

**REPORT TO THE
MINNESOTA ENVIRONMENTAL QUALITY BOARD
ON THE
2004 ANNUAL HEARING
OF THE
POWER PLANT SITING PROGRAM**

The Minnesota Environmental Quality Board's 2004 Annual Hearing of the Power Plant Siting Program was held on Wednesday, November 17, 2004, at the EQB offices in the Centennial Building in St. Paul, Minnesota, at both 2:00 and 7:00 p.m. Notice of the meeting was published in the EQB Monitor on November 8, 2004, and the notice and agenda were available on the EQB webpage. The notice and the agenda were mailed to those persons on a list maintained by the EQB for persons interested in the annual hearing. Copies of the notice and the agenda are attached to this Report.

Alan Mitchell of the Environmental Quality Board staff presided at the annual hearing. Other staff members in attendance for all or portions of the hearing include Michael Sullivan, John Wachtler, Larry Hartman, Dave Birkholz, George Johnson, and Bill Storm. David Jacobson of the Minnesota Public Utilities Commission and Susan Medhaug of the Minnesota Department of Commerce were in attendance for the afternoon session. About thirty other persons attended one or both of the sessions. A copy of the registration list from the hearing is attached to this Report.

The afternoon session convened at approximately 2:10 p.m. and adjourned over two hours later. The evening session began around 7:00 and went for about an hour and a half. The agenda was the same for both sessions. An audio tape of the proceedings was made and is on file with the EQB. The public was afforded an opportunity throughout the hearing to ask questions and make comments. The record was kept open for receipt of written comments until December 6, 2004, and one comment was received from Carol Overland, attorney at law. A copy of the comments submitted by Ms. Overland is attached to this report.

Summary of Proceedings. Attached to this Report is a Summary of Proceedings, in which the discussion that occurred under each agenda item is described, for both the afternoon session and the evening session.

Significant Issues Discussed: The following issues received the most discussion at this year's Annual Hearing.

- **Anticipated Projects.** The agenda topic that received the most discussion was the one describing the projects that are anticipated for the upcoming year. The projects that are expected in 2005 that attendees asked the most questions about are the Mesaba Project, the Monticello Dry Cask Storage Facility, and the Big Stone Generating Plant.

- **Public Participation.** As is the case every year, the public wants easy and complete access to information and an opportunity to participate in the review of proposed projects. The public is pleased with the EQB's webpage and appreciates the fact that many documents relating to projects are available on the web, and the public wants the EQB to maintain this practice.
- **Wind Data.** The EQB staff described the work the staff is doing in compiling information on the location and other features of the wind turbines installed in the state. The public wants access to this data and to data on existing transmission lines.

EQB Response:

Anticipated Projects. There are a number of projects for which permit applications will likely be submitted in 2005, and there is significant public interest in several of them.

Mesaba Project. A company called Excelsior Energy has proposed to construct a Integrated Gasification Combined Cycle (IGCC) generating plant on the Iron Range, two units generating about 500 MW of electricity apiece. Excelsior has been awarded a \$36 million grant from the U.S. Department of Energy for the project. In 2004 the Minnesota Legislature passed a statute (Minn. Stat. § 216B.1694) providing that a certificate of need for the plant was not required from the Public Utilities Commission but that a site permit was required from the EQB. In addition, new transmission lines will be required to convey the electricity to market, and a route permit is required for any new transmission line that is proposed. The plant and transmission lines will undergo review under the full process in EQB rules, so an environmental impact statement will be prepared. Mr. Bob Evans with Excelsior Energy stated in an e-mail to EQB staff on December 5, 2004, that Excelsior's plans do not include any use of the Chisago Substation.

EQB staff has met several times with company representatives and has engaged in conference calls with Department of Energy staff who are developing an environmental impact statement regarding the federal grant. Staff will work with Excelsior and the Department of Energy to coordinate review and avoid duplication of effort in preparing both a federal and a state EIS.

Excelsior has indicated that it hopes to apply for its site permit and route permit around April of 2005. The staff has considered the possibility of asking the Chair to compile a citizen advisory task force within the next few weeks so the task force will have several months to consider site options for the plant.

Monticello Dry Cask Storage Facility. Xcel Energy has indicated that it intends to apply to the Nuclear Regulatory Commission for renewal of its license for the Monticello Nuclear Generating Facility. Its license expires in 2010, and Xcel Energy wants to be relicensed for another twenty years, to 2030. In order to operate the plant for

another twenty years, Xcel Energy must determine what it will do with the spent nuclear fuel that will be generated. Xcel Energy has determined that will require additional storage of spent nuclear fuel at the site and has determined that it will apply for a certificate of need from the Public Utilities Commission for a dry cask storage facility. Minn. Stat. § 116C.83 requires that the EQB must prepare an Environmental Impact Statement on any proposed dry cask storage facility.

The EQB staff has begun the process of developing the scoping decision for the EIS. The process requires preparation of a scoping Environmental Assessment Worksheet and a draft scoping decision and the holding of a public meeting at which the public can offer comments on the scope of the EIS. The matter is then brought to the full Board for a decision on the scope of the EIS. It will be March or April before that matter will be before the Board.

