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March 18, 2024

**Via Electronic Filing**

Andrew Levi  
Minnesota Department of Commerce  
85 7th Place East, Suite 280  
Saint Paul, MN 55101

**Re: In the Matter of the Certificate of Need and Route Permit Applications for the Minnesota Energy Connection Project in Sherburne, Stearns, Kandiyohi, Wright, Meeker, Chippewa, Yellow Medicine, Renville, Redwood, and Lyon counties in Minnesota  
MPUC Docket Nos. E002/CN-22-131 and TL-22-132**

Dear Mr. Levi,

Northern States Power Company, doing business as Xcel Energy (or, Applicant), respectfully submits this response to the written comments submitted by the February 21, 2024, deadline regarding the scope of the environmental impact statement (EIS) for the Minnesota Energy Connection Project (MNEC, or Project) that is being prepared by the Minnesota Department of Commerce, Energy Environmental Review and Analysis (DOC-EERA).<sup>1</sup>

**I. RESPONSE TO ROUTE ALTERNATIVES.**

Route alternatives were submitted by the Minnesota Department of Natural Resources (MDNR) and by members of the public at the scoping meetings and in written comments. As a general matter, Xcel Energy continues to support the Blue Route and the Purple Route (and connected segments) as routes that are consistent with the Minnesota Public Utilities Commission's (Commission) routing criteria.

With respect to the route alternatives submitted during the scoping period, Xcel Energy has performed a high-level feasibility review and environmental analysis. Of the 76 routes or alignment alternatives submitted during the scoping period, Xcel Energy does not support the

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<sup>1</sup> Xcel Energy reserves the right to submit responses to any scoping comments filed in the dockets after the submission of this letter, as appropriate.

inclusion of 16 route alternatives in the EIS because they are infeasible and/or increase impacts as compared to other nearby route alternatives. With respect to another five route alternatives, Xcel Energy requests that DOC-EERA include minor modifications to those alternatives in the EIS so that the alternatives studied in the EIS would be constructible based on Xcel Energy's initial high-level feasibility review. Xcel Energy's analysis is summarized in the table included as **Attachment 1** to these comments, and maps depicting these alternatives are included in **Attachment 2**.

Xcel Energy takes no position on the other route alternatives. However, Xcel Energy notes that the analysis presented in the Certificate of Need Application was based on a maximum line length of 180 miles. To the extent that any route alternative(s) are studied and/or selected that increases the Project's length beyond 180 miles, additional analysis would be needed regarding the Project's configuration and associated facilities to be able to deliver 1,996 MW to the point of interconnection, and any resulting impacts on costs.

Xcel Energy looks forward to the preparation of the EIS in this matter and will coordinate with DOC-EERA to provide any additional information needed.

## **II. RESPONSE TO AGENCY COMMENTS.**

### **A. MDNR.<sup>2</sup>**

In addition to route alternatives, MDNR provided comments identifying issues for consideration in the EIS, including: the Mississippi River crossing; designated wild, scenic, and recreational rivers; other public waters; calcareous fen; wildlife management areas; sites of biodiversity significance; native plant communities; state-listed species; facility lighting; dust control; and, wildlife-friendly erosion control. Xcel Energy generally agrees that these are appropriate and typical topics for inclusion in the EIS.

MDNR also identifies its concerns regarding two specific wildlife management areas ("WMAs"), noting that both WMAs are currently used for cattle grazing and that "there are concerns that the potential impacts on cattle health/production from the transmission line may limit future management options." Xcel Energy first notes that neither the Purple nor the Blue Route cross any WMAs, and substantial effort was undertaken to avoid WMAs and similar MDNR-managed properties in light of previous feedback received from MDNR. Second, impacts on agriculture, vegetation, and animal life are certainly regularly included within the scope of an EIS. However, because there is no evidence that a facility like the Project would have any impact on cattle

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<sup>2</sup> Comment by MDNR (Feb. 21, 2024) (eDocket Nos. [20242-203694-01](#), [20242-203694-02](#), and [20242-203694-03](#)).

grazing in proximity to the line, Xcel Energy requests that MDNR's comment on this topic should not be interpreted or restated as fact.

