

January 20, 2026

Via eDockets

Consumer Affairs Office
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: EIP Staff Hearing Comments
Blue Lake Energy Storage Project
PUC Docket No. E002/ESS-25-214
OAH Docket No. 25-2500-41199

Dear Consumer Affairs Office:

Public Utilities Commission, Energy Infrastructure Permitting (EIP) staff offers the following comments on the Blue Lake Energy Storage Project (Project) proposed by Northern States Power Company d/b/a Xcel Energy (Xcel Energy or applicant).

In these comments EIP staff recommend modifications to the draft decommissioning plan and summarize proposed changes to the sample site permit filed by the Minnesota Public Utilities Commission (Commission).

Decommissioning Plan

Section 9.1 of the site permit requires the permittee to file an updated decommissioning plan incorporating comments and information from the permit application process prior to construction. EIP staff has reviewed the draft decommissioning plan (draft plan) for the Project as Appendix E of the Site Permit Application (SPA) filed June 20, 2025.¹

EIP staff's review is guided by the recommendations of the Solar and Wind Decommissioning Working Group. As discussed in the Minnesota Department of Commerce staff recommendations in Docket 17-123 and in the Commission's draft guidance on decommissioning plans,² the decommissioning plan should serve as a stand-alone document that describes the facility as it exists on the ground and how

¹ Xcel Energy *Site Permit Application, Appendix E: Preliminary Decommissioning Plan*, June 20, 2025, eDocket ID: [20256-220093-08](https://puc.eip.mn.gov/sites/default/files/2025-06/DRAFT-EIPGuid_AppC-Decom.pdf)

² Commission, *Draft Decommissioning Plan Guidance for Solar, Energy Storage, and Wind Generating Facilities Permitted by the Minnesota Public Utilities Commission*, April 2025, https://puc.eip.mn.gov/sites/default/files/2025-06/DRAFT-EIPGuid_AppC-Decom.pdf

the permittee will fulfil their obligation to remove the project components at the end of the facility's life.

EIP staff recommend that Xcel Energy revise the draft plan prior to filing the pre-construction decommissioning plan to incorporate several clarifications and. EIP staff recommend that the preparer of the pre-construction version of the plan review the Commission's *Decommissioning Plan Guidance for Solar, Energy Storage, and Wind Generating Facilities Permitted by the Minnesota Public Utilities Commission*, available on the Commission's website prior to its revisions to understand what is expected. Although some of this information is located elsewhere in the record, it should be included in the decommissioning plan for ease of use. EIP staff offer the following comments on the draft plan:

- **General Comments:**
 - The cover of the pre-construction version of the decommissioning plan should be updated to include the project docket number and the revised date.
 - EIP staff recommend the pre-construction version of the plan be revised to describe the project as it exists on the ground, not as planned.
 - EIP staff recommend the plan be organized in a manner consistent with the major section headers identified in the Commission's draft guidance on decommissioning plans.
 - As permittee, Xcel Energy will be responsible for decommissioning the facility and restoring the site at the end of the project's useful life. EIP staff recommend removing text related to the specific role and limitations of 1898 & Co. and Burns & McDonnell throughout the plan. EIP staff understands that these limitations may be important to clarify in the contractual obligations between Xcel Energy and its contractors, but it is irrelevant for the purposes of the decommissioning plan.
- **Independent Preparer:** Meets staff expectations. The plan and cost estimate have been prepared by 1898 & Co, a part of Burns and McDonnell Engineering Company.
- **Decommissioning Objective:** Does not meet EIP staff expectations. Staff recommend the pre-construction version of the plan link the objective back to the permit language (Section 9.2 of the draft site permit (DSP)) requiring the site be restored to pre-project conditions to the extent feasible. As the project matures, the objective may evolve in anticipation of a different use (e.g., commercial or residential).
- **Scheduled Updates:** Does not meet EIP expectations. Consistent with the SWDWG's recommendations and the Commission's guidance on decommissioning plans, EIP staff expect the pre-construction version of the plan will include the anticipated update schedule under a new separate "Plan Update" heading to provide more transparency. In addition to regular five-year updates, the plan should also be updated in the event of ownership changes, permit amendments, or repowering. EIP staff also recommend the updates section of the plan include the revision history, including the date of the last plan and a link to the plan.
- **Project Description:** Partially meets staff expectations. EIP staff appreciate the inclusion of a map but recommends the pre-construction version of the plan describe the project that is constructed under a new "Project Description" heading. Staff recommend that the pre-construction version of the plan include:

