

Office Memorandum

DATE : March 13, 2001

TO : Commissioner Gene Hugoson
Chair, Environmental Quality BoardFROM : Commissioner Karen Studders
Pollution Control Agency

PHONE : (651) 296-7301

SUBJECT : Arrowhead - Exemption Application

I cannot attend the Environmental Quality Board (EQB) meeting on March 15, 2001, because I will be in Washington D.C. attending Great Lakes Day and meeting with congressional delegates. However, I have been following the Arrowhead exemption case quite closely and would like to express concerns that I have regarding this decision.

Attached to this memorandum is a letter written by Cynthia Kahrmann, of my staff, to Judge Nickolai during the public comment period. It expresses my staff's concerns regarding the potential use of this line for increasing bulk sales of electricity. In this letter, it states that if Minnesota Power cannot assure the EQB that this line will be used for reliability of the current supply of electricity only, then the project may not be suitable for exemption from the Power Plant Siting Act.

After reviewing the record for the exemption application, it is unclear to me whether this question was answered. It does appear that transformers that transform the power flow for the 230 kilovolt portion of the Arrowhead Substation into the Arrowhead 345 kilovolt transmission line would be designed to limit the line's capacity to 800 megawatts (see cross-examination of Dan Carlson by Michael Michaud, pp. 1873-1875, evidentiary hearing transcript). If this transformer indeed limits the capacity of the line to the current supply of electricity, I request that, if the exemption is granted, the following language be included as a condition of the exemption.

Minnesota Power shall limit the 345 kilovolt transmission line's capacity to 800 megawatts. This shall be accomplished by installing a transformer that transforms the power flow from the 230 kilovolt portion of the Arrowhead Substation into the 345 kilovolt portion of the substation. Minnesota Power shall apply to the Environmental Quality Board for approval of any increase in capacity of the 345 kilovolt transmission line above 800 megawatts.

I understand that this may already be required under EQB rules; however, I think it is important to state it explicitly as a condition of the exemption.

This is an important condition because this was a major concern of Minnesota Pollution Control Agency staff and the intervening parties involved in this proceeding. Adding to the argument for this condition is my concern that Minnesota will not have input if power plants located outside Minnesota increase their generation. On page four of the Staff Memorandum included in our Board packets, EQB staff discuss the concerns brought up in the record regarding increased air pollution from electricity generation. In the second paragraph, it states that agencies with air permitting authority will address future increases in air pollution should an owner of an existing power plant seek to increase operation beyond current permitted levels or build a new power plant. This statement is true only if that plant is located in Minnesota. Minnesota permitting agencies have no authority in other states or countries, yet we are effected by the pollution these plants would create. For example, in the exception briefs, intereving parties mention the possibility of Great River Energy building a 500 MW plant in North Dakota. I have been asked by parties involved in this potential project to attend a meeting to discuss this future power generation and the potential impacts to Minnesota.

In summary, I send my regrets in not being able to attend this important meeting. If an exemption is granted, please consider my remarks in setting conditions.

KAS:mbo

Attachment



Minnesota Pollution Control Agency

September 13, 2000

Chief Judge Kenneth Nickolai
Office of Administrative Hearings
100 Washington Avenue South
Minneapolis, MN 55401

Re: Arrowhead – Weston High Voltage Transmission Line

Dear Judge Nickolai:

The Minnesota Pollution Control Agency (MPCA) respectfully submits the following comments regarding the Arrowhead – Weston High Voltage Transmission Line.

The MPCA staff has concerns regarding the role the proposed Arrowhead-Weston line could play in the possible future expansion of electrical generation capacity. We understand from the information in the record, prior to the evidentiary and public hearings, that there are no current plans to use this line to transmit future electrical generation to Wisconsin and beyond. However, MPCA staff is concerned that once the line is constructed, the line is available for anyone to use, and that shipping new bulk electricity will eventually occur. If an expansion of an existing power plant or the construction of a new power plant is permitted outside of Minnesota that will transmit electricity through this line, then the MPCA will not have authority to address environmental concerns for Minnesota, such as additional mercury deposition and the increase of greenhouse gases. The only opportunity the state may have to address these issues lies in the decision about future transmission capacity.

In its exemption application pursuant to the Power Plant Siting Act, Minnesota Power states that the purpose of the line is for reliability purposes only. To understand this concept, the MPCA requests that Minnesota Power state how it is technically feasible to distinguish between the use of this line for reliability versus the use of this line for increasing bulk sales of electricity. If Minnesota Power cannot assure the Environmental Quality Board that this line will be used for reliability of the current supply of electricity only, then the project may not be suitable for exemption from the Power Plant Siting Act.

Please call me at 651/297-8493 if you have any questions regarding these comments.

Sincerely,

Cynthia L. Kahrman
Pollution Control Program Administrator Trainee
Policy and Planning Division

CLK:cmbg

Arrowhead HVTL
New Finding and New Condition
March 15, 2001

Amended Finding No. 11

1. The second bullet of Finding No. 11 is amended to read and a new footnote 18A is added to read:

Adding four single-phase 345/230 kilovolt transformers to interface with the 345 kV line. These transformers step up the voltage from 230 kV to 345 kV. The approximate rating of these transformers is 800 MVA. [18A]

18A. Transcript at 1874.

Condition No. 10

10. Minnesota Power shall apply to the Minnesota Environmental Quality Board under section 116C.57 for authorization to make any changes in the Arrowhead substation that would allow Minnesota Power to increase the capability of the substation to transmit power over the transmission line beyond 800 MVA.