Finally, MDNR's comments attach its Natural Heritage Review. Xcel Energy appreciates this correspondence and information, which is consistent with the resources identified in the Route Permit Application. Xcel Energy anticipates that, as is typical, the EIS will evaluate these resources.

## **B. MnDOT.<sup>3</sup>**

MnDOT generally explained that the Project has the potential to impact state trunk highways, that ongoing coordination with MnDOT should occur, and that permits/approvals from MnDOT may be required. Xcel Energy appreciates MnDOT's comments and will continue to coordinate with MnDOT as this Project proceeds.

## **III. RESPONSE TO OTHER STAKEHOLDER GROUP COMMENTS.**

Comments in support of the Project were submitted by a number of stakeholder groups, including LIUNA Minnesota and North Dakota, IUOE Local 49 and NCSRC of Carpenters, Fresh Energy, Clean Grid Alliance, Citizens Utility Board, and Clean Energy Economy Minnesota.<sup>4</sup> Xcel Energy appreciates these comments and the groups' acknowledgement of the many benefits the Project will provide.

Comments opposing the Project were submitted by No CapX 2020 and Center of the American Experiment.<sup>5</sup> Generally, No CapX 2020's comments identified various topics for inclusion in the EIS related to the size, type, and timing of the Project. For the most part, these are standard components of environmental review under the certificate of need rules. Center of the American Experiment's comments asked the Commission to deny the Project but do not identify any specific issues for inclusion in the EIS.

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<sup>3</sup> Comment by MnDOT (Feb. 21, 2024) (eDocket Nos. [20242-203676-01](#) and [20242-203676-02](#)).

<sup>4</sup> Comment by LIUNA (Feb. 21, 2024) (eDocket Nos. [20242-203702-01](#) and [20242-203702-02](#)); Comment by IUOE Local 49 and NCSRC of Carpenters (Feb. 20, 2024) (eDocket No. [20242-203586-01](#)); Comment by Fresh Energy on Behalf of Minnesotans (Feb. 21, 2024) (eDocket Nos. [20242-203691-01](#) and [20242-203691-02](#)); Comment by Clean Grid Alliance (Feb. 21, 2024) (eDocket Nos. [20242-203680-01](#) and [20242-203680-02](#)); Comment by Citizens Utility Board of Minnesota (Feb. 20, 2024) (eDocket Nos. [20242-203569-01](#), [20242-203569-03](#), [20242-203569-02](#), and [20242-203647-01](#)).

<sup>5</sup> Comment by No CapX2020 (Feb. 21, 2024) (eDocket Nos. [20242-203692-01](#) and [20242-203692-02](#)); Comment by Center of the American Experiment (Feb. 21, 2024) (eDocket Nos. [20242-203645-01](#) and [20242-203647-01](#)).

#### **IV. RESPONSE TO CERTIFICATE OF NEED ALTERNATIVES.**

Xcel Energy respectfully submits that Commission guidance on “need” alternatives to the Project would be helpful to govern the scope of the proceedings going forward. Much of the discussion at the scoping meetings for this Project focused on larger policy issues related to generation and resource acquisition – fossil fuel v. renewable generation. Commission guidance would be helpful to focus the proceedings going forward and allow the public to better understand the specific issues that will be decided by the Commission in the Certificate of Need (CN) and Route Permit (RP) dockets for this Project and which decisions are made in the Commission’s integrated resource plan (IRP) process. Xcel Energy anticipates there will be robust record development in both the CN and RP dockets regarding system alternatives to the Project and alternative routes. However, proceedings related to Xcel Energy’s IRP are still the appropriate forum to litigate issues related to the Company’s overall resource mix to comprehensively meet customer needs, including the types of resources that would be interconnected to the Project.