- A description of the project including its location in the city of Shakopee in Scott County, the size of the site (which should be consistent with the size of the site in the permit), and the current land cover of the site and surroundings (not agricultural as indicated in section 2.2 of the draft plan).
- A description of major project components (e.g. containers, batteries, substation, gen-tie line, transformers, stormwater retention areas, etc.).
- Anticipated date of commercial operation (updated to the actual date in future updates).
- The date and eDocket location of the site permit when issued. Future updates should also reference past decommissioning plans and provide a link to those plans.
- A short statement on landownership at the time of construction. Clarify whether Xcel Energy owns or leases the entire site or portions of the site.
- The number and total acreage of any stormwater ponds and swales in the final design.
- **Use of Capacity.** Does not meet EIP staff expectations. Clarify whether the project’s capacity will be used by Xcel Energy or sold.
- **Permits and Notifications:** Does not meet staff expectations. EIP staff recommend that the pre-construction version of the plan include a list of permits required for decommissioning and identify the specific local governments that will be notified. Staff anticipate that the required permits may change over time, but the periodic reviews provide an opportunity for the list to be identified.

Section 9.1 of the DSP requires the permittee provide the decommissioning plan to local governments, so plan to document compliance with that provision once the plan is filed as a pre-construction document.

- **Tasks and Timing:** Does not meet staff expectations. EIP staff recommend the pre-construction version of the plan be revised to clarify several elements prior to filing as a pre-construction filing. As an example, see Section 5 of the draft decommissioning plan for the Snowshoe Battery Energy Storage System Project.³
 - Clarify the type and manufacturer of batteries used in the facility and summarize the manufacturers recommendations on decommissioning.
 - Separate the project description (e.g., the numbers and types of BESS enclosures and transformers) from the tasks to remove the equipment (e.g., discharging and disconnecting batteries), removing batteries from containers, ensuring safe transport, etc.).
 - Discuss removal of stormwater ponds and engineered drainage swales, if any.
 - Add a section in the text that generally discusses assumptions for disposal and identifies recycling and landfill facilities in place at this time (see, for example, Section 4.1 of the

³ Snowshoe BESS, LLC, Site Permit Application for Snowshoe Battery Energy Storage Project, Appendix D, Draft Decommissioning Plan, October 7, 2024, eDocket ID: [202410-210785-07](#)

the Sherco Solar 3 decommissioning plan.⁴ The plan does identify the Dem-Con Shakopee landfill for disposal of debris in the cost assumptions but, although there is a general statement that “an approved recycling facility will be used for the disposal of lithium batteries,” there isn’t any detail on the location of such a facility or recycling facility for metal. EIP staff assumes these will change over time and can be updated during periodic updates.

- Provide some additional detail on the timeframe/schedule for decommissioning. A Gantt chart is not necessary at this time, but please provide some sense of sequencing and timing more detailed than a general statement of six months.” (see, for example, section 7.0 of the 2024 decommissioning plan for Sherco Solar.
- **Cost Estimate:** Does not meet staff expectations. EIP recommends additional detail on costs and assumptions (see, for example, Attachment B to the Sherco Solar 3 decommissioning plan) in addition to the summary information in Table 4.1 of the draft plan. EIP staff notes that both gross and net costs should be updated at five year intervals.
- **Financial Assurance:** Does not meet staff expectations. Consistent with the SWDWG’s recommendations and the Commission’s guidance on decommissioning plans, EIP staff expects that the revised decommissioning plan filed prior to construction will clarify the mechanism for ensuring that sufficient funds are available to decommission the project, whether that be through use of Commission-approved net salvage rate as it has for other projects, or use of a bond, escrow fund, letter of credit or some other mechanism.

