

In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for an up to 135.5 MW Battery Energy Storage System Site Permit for the Blue Lake Battery Energy Storage Project in Scott County, Minnesota.

**ENVIRONMENTAL ASSESSMENT
SCOPING DECISION**

DOCKET NO. E002/ESS-25-214

The above matter has come before the Executive Secretary of the Minnesota Public Utilities Commission (Commission) for a decision on the scope of the environmental assessment (EA) to be prepared for Xcel Energy's proposed 135.5 megawatt (MW) Blue Lake battery energy storage system project in Shakopee in Scott County, Minnesota. The Commission is reviewing this application under [Minnesota Statute 216E \(2023\)](#) and [Minnesota Rule Chapter 7850](#).

Project Description

On June 20, 2025, Xcel Energy submitted a site permit application to the Commission for the Blue Lake Energy Storage Project.¹ Xcel Energy proposes to construct and operate a battery energy storage system (BESS) with a nominal power rating of up to 135.5 MW alternating current (AC) with approximately 542 megawatt-hours (MWh) of energy capacity on a site of approximately 11.9 acres in the city of Shakopee in Scott County, Minnesota. In addition to battery energy storage enclosures, the facility will also include inverters and transformers, electrical feeder lines, a project substation, one or more stormwater drainage basins, and fencing surrounding the perimeter of the facility. The facility will be connected to the electric grid through a 115 kilovolt tap line of less than 500 feet between the project substation and Xcel Energy's adjacent Blue Lake Substation.²

Xcel Energy filed a generator interconnection agreement (GIA) application for the project with the Midcontinent Independent System Operator (MISO) in May 2024 and anticipates signing a GIA in early the second quarter of 2025.³

Xcel Energy anticipates that construction on the project will begin in early 2026 and be completed in time to begin operating in the second quarter of 2027.⁴ Xcel Energy anticipates capital costs of approximately \$211 million to construct the facility and annual operating costs of approximately \$3 to 5 million, not including battery augmentation.⁵

¹ Xcel Energy, *Application for a Site Permit for the Blue Lake Energy Storage Project*, June 20, 2025, 2024, eDockets Numbers [20256-220093-02](#), [20256-220093-03](#), [20256-220093-04](#), [20256-220093-05](#), [20256-220093-06](#), [20256-220093-07](#), [20256-220093-08](#), [20256-220093-09](#), [20256-220093-11](#), [20256-220093-12](#), [20256-220093-13](#), [20256-220093-14](#), 20256-220093-15 (Trade Secret), [20258-222516-01](#), and [20258-222516-03](#) [herein after Site Permit Application or SPA]).

² SPA, pp. 14-17

³ SPA, p. 17

⁴ SPA, p. 9

⁵ Xcel Energy, *Completeness Reply Comments*, July 18, 2025, eDockets Number [20257-221145-01](#)

Project Purpose

Xcel Energy indicates that the project will help meet its need for approximately 600 MW of energy storage capacity by 2030 and provide renewable energy integration, grid support and resilience, and improved power quality.⁶

Regulatory Background

In Minnesota, no person may construct an energy storage system (ESS), defined as a facility capable of operating at a capacity of 10 MW or more⁷ without a site permit from the Commission.⁸ The proposed project will have a nominal power rating of up to 135.5 MW AC and therefore requires a site permit from the Commission. As an ESS facility, the site permit application qualifies for Commission review under the alternative permitting process described in Minnesota Statute 216E.04.⁹

The project does not require a certificate of need from the Commission because the Project is exempt under Minn. Stat. 216B.243, subd. 8(9).

Commission Energy Infrastructure Permitting (EIP) staff will prepare an EA for the project. An EA contains an overview of the resources affected by the project. It also discusses potential human and environmental impacts and possible mitigation measures.¹⁰ Under the alternative permitting process, an EA is the only required state environmental review document.

Scoping Process

Scoping is the first step in the environmental review process. The scoping process has two primary purposes: (1) to gather public input as to the impacts and mitigation measures to study in the EA and (2) to focus the EA on those impacts and mitigation measures that will aid in the Commission's decision on the site permit application.

Staff use the information gathered during scoping to inform the content of the EA. EIP staff gathered input on the scope of the EA through public meetings and an associated comment period. This scoping decision identifies the impacts and mitigation measures that will be analyzed in the EA.

Public Information and Scoping Meetings

EIP staff held a remote access public information and scoping meeting on September 10, 2025, and a public meeting in Shakopee, Minnesota on September 11, 2025. There were no attendees at either the remote access or in-person meeting.¹¹

Written Public Comments

A comment period ending on September 25, 2025, provided the public with an opportunity to provide input on the scope of the EA.

⁶ SPA, p. 6

⁷ Minnesota Statute 216E.01, subd. 3a.

⁸ Minnesota Statute 216E.03, subd. 1.

⁹ Minnesota Statute 216E.04, Subd. 2 (noting those projects that are eligible to proceed under an alternative permitting process).

¹⁰ Minnesota Statute 216E.04, subd. 5, Edition Year 2023; Minn. Rule 7850.3700, subp. 4, Published 2024.