The staff has created a File Register on the webpage for this project, and documents will be posted on the File Register as they become available.

Big Stone Generating Plant. This is a proposed 600 megawatt coal-fired power plant to be located just across the South Dakota/Minnesota border. Several utilities are involved in this project (Otter Tail Power, Missouri River Energy Services, Central Minnesota Municipal Power Agency, Great River Energy, Heartland Consumers Power District, and Hutchinson Utilities Commission). While the plant will undergo review by South Dakota officials and the Western Area Power Administration (a federal agency that will prepare an EIS), Minnesota officials and citizens are interested in this project. Moreover, at least two large transmission lines (230 kilovolts) more than 50 miles in length will be required in Minnesota to transmit the power from the plant. One line will likely run from the plant to Granite Falls, Minnesota, and one will likely run from the plant to Morris, Minnesota, although other options are being considered. These transmission lines will require a certificate of need and a route permit.

EQB staff has had a couple of discussions with Otter Tail Power Company representative and representatives of the Western Area Power Administration about timing and environmental review. Both a state EIS prepared by the EQB and a federal EIS prepared by WAPA will be required. EQB staff will coordinate preparation of the EISs with the WAPA staff.

The utilities are presently completing an Interconnection Study required by MISO (Midwest Independent System Operator) MISO is the relatively new organization responsible for operating the transmission grid through much of the Midwest. That study is expected to be completed in January 2005. The utilities hope to apply for necessary permits in the summer of 2005. The plant is scheduled to be in operation in 2011.

Other Projects. As shown on the handout sheet that was available at the Annual Hearing, a number of other projects are expected to come before the EQB in 2005 also. One of these is the Chisago transmission line. This project will gather significant public interest, from the City of Lindstrom and Chisago county residents.

A 280 mile long petroleum pipeline carrying Canadian crude oil is also being planned by Koch Pipeline Company. That line will run from Clearwater, Minnesota, in the northern part of the state to the Flint Hills refinery in Dakota County. A permit application is expected around April 1, 2005.

Xcel Energy has submitted a written notification to the EQB that it intends to submit a permit application for a new gas fired power plant to replace the High Bridge plant in St. Paul. That application should be submitted in the first quarter of 2005.

Public Participation

The EQB staff has not created a File Register on the internet for every one of the anticipated projects, but one will be created when documents become available. The internet will be used to keep people advised of progress on these matters and to provide access to important documents like permit applications, environmental review documents, notices of meeting and hearing, and public comments.

Wind Data

The EQB staff described at the Annual Hearing the data that is now available regarding wind turbines in the state. The staff is continuing to attempt to gather more information about wind turbines, including location and certain attribute data such as height, type, blade size, and other features. A survey form was mailed to approximately two hundred wind turbine owners in December requesting that they fill out a form for each turbine that is owned or operated. Staff expects data to begin coming in to the agency in January and staff will enter that data into the database. The data will be made available to the public.

Attachments. The following documents are attached to this Report.

1. 2004 Annual Hearing - Summary of Proceedings
2. Notice of Annual Hearing
3. Agenda of Annual Hearing
4. List of Projects Completed – by Type (December 2003 to November 2004)
5. Table of Pending Projects/Table of Anticipated Projects
6. Proposed Pipeline Legislation
7. Proposed Amendments to Minn. Stat. § 116C.69
8. Working Draft of Amendments to Pipeline Rules (Minn. Rules chapter 4415)

9. Table of Wind Turbines Permitted and in Operation

10. Documents submitted at Annual Hearing by Carol Overland

- a. 2004 Long-Term Reliability Assessment, North American Electric Reliability Council, September 2004, pp. 2, 31, 32, 40-43, and 63-68.
- b. American Transmission Company Ten Year Plan, pp. 10 and 11.
- c. Wisconsin Reliability Assessment Organization Map (June 14, 1999)
- d. Wisconsin's Strategic Energy Assessment, Energy 2010, Final Report, September 2004, various pages.
- e. MAPP Load and Capability Report, pp. VII-3 to VII-6.
- f. MAPP Regional Plan 2004 Through 2013, Table of Contents and two pages.
- g. Lignite Vision 21 Map.
- h. Wind on the Wires Map.
- i. Table Showing MVA for various transmission lines
- j. Mesaba Legislation (H.F. 9, 2003 special session).
- k. The Mesaba Energy Project, Power Point slides (3/30/04).
- l. Memorandum from Upper Great Plains Transmission Coalition, dated September 23, 2003, and Transmission Study Committee Meeting Report dated October 6, 2003.
- m. Letter from Cynthia L. Kahrman, Pollution Control Agency, to Chief Judge Kenneth Nickolai, regarding the Arrowhead High Voltage Transmission Line, dated September 13, 2000.
- n. Memorandum from Karen Studders, Commissioner of the Pollution Control Agency to Commissioner Gene Hugoson, Chair of the EQB Board, regarding the Arrowhead line, dated March 13, 2001.

11. Comment Letter from Carol Overland, Esq., dated November 23, 2004.

12. E-mail from Bob Evans to Carol Overland and Alan Mitchell dated December 5, 2004.

13. Registration List from Annual Hearing

This Report was finalized on January 12, 2004.