

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 |

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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.

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 year's 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.

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