Site Permit Modifications

The Commission entered a sample energy storage system site permit into the record on September 5, 2025.⁵ EIP staff included a DSP as Appendix C of the Environmental Assessment (EA).⁶

EIP staff’s comments on the site permit modifications are organized into two areas:

- Technical corrections. Most of these changes reflect implementation of the new Energy Infrastructure Permitting Act, which took effect on July 1, 2025. In addition to updates related to the change in law, staff recommends replacing inadvertent references to photovoltaic equipment with energy storage system equipment.
- Comments on proposed changes: EIP staff provides context for the proposed changes to the sample permit reflected in the DSP included in the EA.

⁴ Xcel Energy, *A Decommissioning Plan for Sherco 3 Solar Project*, October 7, 2024, eDocket ID: [202410-210755-01](#)

⁵ Commission, *Sample Energy Storage System Site Permit*, September 5, 2025, eDocket No. [20259-222730-01](#)

⁶ Commission, *Environmental Assessment, Blue Lake Energy Storage Project, Appendix C, Proposed Draft Site Permit*, December 17, 2025, eDocket ID: [202512-225963-01](#) Note, changes from the Commission-issued sample permit by underline and strikeout.

Technical Corrections

Under the Energy Infrastructure Permitting Act, Minnesota Statutes, Chapter 216I, the environmental review and compliance function that was previously performed by staff at the Department of Commerce transferred to the Commission on July 1, 2025. Consistent with the change in law, EIP staff removed references to Department of Commerce staff in sections 4.2, 4.3.3, 4.3.4, 4.3.5, 4.3.16, 4.3.18, 4.3.19, 4.3.20, 4.3.21, 4.3.22, 4.3.26, 4.5.1, 4.5.2, 7, 8.1, 8.2, 8.3, and 8.6.

After further review, EIP staff identified two inadvertent references to photovoltaic equipment rather than energy storage equipment. EIP staff recommend correcting these inadvertent references as follows:

3.0 Designated Site

The site designated by the Commission for the Project is depicted on the site maps attached to this site permit (Designated Site). The site maps show the approximate location of the energy storage system and associated facilities within the Designated Site and identify a layout that seeks to minimize the overall potential human and environmental impacts of the Project, as they were evaluated in the permitting process.

The Designated Site serves to provide the Permittee with the flexibility to make minor adjustments to the layout to accommodate requests by landowners, local government units, federal and state agency requirements, and unforeseen conditions encountered during the detailed engineering and design process. Any modification to the location of the energy storage system ~~a photovoltaic tracker row~~ or associated facility shall be done in such a manner as to have human and environmental impacts that are comparable to those associated with the layouts on the maps attached to this site permit. The Permittee shall identify any modifications in the Site Plan pursuant to Section 8.3.

4.3.12 Public Lands

In no case shall the energy storage system and associated facilities including foundations, access roads, underground cable, and transformers, be located in the public lands identified in Minn. R. 7850.4400, subp. 1, or in federal waterfowl production areas. Energy storage systems ~~Photovoltaic tracker rows~~ and associated facilities shall not be located in the public lands identified in Minn. R. 7850.4400, subp. 3, unless there is no feasible and prudent alternative.

EIP Staff Comments on Proposed Changes from the Sample Permit

Cover (Sections 1 and 2)

The proposed DSP updates the sample permit to include project-specific information in the cover and in sections 1 and 2.