Multiple comments made suggestions for alternative resources to be connected to the line and/or to be used to meet Xcel Energy’s customer needs. Whether these are proposed as alternatives to “the Project” or to the wind and solar generation proposed to connect to the Project to meet Xcel Energy’s identified resource and capacity needs is unclear. In either case, the alternatives, which include continued coal operation at the Sherburne County Generating Station (Sherco), new nuclear, and new natural gas facilities wholly instead of renewable generation, are infeasible, would not meet the Project need, and/or would be contrary to prior Commission decisions and therefore cannot be selected. For these reasons, Xcel Energy submits these comments to request that the Commission provide guidance on alternatives to be studied in the EIS. Such clarification by the Commission would help inform stakeholders regarding the scope of the proceeding and how best to focus comments and participation.

##### **A. Certificate of Need alternatives.**

In relevant part, the CN rules (Minn. R. 7849.1500, specifically) require that an environmental document include certain alternatives:

A general description of the alternatives to the proposed project that are addressed. Alternatives shall include the no-build alternative, demand side management, purchased power, facilities of a different size or using a different energy source than the source proposed by the applicant, upgrading of existing facilities, generation rather than transmission if a high voltage transmission line is proposed, transmission rather than generation if a large electric power generating plant is proposed, use of renewable energy sources, and those alternatives identified by the commissioner of the Department of Commerce.

Because the CN and RP proceedings have been combined, Xcel Energy anticipates that the EIS will include the analysis identified in Minn. R. 7849.1500, as described here and consistent with Xcel Energy's comments below:

No-build: If the Project is not constructed, it would not enable additional renewable generation, nor would Xcel Energy be able to reuse its existing and valuable interconnection rights at Sherco.<sup>6</sup>

Demand-side management: The 2019 IRP included both robust demand-side management, as well as the generation that will be interconnected via the Project. As such, Xcel Energy has not identified a demand-side management alternative that could replace the Project.<sup>7</sup> Xcel Energy will coordinate with the Department of Commerce, Energy Environmental Review and Analysis (DOC-EERA) to support its analysis on this issue, as needed.

Purchased power: Due to costs and delays associated with the interconnection queue, purchased power cannot replace the renewable generation that will be interconnected via the Project.<sup>8</sup> Xcel Energy will coordinate with DOC-EERA to support its analysis on this issue, as needed.

Facilities of a different size or using a different energy source: Xcel Energy anticipates that the EIS will analyze different voltages for the Project.<sup>9</sup> Xcel Energy likewise anticipates that the EIS could analyze different generation mixes to be interconnected via the Project, except that solely fossil fuel generation is not feasible. *See* Section B(1), (2), and (3) below.

- Upgrading of existing facilities: Xcel Energy has not identified any existing facilities which could be upgraded to serve as an alternative to the Project and be consistent with existing law and policy, but will coordinate with DOC-EERA to support its analysis on this issue, as needed.
- Generation rather than transmission: The Project is needed because there is insufficient existing transmission to interconnect needed renewable resources. Xcel Energy has not identified a generation alternative that would replace the Project, but will coordinate with DOC-EERA to support its analysis on this issue, as needed.

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<sup>6</sup> *See* CN Application at 75.

<sup>7</sup> *See id.*

<sup>8</sup> *See id.* at 14.

<sup>9</sup> *See id.* at 72.

Use of renewable energy sources: Xcel Energy anticipates that the EIS will analyze the use of renewable energy sources, given that the Project is proposed to interconnect additional renewable generation.<sup>10</sup>

**B. Alternatives that should be screened from detailed analysis in the EIS.**

Because the alternatives discussed below are not feasible and/or reasonable, Xcel Energy requests that the EIS explain that they were screened from further detailed analysis.

