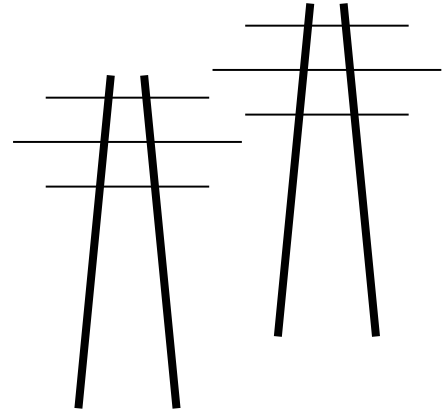


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January 24, 2024

Will Seuffert
Executive Secretary
Public Utilities Commission
121 – 7th Place East, Suite 350
St. Paul, MN 55101

via eDockets only

RE: Comment and Exhibits
Lyon Co. to Sherco Transmission Line
PUC Dockets E001/CN-22-131 and E001/TL-22-132

Dear Mr. Seuffert:

As we say in transmission, “It’s all connected.” I’m filing these supporting documents prior to the meeting today so that I can keep them for reference on this project’s road show.

Attached to this letter, please find a copy of the Commission’s August 10, 2023 Order Authorizing Joint Procedures in the above-named dockets, highlighted with comments in pen. This Order has a very important fact, that 2,200 MW of generation would deliver “approximately 1,996 MW to the Sherco Substation.” This presumes “approximately” 204 MW line loss, if 160 miles, 12.75%, and if 180 miles, 11.33% is lost. I’m very grateful to see that at long last the Commission is recognizing, in an Order, the inherent inefficiencies of transmission over distance.

Also attached is a Strib article of September 21, 2023, “Minnesota regulators vote to move forward the third large Xcel solar project in Becker.” This article notes the Commission’s prior approval of “Sherco Solar 1 and 2” of 460 MW, and the approval of “Sherco 3” solar at 250 MW. The “Sherco 3” project compensates for the line loss of the Lyon Co. to Sherco line!

Another consideration is that the 710 MW of these projects is over a third of the interconnection capacity of 1,996 MW that Xcel wants to preserve at that Sherco site. 1,996 less 710 is 1,286 MW remaining of transmission interconnection capacity for Xcel to find.

Also filed separately are selected pages of Xcel’s Lyon Co. to Sherco application, with highlighted points that should be considered in analyzing this project. Most importantly is the

admission of nominal increase in peak demand. The application is inconsistent in its claim, first that peak demand is expected to increase at a rate of 0.2% into the 2030s, and later in the application, that number is -0.2%. We'll need to establish which number is correct. Either way, this is a much more realistic projection than was used to justify CapX 2020, the absurd 2.49% of demand increase that at the time intervenors knew was a gross overstatement, and which obviously did not pan out.

As this docket moves forward, the Commission should also keep in mind that Xcel is selling 1,500MW of "excess capacity" on the market, energy not needed to serve its native load. This "excess capacity" should be considered in the calculation of need.

Another point to keep front and center in need consideration is the decrease in reserve margins. For decades we've been told that transmission build-out will decrease the necessary reserve margin, and that has at long last happened, or is admitted by Xcel. Typically, the MAPP, then MISO, reserve margin was set at 15%. The NERC Long-Range Transmission Reliability Assessment through the years has shown that with projected generation additions, there is far above that 15% of generation over and above area "need." The Commission should take into account the analysis of utility provided information when considering "need" for any project.

As always, the cost/benefit analysis should be carefully reviewed. In MISO cost/benefit determinations, the benefits are all to the utility/members of MISO. Similarly with this project, the benefits accrue to Xcel in preserving its "valuable transmission interconnection rights" and continued transmission service revenue, and the costs are falling to the ratepayers, to the projects lining up to interconnect, and to landowners who lose their land for easements.

There's a lot to consider when looking at "need" for this project. We know Xcel wants this project, but Xcel is hard-pressed to demonstrate need.

Very truly yours,



Carol A. Overland
Attorney at Law

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BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John A. Tuma	Commissioner

In the Matter of the Application of Xcel Energy for a Certificate of Need for Two Gen-Tie Lines

ISSUE DATE: August 10, 2023

DOCKET NO. E-002/CN-22-131

ORDER AUTHORIZING JOINT PROCEEDINGS

PROCEDURAL HISTORY

On March 9, 2023, Xcel Energy (Xcel) filed a certificate of need application for two generation-tie lines in Sherburne and Lyon counties.

On May 2, 2023, the Commission accepted the application as complete and authorized use of informal proceedings for developing the record.

On May 18, 2023, Xcel filed a revised application with an updated load forecast.

By June 29, 2023, approximately 19 members of the public had filed comments on the proposed project.

On June 29, 2023, the Commission met to consider the matter.

FINDINGS AND CONCLUSIONS

Xcel's proposed project includes two 345 kilovolt transmission lines (generation tie lines), and associated facilities, that are approximately 160- to 180-miles in length and would connect the Sherburne County Generation Station Substation in Becker to a new substation in Lyon County. The Project would also include an intermediate substation and a substation to store voltage support equipment.