Independent Third -party Monitoring (Section 4.3.4)

In addition to the removal of references to the Minnesota Department of Commerce discussed in the technical corrections, the proposed DSP also modifies the condition included in the sample permit to

require the permitted to file the approved scope of work prior to construction, to update contact information during construction, and to keep records of compliance and file status reports in accordance with the approved scope of work.

Archaeological and Historic Resources (Section 4.3.20)

In addition to the removal of references to the Minnesota Department of Commerce discussed in the technical corrections, the proposed DSP also modifies the condition to require the permittee to prepare unanticipated discoveries plan outlining steps to be taken if previously unrecorded cultural resources or human remains are encountered during construction. The Commission has required this condition in recent permits.

Visual Screening Plan (Section 5.1)

The DSP includes a special condition requiring permittees to develop a site-specific visual screening plan to mitigate visual impacts to adjacent properties and public viewpoints. Xcel Energy indicated in the site permit application their intent to develop a tree screening plan along 70th Street South in coordination with the City of Shakopee to “provide visual screening of the Project from adjacent properties and public viewpoints and aid requests the City of Shakopee has made with regard to tree restoration.”⁷ Visual screening plans have been included as special conditions in many solar site permits issued by the Commission.

Battery Augmentation (Section 5.2)

The DSP includes a special condition requiring Xcel Energy to notify the Commission of scheduled augmentation prior to commencing augmentation activities.

The condition was included in Section 5.10 of the site permit issued for the Snowshoe BESS Project.⁸

Pre-construction Noise Modeling and Impact Assessment (Section 5.3)

The DSP includes a special condition requiring Xcel Energy to file a noise impact assessment summarizing the results from noise propagation modeling prior to construction and prior to any modifications of the facility over its operating life.

The condition was included in Section 5.2 of the site permit issued for the Snowshoe BESS project.⁹

Noise Studies and Noise Mitigation (Section 5.4)

The DSP includes a special condition requiring the permittee to file a proposed methodology for conduct of a post-construction noise study prior to construction of the project and to file the noise study within 18 months of operation. This section also clarifies that the project must be operated to comply with the Minnesota Pollution Control Agency’s noise standards at all times and that the permittee may be required to modify design or operation of the facility to comply with the noise standards.

⁷ SPA, p. 45

⁸ Commission, Order Adopting Administrative Law Judge Report, Determining Environmental Assessment Adequate, and Issuing Site Permit, September 22, 2025, eDocket ID: [20259-223194-01](#), Site Permit Section 5.10

⁹ Ibid., Site Permit Section 5.2

The condition was included in Section 5.3 of the site permit issued for the Snowshoe BESS project.¹⁰

Hazard Mitigation Analysis (Section 5.5)

The DSP includes a special condition requiring the permittee to file a Hazard Mitigation Analysis with the Commission. Industry standards require energy storage facilities to prepare a Hazard Mitigation Analysis detailing the results of the equipment testing, and the risks associated with the technology.

The condition was included in Section 5.3 of the site permit issued for the Snowshoe BESS project.¹¹

Community Benefit Agreement (Section 5.6)

Section 5.6 of the DSP is a special condition that requires the permittee to establish a community benefit agreement with the city of Shakopee to mitigate potential environmental justice impacts from the project.

The project is located within a census tract that meets the definition of an environmental justice area under Minn. Stat. § 216B.1691, subd. 1(e) based on the percentage of the census tract's population that identifies as nonwhite (42.6 percent compared to the statutory threshold of 40 percent). Potential environmental justice impacts to the community from the project would be largely associated with construction. Xcel Energy proposed several mitigation measures in its SPA, including community engagement in addition to implementing construction best practices to limit traffic impacts, noise, and dust.¹²

Community benefits agreements formed between the project owner and host community can be tailored to support priorities unique to the host community. These agreements may include outreach to local schools, city officials, and local tribes, such as the applicant proposed in the SPA. Community investment funds, grants to the host community, funding for community projects, scholarships, and training programs are other examples of collective benefits that can be included in benefits agreements as means to mitigate the impacts of energy infrastructure projects.

