominant theme addressed the need for more local involvement in electric energy planning. This interest is particularly heightened in communities where controversial projects have been proposed.
- Transmission line route permit exemptions are inappropriate for major projects.
- Several mandated tasks are not being done.
- Persons who have attended the last several annual hearings expressed concern about how staff is addressing issues brought up before. It is recommended that the records of this and the past two years be viewed as a cumulative scope of issues that the EQB should address.
- Several procedural concerns were raised, associated with the role of the Public Advisor, support of advisory task forces, and public notice.

Staff Response

On the question of whether or not a siting inventory is a useful function, the staff believes that the continuing uncertainty about the type and size of future power plant proposals reasonably justifies not making a commitment of time and staff to this effort at this time. The planning concept contained in the Department of Commerce's legislative proposal, if approved, will have substantial implications on how projects are planned and reviewed. The outcome of their effort may fully meet the intent of the inventory mandate in the Power Plant Siting Act. It is important at this time to apply the Power Plant Siting Program's limited staff resources to current project applications and to collaborating with the Department in considering the appropriate environmental elements of a planning process.

Generally, participants believe the current siting and routing process is well designed, and has the potential for offering broad citizen participation, but that it could be improved. Participants expressed a desire that PPS staff provide more education and outreach to increase public and local government participation and assist citizens in assessing the information available to them. Staff does review the effectiveness and availability of opportunities for public participation, and looks for opportunities to enhance both public participation and the information available to citizens. However, significantly enhancing outreach capabilities without additional resources would mean cutting back on some of the work that is being done now.

The staff will continue to be cognizant of both the electric energy policy concerns raised and the criticisms about how the power plant siting and transmission line routing processes are managed. The process as currently managed is satisfying the intent of the Act, though there are clearly improvements that can be made in the total regulatory scheme, specifically relative to the need issue, that would address a major portion of the public challenges experienced on recent projects.