The two lines would be located on the same set of structures (i.e., a double-circuited transmission line) and would connect at least 2,200 megawatts (MW) of generation and deliver (after losses) approximately 1,996 MW to the Sherco Substation.

presumed 200MW losses over 10%

160 = 12.75%
180 = 11.33%

1 Existing Xmsn Rights ≈ 2,000 total Revised App. p.4

Wind & Solar - 25-40% capacity
(less 10% line loss = 15-30% efficient! Delivery of "at least 1,996 MW" Revised App. p.1

By the time the Commission met to consider the matter, at least 19 members of the public had filed comments on what they anticipate will be the proposed associated transmission line route, although the Company has not yet filed a route permit application.

Under Minn. R. 7849.1900 and 7850.1600, the Commission has authority to combine the review of two applications if it is feasible, more efficient, and would further the public interest to do so.

Based on the public comments and the potential for confusion over how to participate in two separate proceedings related to the same project, the Commission finds that it would be beneficial to those interested in, and potentially affected by, the proposed project if the certificate of need and route permit applications were reviewed jointly, including by holding joint hearings and conducting joint environmental review. Separate proceedings could cause confusion over which meetings and hearings to attend and when to submit comments. Combining the review process is likely to increase the level of meaningful public participation by ensuring that interested persons know when and how to participate at each stage throughout the proceeding. In the interim, the Commission will suspend review of the certificate of need application in anticipation of the accompanying route permit application.

No party objected to this approach.

ORDER

1. The Commission hereby directs joint proceedings to be held on the certificate of need application and the forthcoming route permit application for the proposed Sherburne County to Lyon County generation-tie lines project, and suspends review of the certificate of need application until Xcel has filed a route permit application.
2. This order shall become effective immediately.

BY ORDER OF THE COMMISSION



Will Seuffert
Executive Secretary



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BUSINESS

Minnesota regulators vote to move forward the third large Xcel solar project in Becker

The Minnesota Public Utilities Commission approved the land acquisition and other details for the project.

By Mike Hughlett (<https://www.startribune.com/mike-hughlett/6370445/>) Star Tribune

SEPTEMBER 21, 2023 – 7:26PM

Xcel Energy plans to create one of the largest U.S. solar power complexes — an overall investment of over \$1 billion — took a big step forward Thursday.

The Minnesota Public Utilities Commission (PUC) unanimously approved Xcel's acquisition of land rights for the Sherco 3, a solar plant that will complement Xcel's already permitted Sherco 1 and 2 projects in Becker.

Sherco 3, which is expected to cost \$409 million, still must get a permit from the PUC.

"I think it is an important project for a lot of reasons," Commissioner Joe Sullivan said at a PUC meeting Thursday. "I applaud the company for working with the community as it retires" the Sherco coal plants.

Xcel is slated to close the three massive coal-fired power generators in Becker by 2030, with the first shutdown slated for year's end. Xcel's Sherco solar power plants will be in the Becker area.

Sherco Solar 1 and 2 — a two-phase project approved by the PUC last year — has a \$690 million price tag and will be able to generate up to 460 megawatts of electricity. Sherco 3 will have the capacity to produce up to 250 megawatts of power.

460
250
—
710 MW

To put that in perspective, the largest solar array in Minnesota now is Xcel's 100-megawatt project in Chisago County.

The three Sherco coal generators in Becker have a total capacity of around 2,200 megawatts; the one slated to close at years' end is rated at 680 megawatts. (Coal plants, of course, can run constantly, unlike solar, though coal power is a major emitter of carbon dioxide.)

Xcel plans to complete the entire Sherco solar complex by the end of 2025.

The PUC on Thursday decided that Sherco Solar 3 is in the public interest and also approved Xcel's proposal to recover the company's costs through a renewable energy rider on customers' bills.

The PUC, in addition, decided that the Apple River solar project in Wisconsin's Polk County is in the public interest.

That 100-megawatt solar array would be developed by National Grid Renewables. It would sell electricity to Xcel under a 20-year contract. Xcel would own and build the Sherco projects. The Apple River project must still be permitted.

"The economic and societal benefits are well-articulated in the record for the Apple River [contract] as well as for the Sherco project," PUC Chair Katie Sieben said at Thursday's meeting.

The Sherco solar arrays are expected to create hundreds of union construction jobs and tens of millions of dollars in local tax revenues and payments to landowners who host solar panels.

The Sherco 3 and Apple River projects are expected to decrease customers' bills from 2025 through 2035, Xcel said in a PUC filing. However, the projects could lead to bill increases during the following ten years.

Costs for solar projects have been soaring in the past two years. Sherco 1 and 2's \$690 million price tag is 20 % higher than Xcel originally expected. Federal tax credits for solar have helped blunt the cost increases.

Still, in a 2022 bid for solar proposals, Xcel found only two projects that were cost-effective for its customers, Sherco 3 and Apple River, PUC filings show. Together, those projects will have 350 megawatts of capacity, well short of the at least 900 megawatts Xcel put out to bid.

The PUC has approved price caps for all three of the Sherco solar projects.

Mike Hughlett covers energy and other topics for the Star Tribune, where he has worked since 2010. Before that he was a reporter at newspapers in Chicago, St. Paul, New Orleans and Duluth.

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