**1. Continue operation of Sherco as a coal-fired plant.**

Some commenters opposed the retirement of Sherco and/or advocated for its continued operation, in lieu of the Project and the renewable resources that will interconnect to it. This matter has already been decided in a separate and robust proceeding.<sup>11</sup>

Similarly, Xcel Energy understands that one commenter referenced carbon capture. However, the comment did not explain how it could be an alternative to the Project or provide sufficient level of detail to allow the EIS to analyze its potential impacts in this instance. To the extent the commenter was suggesting the use of carbon capture in connection with the continued operation of Sherco, because Xcel Energy is required to retire Sherco, using carbon capture in combination with the continued operation of Sherco is not feasible. Moreover, as detailed in Xcel Energy's 2020-2034 Upper Midwest Integrated Resource Plan, significant further research and development is required to bring carbon capture to commercialization stage.<sup>12</sup>

For these reasons, neither continued operation of Sherco nor carbon capture is a feasible alternative to this transmission line Project. These alternatives should not be analyzed in detail in the EIS. Xcel Energy respectfully submits that this is consistent with Minnesota law.<sup>13</sup>

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<sup>10</sup> Xcel Energy further anticipates that the EIS will analyze underground transmission lines. Some members of the public discussed underground transmission lines in their comments, and Xcel Energy analyzed an underground line in its CN Application, consistent with Minn. R. 7849.0260.

<sup>11</sup> *In the Matter of the 2020-2034 Upper Midwest Integrated Resource Plan of Northern States Power Company d/b/a Xcel Energy*, MPUC Docket No. E-002/RP-19-368, Order Approving Plan with Modifications and Establishing Requirements for Future Filings, at Ordering ¶ 2.A.4 (Apr. 15, 2022) (hereafter, the "IRP Order").

<sup>12</sup> *In the Matter of the 2020-2034 Upper Midwest Integrated Resource Plan of Northern States Power Company d/b/a Xcel Energy*, MPUC Docket No. E-002/RP-19-368, Upper Midwest Integrated Resource Plan- Alternate Plan, at 45 and Appendix D (June 25, 2021) (hereafter, the "Alternate Plan").

<sup>13</sup> See, e.g., Minn. Stat. § 116D.04, subd. 2a(a) (EIS to discuss "appropriate alternatives"); Minn. R. 4410.2300(G) (under Environmental Quality Board rules, EIS to include "reasonable alternatives" and may exclude an alternative "if it would not meet the underlying need for or purpose of the project"); see also *In re Enbridge Line 3 Replacement Project*, No. A20-1513, 2021 WL 3853422, at \*6 (Minn. Ct. App. Aug. 30, 2021)

## 2. Change generation source at Sherco.

Some members of the public also expressed support for modifying Sherco to use a generation source other than coal, including nuclear, natural gas, and renewable generation located nearby.<sup>14</sup> Xcel Energy addresses these in more detail below. As an initial matter, however, Xcel Energy notes that Sherco is a coal-fired generating plant. It is not possible to easily modify Sherco to use a different generation source. Rather, a change in the generation source would require a wholesale overhaul of the plant or an entirely new facility.

### *a. Nuclear plant.*

Commenters suggested analyzing nuclear generation as an alternative to the Project, either at Sherco or elsewhere.<sup>15</sup> However, Minnesota has had a moratorium on the construction of new nuclear power facilities since 1994. Specifically, Minn. Stat. § 216B.243, subd. 3b provides that the Commission “may not issue a certificate for the construction of a new nuclear-powered electric generating plant.” Because a new nuclear plant is legally prohibited, it is not a feasible alternative to the Project and should not be studied in detail in the EIS.

### *b. Natural gas plant.*

Commenters suggested converting Sherco to natural gas and/or relying on natural gas generation elsewhere.<sup>16</sup> This appears to be a generation source alternative rather than an alternative to the Project and thus does not meet the Project need. Moreover, in the 2019 IRP, the Commission determined that Xcel Energy needed to acquire 600 MW of solar and 2,150 MW of wind. The Commission did also conclude that it was more likely than not that 800 MW of *additional firm dispatchable* capacity would be needed and has opened a separate competitive resource acquisition docket to assess the appropriate resource in addition to the wind and solar. Among the proposals is a natural gas combustion turbine in Lyon County that would, if approved, connect to the Project.