Project-specific community benefit agreements for energy projects have been used in recent projects in rural areas. Although not required as part of Commission-issued site permits, both the Blazing Star I and Nobles 2 wind projects in Minnesota created community benefit agreements with their host communities.¹³

State Historic Preservation Office Recommendations (Section 5.7)

The DSP contains a special condition requiring Xcel Energy to file correspondence from the Minnesota State Historic Preservation Office (SHPO) containing recommendations for surveys or other mitigation

¹⁰ Ibid., Site Permit Section 5.3

¹¹ Ibid., Site Permit Section 5.2

¹² Environmental Assessment, pp. 53-54; SPA, pp. 51-52 -

¹³ Mallory Trope, Center for Rural Affairs, *Empowering Rural Development through Community Benefit Agreements* (2024), <https://www.cfra.org/sites/default/files/publications/Empowering%20Rural%20Development%20through%20Community%20Benefit%20Agreements%20WEB.pdf>

measures. Xcel Energy has conducted a Phase I cultural resource field survey and is providing the information SHPO needs to determine its recommendations.¹⁴

Vegetation Management Plan (Section 5.8)

The DSP contains a special condition requiring Xcel Energy to prepare a vegetation management plan (VMP) in coordination with the Vegetation Management Planning Working Group prior to construction. Xcel Energy included a draft VMP as Appendix D of the SPA.¹⁵

This condition was included in Section 5.5 of the site permit issued for the Snowshoe BESS project.

Decommissioning Plan (Section 9.1)

The proposed DSP updates standard permit language to include a reference to the location of Xcel Energy's draft decommissioning plan in Appendix E of the SPA.

Annual Report (Section 8.10)

The DSP contains a special condition requiring Xcel Energy to file an annual report on the monthly availability of the facility.

Site permits for wind and solar facilities have a standard permit condition that requires permittees to file annual reports on the project's power production throughout the life of the permit. As energy storage facilities do not generate power, no such condition was included in the Commission's sample site permit.

Given the relative novelty of a stand-alone energy storage facility and the anticipated augmentation and maintenance activities throughout the anticipated 30 year length of the permit, EIP staff believes it is reasonable to require some type of annual filing from the permittee throughout the operating life of the permitted facility.

This condition was included in Section 5.12 of the site permit issued for the Snowshoe BESS project.¹⁶

8.10 Annual Report

The Permittee shall, by February 1st following each complete or partial year of Project operation, file a report with the Commission on the monthly availability of the facility including:

(a) the installed nameplate capacity of the permitted facility;

(b) the monthly and annual capacity factor of the facility;

¹⁴ Environmental Assessment, pp. 65 – 66 and Appendix D (response to data request 6). See also, Xcel Energy, Direct Testimony of Tyler S. Beemer, December 23, 2025, eDocket ID: [202512-226061-01](#), pp. 6-7

¹⁵ Site Permit Application, Appendix D, eDocket ID: [20256-220093-07](#)

¹⁶ Commission, Order Adopting Administrative Law Judge Report, Determining Environmental Assessment Adequate, and Issuing Site Permit, September 22, 2025, eDocket ID: [20259-223194-01](#), Site Permit Section 5.12

(c) the operational status of the facility and any major outages, major repairs, battery augmentation, or performance improvements occurring in the previous year; and

(d) any other information reasonably requested by the Commission.

The Permittee shall file this information in a format recommended by the Commission. This information shall be considered public and must be filed electronically.

EIP staff appreciate the opportunity to comment on the proposed project.

Sincerely,

A handwritten signature in black ink that reads "Suzanne Steinbauer". The signature is written in a cursive, flowing style.

Suzanne Lamb Steinbauer
EIP Environmental Review Manager