

2000 Annual Public Hearing Power Plant Siting Program Minnesota Environmental Quality Board

ANNOTATED MINUTES

Acronyms Used

CON	Certificate of Need
EQB	Environmental Quality Board
PPSA	Power Plant Siting Act
EIA	Environmental Impact Assessment
EIS	Environmental Impact Statement

Background

The annual hearing of the Power Plant Siting Program was held at the offices of the Minnesota Environmental Quality Board in St. Paul, Minnesota on Saturday, December 2, 2000. Of the eighteen persons attending, one represented a Minnesota electric utility (XCEL), two represented the Minnesota Department of Commerce, and 15 were interested citizens representing communities, organizations and/or themselves. Also representing the EQB staff were Mike Sullivan and Alan Mitchell. Copies of the Power Plant Siting Act, Minn. Stats. §116C.51-69 and the related rules, part 4400, were available at the hearing. Two written comments were received at the hearing. Additional written comments were allowed to be submitted after the hearing: four additional written comments were filed (multiples by two persons), and are attached.

Annotated Minutes

The hearing was convened by Bob Cupit of the MEQB's Power Plant Siting Program staff at 10:10 AM. Mr. Cupit reviewed the law, 116C.58, and the rule, part 4400.4300, that require and define the purpose of the annual public hearing, and briefly described administration of the Power Plant Siting Program.

Mr. Cupit stated that the topic selected for focus was whether the Act's provisions for a statewide power plant study area inventory (116C.55) should be modified 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. Background on the initial intent and use of the inventory was provided.

The hearing was then opened to public comments.

Kristen Eide-Tollefson questioned how public participation was included in the original inventory efforts in the 1970's. Staff explained that there was broad public participation from around the state, as prescribed by the mandate. Agency archives contain that record.

George Crocker asked why concerns raised at past two annual hearings have not been addressed. What has changed that responds to those concerns? Mr. Cupit explained that the cumulative scope of concerns is very broad and that limited time and resources have not allowed substantial progress. Mr. Sullivan added that the comments have helped focus the Board's understanding of the challenges involved in siting and routing issues, and while specific commitments have been limited, the Board is becoming more engaged in the energy policy issues facing the state. Further, the Department of Commerce's initiative will help focus on regulatory processes that will address many of the concerns that have come out of recent siting and routing projects.

Bill Neuman recommended that the records of the 1998 and 1999 PPSA annual hearing go forward as a cumulative, standing statement of issues that should be addressed. Further the 2000, 1999, and 1998 records should be merged and viewed as a work item in work program.

Laura Reinhardt asked for clarification on how wholesale competition can be assumed to be a factor in any efforts to site facilities, much less develop an inventory. Staff explained that wholesale competition was a reality, and that we were seeing power plants being developed by entities that would not have retail customers, but would sell their capacity in a wholesale marketplace in competition with other producers, including traditional utilities.

In response to a question from Ann Stewart, staff explained that the past record of inventory efforts addressed only in-state resources and criteria. There is no indication that out-of-state resources, sites or criteria were considered.

Ann Stewart recommended that future planning, whether through an inventory process or some other mechanism, be based on a regional framework, because that is the basis used by the industry for facility planning and development.

Kristen Eide-Tollefson suggested that further thinking about an inventory process should incorporate a means to balance the various alternatives, including conservation, renewables and distributed generation, and also a means to reflect the statutory preferences for generation type.

Bill Neuman commented that assumptions related to an inventory is predicated on need for capacity. There should be a way to focus on long-range deficiencies to help develop creative solutions, which may be smaller, newer technologies. It may be helpful to have basic information on where siting opportunities exist, relative to fuel sources, distribution lines, etc. Local solutions should be allowed to evolve.

Carol Overland noted the significance of the need question. There was a wide-ranging discussion on how the need issue has been a significant factor in several siting and routing projects. Several speakers emphatically called for a more focused review on the need for projects before siting and routing begins.

George Crocker called for a "new tool" to deal with need for facilities. The industry has changed, as has the business climate in which it operates. As the industry begins to allow private, corporate interests to drive development, the state should expect the for-profit entities to act without the advantages of monopoly utilities, i.e., eminent domain and state planning and licensing support. However, to insure essential service, the state should empower local jurisdictions to determine development needs. More emphasis on local control was supported by Carol Overland.

Laura Reinhardt noted, however, that local jurisdictions do not often have the resources and are challenged by a wide range of needs already.

Ann Stewart stated that an inventory should address other infrastructure and alternative delivery systems, i.e., a coal train or pipeline as alternative to a transmission line or power plant.

Janet Anderson recommended that the regulatory thresholds for transmission lines should be lowered and exemptions should not be allowed. Major lines, such as Arrowhead, should receive full review.

Eric Hanson stated that any inventory process could be cognizant that future technology may allow sites to be used that would be excluded under today's conventional development assumptions. Scale of alternative projects should be considered. Also, state siting should apply for facilities that have area benefits, and not for those intended to serve a wholesale market beyond our local region.

Bill Neuman noted a need for earlier public notice of projects was followed by a suggestion that local units of government could serve a more active role in the siting/routing process to both represent residents and local zoning standards and policies.

