

Minnesota Public Utilities Commission
Staff Briefing Papers

Meeting Date: April 23, 2014 Agenda Item *2

Company: Prairie Wind Energy, LLC

Docket No. IP-6844/WS-10-438

In the Matter of the Application of Prairie Wind Energy, LLC for a Site
Permit for the 100 MW Prairie Wind Energy Project in Otter Tail County

Issue(s): Should the Commission revoke the site permit?

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Relevant Documents

Order issuing LWECS Site Permit March 19, 2012
Department of Commerce Annual Compliance Review Letter January 23, 2014
Prairie Wind Energy Response Letter..... March 19, 2014

The attached materials are work papers of the Commission staff. They are intended for use by the Minnesota Public Utilities Commission and are based upon information already in the record unless noted otherwise.

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I. Statement of the Issues

Should the Commission revoke the site permit?

II. Procedural History

On March 19, 2012, the Commission issued a site permit to Prairie Wind LLC (permittee) to construct and operate the 100 megawatt (MW) Prairie Wind Energy Project in Otter Tail County, Minnesota.

On January 23, 2014, the Department of Commerce Energy Environmental Review and Analysis staff (EERA) filed a letter to the permittee detailing its annual compliance review of the project site permit.

In its letter, the EERA noted that the permittee had failed to obtain a power purchase agreement or other enforceable mechanism for the sale of electricity generated by the project within two years from the issuance of the permit. The letter noted that the permittee had also failed to advise the Commission of the reasons for not having such power purchase agreement or enforceable mechanism as required by Permit Condition 10.2.

The EERA staff also noted that the Permittee had not completed pre-construction surveys and commenced construction as required under Section 5, Condition 10 of the permit which states, in part, that the permittee must advise the Commission of the reason(s) construction has not commenced.

The EERA requested that the permittee respond to the letter by March 19, 2014. The EERA also included a table identifying permit requirements and e-Filings for the project as of December 22, 2013.

On March 19, 2014, the permittee filed a letter in response to the EERA's compliance review indicating that it did not intend to seek a renewal and requested instead, that the Commission revoke the site permit, without prejudice. The permittee cited various factors in reaching its decision including the current lack of renewable federal energy production tax credits, the state of energy project financing in the Midwest market, anticipated MISO costs, and the lack of current or anticipated requests for wind energy from Minnesota Utilities.

III. Statutes and Rules

Under Minn. Stat. § 216E.14, the Commission may revoke or suspend a site permit at any time after adequate notice and hearing if it finds that the permittee has failed to comply with the material conditions of the permit.

IV. Staff Discussion

The Permittee stated that it has not commenced construction of the project by the date identified in the site permit and withdrew the project from the Midcontinent Independent Transmission System Operation (MISO) Interconnection Queue on November 7, 2013.

The Permittee also acknowledged that it has failed to comply with the conditions of the permit and indicated its reasons for not preserving the permit. Staff believes that under the circumstances there is sufficient reason to revoke the site permit.

V. Commission Decision Alternatives

A. Site Permit Revocation

1. Revoke the Prairie Wind Energy, LLC site permit.
2. Take some other action deemed appropriate.

Staff Recommendation: A.1.