Some of the proposals in that proceeding are existing or new natural gas plants.<sup>17</sup> As stated in that proceeding, natural gas generation will play an important role in reliably meeting customer needs; however, natural gas generation is not an alternative to renewable generation but, rather,

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(applying Minnesota Pollution Control Agency rules and concluding that alternative proposed need not be considered where it would not have been legal).

<sup>14</sup> *E.g.*, Public Comments (Feb. 21, 2024) (eDocket No. [20242-203691-02](#)).

<sup>15</sup> *Id.*

<sup>16</sup> *E.g.*, Public Comment (Feb. 20, 2024) (eDocket Nos. [20242-203592-02](#), [20242-203592-01](#)); Public Comment (Feb. 13, 2024) (eDocket Nos. [20242-203355-01](#), [20242-203355-02](#)).

<sup>17</sup> *See* Alternate Plan at 4.

a means to facilitate the ongoing transition to clean energy.<sup>18</sup> This approach is also consistent with Minnesota law and policy, specifically Minn. Stat. § 216B.1691 requires Xcel Energy to generate or produce carbon-free energy equivalent to 100 percent of its Minnesota retail sales by 2040. The law also requires Xcel Energy to achieve interim carbon-free standards of 80 percent by 2030 and 90 percent by 2035.

Because a natural gas alternative would not meet the Project need, it should not be studied in detail in the EIS.

### **3. Build fossil fuel generation closer to Twin Cities.**

Some commenters supported building new fossil fuel generation close to the Twin Cities.<sup>19</sup> They did not identify a specific location or site. For the same reasons discussion in Sections B(1) and (2) above, these alternatives should not be studied in detail in the EIS.

### **4. Wind and/or solar near Sherco and/or Twin Cities.**

Some commenters questioned why additional wind and/or solar generation could not be built at Sherco, in closer proximity to Sherco, or near the Twin Cities.<sup>20</sup> Other than referencing Xcel Energy's Sherco Solar projects, commenters did not identify a specific site for any project. This recommended "alternative" does not meet the Project need to deliver wind and solar resources to the Sherco POI as the Commission directed. In the 2019 IRP Order, the Commission found that Xcel Energy proved that it needs to procure 600 MW of solar and 2,150 MW of wind, or an equivalent amount of energy and capacity from a combination of wind, solar, and/or storage between 2027 and 2032, and the Commission ordered Xcel Energy to begin permitting proceedings for this Project.<sup>21</sup>

Xcel Energy has already developed solar projects near Sherco to maximize renewable generation in close proximity. Specifically, the 460 MW Sherco Solar Project is under construction, and Xcel Energy has applied for a site permit for the 250 MW Sherco 3 Solar Project.<sup>22</sup>

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<sup>18</sup> See Alternate Plan at 6.

<sup>19</sup> E.g., Public Comment (Feb. 20, 2024) (eDocket Nos. [20242-203592-02](#), [20242-203592-01](#)).

<sup>20</sup> E.g., Public Comment (Feb. 13, 2024) (eDocket Nos. [20242-203355-01](#), [20242-203355-02](#)); Public Comment (Feb. 22, 2024) (eDocket Nos. [20242-203730-01](#), [20242-203730-02](#)).

<sup>21</sup> IRP Order, Ordering ¶ 2.A.8; Xcel Energy's recent 2024-2040 IRP continues to confirm that a significant amount of clean energy will be required to meet customer needs. See *In the Matter of Xcel Energy's 2024-2040 Integrated Resource Plan*, MPUC Docket No. E002/RP-24-67, Initial Filing - 2024-2040 Upper Midwest Integrated Resource Plan (Feb. 1, 2024) (hereinafter, the "2024-2040 IRP").

<sup>22</sup> *In the Matter of the Application of Xcel Energy for a Site Permit for the up to 250 MW Sherco 3 Solar Energy Generating System in Sherburne County, Minnesota*, MPUC Docket No. E-002/GS-23-217.