Carol Overland suggested that the state should provide the public access to independent experts to review project proposals and supporting assumptions. Also, the question of what is a public purpose project is very important. A related major question posed by Kristen Eide-Tollefson is how planning information is brought forward in a timely manner. If reasonably planned, with public awareness, projects could be brought forward in a much more cooperative manner. She hopes that the Department of Commerce's proposal will allow this kind of planning. Appropriate planning will allow real possibilities for balancing community interests with broader state interests to be recognized and integrated into the traditional approaches for electric energy supply.

Bill Neuman emphasized reliability of electric supply. Reliability was described as a critical concern of many aspects of our economy, and that, in addition to adequacy, there is a need for high quality electricity. Industrial and commercial entities have a vital interest in participating in planning - even at the local level - that assures the level of quality service they require.

George Crocker addressed the need for a better mechanism to attract capital for new electric generation. This was followed by a discussion of the distinction between central station infrastructure and the kind of facilities that are more in the public interest than private interest. If we can put the kind of incentive mechanisms together that will allow capital to form around dispersed technologies, a lot of the historical, regulatory apparatus will be less and less relevant. It has to do with the money. Money is the key to all the discussions on how to regulate. Incentives for public priorities are needed.

Relative to the several regulatory controls that the state applies to electric facilities, Bill Neuman emphasized that the overarching purpose (or seat connecting the three legs of a regulatory stool) is the public interest. An example given was the local public interest in limiting power line crossings of the St. Croix River. Public interest should not necessarily be overridden by the cheapest solution.

George Crocker suggested that the fourth leg of the regulatory stool, now a chair, should be local government coordination (the three legs defined as PUC/need, DOC/public advocacy, and EQB/siting).

Kristen Eide-Tollefson stated that the Power Plant Siting Act should be reviewed to address any disincentives for feasible alternatives such as distributed generation. What will opportunities be for discussing this?

Laura Reinhardt stated that the PPSA wasn't as much of a problem as the EQB's failure to act under its authority, specifically: no inventory, no biennial report, and no comprehensive energy and environment strategy plan that is mandated. This failure is accommodating utility interests.

Regarding the annual hearing record of 1998 and 1999, Joan Marshman stated that if the EQB is not going to act on the public comments, its useless for the public to attend. Their comments have been ignored. Will there be a forum to address the issues raised?

Bill Neuman observed that the EQB's PPSA program clearly needs more staff resources to properly achieve the public interest advocacy mandated by the Act. A particular need is in working more with local communities.

A prepared statement was read by Ann Stewart (see attachment), noting the Minnesota Public Utilities Commission's intent to open a docket on environmental externalities, and encouraging the EQB to participate.

A prepared statement was submitted, but not read into the oral record, by Carol Overland (see attachment).

Several questions, with responses by staff, addressed the staff's basis for deciding when to intervene as a party in proceedings before the EQB. This was followed by a discussion of how environmental advocacy is provided by the staff, and generally how the record on projects are developed for an EQB decision.

Bill Neuman called for the EQB's "public advisor" to take a more aggressive role in advocating for the public, rather than only informing the public about the process. The public advisor role should be elevated, to be more proactive.

Kristen Eide-Tollefson commented that it would be useful for advisory task forces to have access to the activity of past project task forces, to help them understand and utilize the subtleties of the process.

Beth Soholt recommended that the staff make quarterly reports to the EQB on the planning taking place at the Mid-Continent Area Power Pool. It would help bridge the need for public notice and early information to assist in the EQB's process.

Carol Overland supported a need for intervenor compensation to support development of public interest issues in the process. Other attendees supported this concept.

Kristen Eide-Tollefson stated that the EQB should do more with its authority -116C.57 - to develop baseline information for use in its review of electric facilities. Further the public should be able to review and comment on that effort.

Bill Neuman suggested again that the record for this 2000 hearing be considered cumulative with the past two years.

Diana McKeown stated a concern about the broad call for "streamlining" the environmental permit process for electric facilities. Rather, broader public participation is needed.

Bill Neuman suggested that the mailing lists for this and the last two annual hearings should be merged.

There being no further testimony or discussion, the hearing was adjourned at 12:46 PM.

Attending:

Bob Cupit, Convenor, EQB Power Plant Siting Program Staff

Mike Sullivan, Executive Director, EQB

Alan Mitchell, Manager, Power Plant Siting Program

Jim Alders, Exel Energy, Minneapolis

Joan Marshman, Florence Township Board, Frontenac*

John and Laura Reinhardt, Minneapolis

Kristen Eide-Tollefson*

George Crocker, North American Water Office, Lake Elmo

Carol Overland, Northfield

Bill Neuman, Shafer*

Janet Anderson, St. Paul

Eric and Linda Hanson, Hawkins, WI

Diana McKeown, Clean Water Action, Minneapolis

Ann Stewart, Pimicikamak Cree Nation, Minneapolis
Beth Soholt, Izaak Walton League, Minneapolis
Mike Bull, MN Dept. of Commerce
Susan Medhaug, MN Dept. of Commerce
John Wachtler, St. Paul
Kris Thompson, St. Paul

* denotes current or past members of EQB citizen advisory task forces

Written comments received at the hearing:

Ann Stewart, Pimicikamak Cree Nation
Carol Overland, Northfield, MN

Written comments received after the hearing:

Carol Overland, Northfield, MN (without attachments)

Letter dated Dec. 7, 2000

Kristen Eide-Tollefson, Frontenac, MN

Letter dated Dec. 12, 2000 (without attachments)

Letter dated Dec. 12, 2000 (without attachments)

Letter undated (without attachments)