¹¹ Oral Comments on the Scope of Environmental Assessment, eDockets Number [202510-223469-01](https://www.dockets.mn.gov/dockets/202510-223469-01)

The Minnesota Department of Natural Resources (DNR) was the only commenter during the scoping period. DNR's Natural Heritage Review of the project identified several rare species and significant natural features that may be impacted by the project including a site of biodiversity significance with a high ranking and several state and federally listed species, including Louisiana broomrape, Gophersnake, Lark sparrow, bats, and the Rusty Patched Bumblebee. The DNR comments recommended mitigation measures to minimize impacts on the identified resources including additional surveys, timing construction to avoid disturbing species, and construction practices that minimize ground disturbance. DNR's comments also included recommendations on project lighting, dust control, and erosion control.¹²

On October 21, the Commission issued an order authorizing that the EA evaluate solely the site proposed by Xcel Energy in its application.¹³

HAVING REVIEWED THE MATTER, consulted with EIP staff, and in accordance with Minnesota Rule 7850.3700, I hereby make the following scoping decision:

MATTERS TO BE ADDRESSED

The EA will describe the project and the human and environmental resources of the project area. It will provide information on the potential impacts of the project as they relate to the topics outlined in this scoping decision and possible mitigation measures. It will identify impacts that cannot be avoided and irretrievable commitments of resources, as well as permits from other government entities that may be required for the project. The EA will discuss the relative merits of the proposed project site with respect to the siting factors in Minnesota Rule 7850.4100.

The issues outlined below will be analyzed in the EA for the project. This outline is not intended to serve as a table of contents for the document itself.

I. GENERAL DESCRIPTION OF THE PROJECT

- A. Project Description
- B. Project Purpose
- C. Project Costs
- D. Project Schedule

II. REGULATORY FRAMEWORK

- A. Site Permit
- B. Environmental Review
 - Scoping Process
 - Proposed Site
 - Environmental Assessment
- C. Public Hearing

¹² MNDNR comment, September 24, 2025, eDockets Number. [20259-223282-01](#), [20259-223282-02](#), and [20259-223282-03](#)

¹³ Commission, Order, October 21, 2025, eDockets Number [202510-224126-01](#)

- D. Site Permit Decision
- E. Other Permits and Approvals

III. ENGINEERING, DESIGN, AND CONSTRUCTION

- A. Battery Energy Storage System (batteries, enclosures, transformers)
- B. Substation and Transmission Intertie
- C. Associated Facilities

IV. OPERATION AND DECOMMISSIONING

- A. Maintenance
- B. Vegetation Management
- C. Repowering and Decommissioning

V. AFFECTED ENVIRONMENT, POTENTIAL IMPACTS AND MITIGATIVE MEASURES

The EA will include a discussion of the human and environmental resources potentially impacted by the project. Potential impacts of the project will be described and characterized. Based on the impacts identified, the EA will describe mitigation measures that could reasonably be implemented to reduce or eliminate the identified impacts. The EA will describe any unavoidable impacts resulting from implementation of the project.

Data and analyses will be commensurate with the level of impact for a given resource and the relevance of the information to consider mitigation measures. EIP staff will consider the relationship between the cost of data and analyses and the relevance and importance of the information in determining the level of detail of information to be prepared for the EA. Less important material may be summarized, consolidated, or simply referenced.

If relevant information cannot be obtained within timelines prescribed by statute and rule, the costs of obtaining such information is excessive, or the means to obtain it is unknown, EIP staff will include in the EA a statement that such information is incomplete or unavailable and the relevance of the information in evaluating potential impacts or alternatives.

- A. Environmental Setting
- B. Human Settlements
 - 1. Noise
 - 2. Aesthetics
 - 3. Displacement
 - 4. Property Values
 - 5. Zoning and Land Use Compatibility (land use classification, tax revenue)
 - 6. Cultural Values
 - 7. Transportation and Public Services
- C. Socioeconomics
 - 1. Environmental Justice
 - 2. Local Economies (employment, taxes)
- D. Public Health and Safety
 - 1. Electric and Magnetic Fields
 - 2. Emergency Services
- E. Land Based Economies

1. Agriculture
 2. Forestry
 3. Mining
 4. Recreation and Tourism
- F. Archaeological and Historic Resources (unanticipated discoveries)
- G. Natural Environment
1. Water Resources (wetlands, surface waters, groundwater)
 2. Soils
 3. Geology
 4. Flora
 5. Fauna
 6. Air Quality
 7. Climate Change and Design for Resilience
- H. Threatened, Endangered, and Rare and Unique Natural Resources (Louisiana broomrape, Gophersnake, Lark sparrow, bats, and the Rusty Patched Bumblebee, and native plant communities)
- I. Cumulative Potential Effects
- J. Adverse Impacts that Cannot be Avoided
- K. Irreversible and Irretrievable Commitments of Resources

ISSUES OUTSIDE THE SCOPE OF THE EA

The EA will not address following topics:

- The need for the project, including questions of size, type, timing, and alternative system configurations.
- Any site other than the site proposed by Xcel Energy in its site permit application.
- Any impacts related to the manufacture of the elements of the project including batteries, battery storage units, concrete, fuel used for construction vehicles, etc.
- The manner in which landowners are compensated for the project.

SCHEDULE

The EA is anticipated to be completed and available in December 2025. Upon completion, it will be noticed and made available for review. Public hearings will be noticed and held in the project area after issuance of the EA. Comments on the EA may be submitted into the hearing record.

Signed this 24th day of October, 2025

STATE OF MINNESOTA
MINNESOTA PUBLIC UTILITIES COMMISSION



Sasha Bergman, Executive Secretary

Blue Lake Energy Storage Project Overview Map

Service Layer Credits: NAIP Imagery: Source: Esri, USDA FSA Hybrid Reference Layer (US Edition); Esri Community Maps Contributors, Metropolitan Council, MetroGIS, Three Rivers Park District, © OpenStreetMap, Microsoft, Esri, TomTom, Garmin, SafeGraph, Geo Technologies, Inc, METINASA, USGS, EPA, World Imagery (Prelim); Source: Esri, Maxar, Earthstar Geographics, and the GIS User Community