However, it is not feasible to site the full amount of renewable generation that will interconnect to Sherco in that location because of existing and planned development, natural resource constraints, and the quality of the wind resource. Indeed, the siting constraints in this area were the subject of much discussion already in the Sherco Solar docket.<sup>23</sup> In addition, siting approximately 2,000 MW of wind in close proximity to Sherco and/or the Twin Cities is neither feasible nor prudent because of existing land use constraints and the low quality of the wind resource in that area as compared to southwestern Minnesota. The CN Application details this analysis.<sup>24</sup>

Other commenters suggested that, instead of the Project, solar panels could be installed on buildings, parking lots, and homes in the Twin Cities. This too, is not an alternative to the Project. Rather, the Company's Alternate Plan in the 2019 IRP docket included the addition of 575 MW of distributed solar from 2020-2034, *in addition to* the resources that will be interconnected via the Project that the Commission also found were needed.<sup>25</sup> Likewise, the Company's 2024-2040 IRP filing also includes over 1,000 MW of distributed solar and community solar gardens *in addition to* 3,200 MW of wind additions through 2030.<sup>26</sup>

The EIS need not study alternatives that do not meet the Project need. The record from the 2019 IRP shows that distributed solar cannot replace the resources that will interconnect via the Project. Xcel Energy's initial filing in the 2024-2040 IRP continues to support that conclusion.

## **5. A different transmission line configuration.**

Some commenters questioned the Project's interconnection at Sherco as a generation tie (gen-tie) line.<sup>27</sup> To the extent these comments suggested that the Project be constructed as something other than a gen-tie line and/or with a different interconnection location, those are not feasible alternatives to the Project because they are not consistent with Midcontinent Independent System Operation, Inc. (MISO) requirements for the re-use of interconnection rights. Specifically, current generation owners may re-use the associated transmission interconnection for new generation at these sites as the old generation retires.<sup>28</sup> Under MISO requirements, Xcel Energy must own the replacement generation and the gen-tie line that would deliver it to

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<sup>23</sup> *In the Matter of the Application of Xcel Energy for a Site Permit for the up to 460 MW Sherco Solar Project in Sherburne County*, MPUC Docket No. E-002/GS-21-191.

<sup>24</sup> See CN Application at 40.

<sup>25</sup> Alternate Plan, at 26.

<sup>26</sup> 2024-2040 IRP, at 10-13.

<sup>27</sup> Public Comment (Feb. 21, 2024) (eDocket Nos. [20242-203692-01](#), [20242-203692-02](#)); Public Comment (Feb. 20, 2024) (eDocket Nos. [20242-203592-02](#), [20242-203592-01](#)).

<sup>28</sup> *E.g.*, Public Comment (Feb. 16, 2024) (eDocket Nos. [20242-203513-02](#), [20242-203513-01](#)).

Sherco.<sup>29</sup> An alternative that does not meet these requirements would not be permitted to use the Sherco point of interconnection under the existing MISO Tariff. Likewise, the renewable generation Xcel Energy needs to acquire under its IRP would need to go through the MISO queue process, which presents significant cost and scheduling hurdles.<sup>30</sup>

Separately, Xcel Energy notes that the Project design includes multiple substations at which generation would be able to connect to the line.<sup>31</sup>

## **V. GARVIN SUBSTATION.**

Xcel Energy notes that the substation preliminarily identified as the “Terminal Substation” in the Applications has now been named the “Garvin Substation.” Going forward, Xcel Energy requests that the EIS reflect this terminology.

Xcel Energy appreciates the opportunity to provide these comments. Please let me know if you have any questions regarding this filing. These comments have been e-filed through [www.edocket.state.mn.us](http://www.edocket.state.mn.us). A copy of this filing is also being served upon the persons on the Official Service List of record.

Sincerely,

*/s/ Matthew Langan*

MATTHEW LANGAN  
PRINCIPAL AGENT, SITING AND LAND RIGHTS

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<sup>29</sup> See Alternate Plan at 18-19.

<sup>30</sup> See Alternate Plan at 12.

<sup>31</sup> See CN Application at 27.