

Notice of Environmental Assessment Scoping Decision

In the Matter of the Combined Application for a Certificate of Need, Site Permit, Transmission Line Route Permit, and Partial Exemption and Pipeline Routing Permit for the Lyon County Generating Station Project

Docket Nos. E002/CN-25-145, G002/GS-25-154, E002/TL-25-161, and G002/GP-25-163

Issued: October 30, 2025

PLEASE TAKE NOTICE that the Minnesota Public Utilities Commission (Commission) has issued the scoping decision for the environmental assessment (EA) that will be prepared for the proposed Lyon County Generating Station project in Lyon County, Minnesota.

The EA will be prepared by the Commission's Energy Infrastructure Permitting (EIP) environmental review staff and will address the potential human and environmental impacts of the project. The scoping decision identifies those issues that will be studied, as well as those that will not be addressed.

The scoping decision and other relevant documents are available:

- On the Commission's website: <https://puc.eip.mn.gov/web/project/16322> and
- On the State of Minnesota's eDockets system: <https://www.edockets.state.mn.us/documents> (enter any of the docket numbers "25-145; 25-154; 25-161; 25-163").

The EA is scheduled to be completed in January 2026. A public hearing will be held in the project area after the EA is complete and available for review.

If you would like more information or if you have questions, please contact Commission staff: Jim Sullivan (jim.sullivan@state.mn.us) (651) 539-1064 or Craig Janezich (craig.janezich@state.mn.us) (651) 201-2203.

To place your name on the project mailing list, email docketing.puc@state.mn.us or call Leesa Norton at (651) 201-2246 with the docket numbers (25-145; 25-154; 25-161; 25-163), your name, email address, and mailing address. Please indicate how you would like to receive notices, delivered either by email or U.S. mail. Placing your name on the project mailing list ensures that you receive the most up-to-date information about the project.

This notice and the scoping decision can be made available in alternative formats, i.e., large print or audio, by calling (651) 539-1529 (voice).



**In the Matter of the Combined Application
for a Certificate of Need, Site Permit,
Transmission Line Route Permit, and
Partial Exemption and Pipeline Routing
Permit for the Lyon County Generating
Station Project**

**ENVIRONMENTAL ASSESSMENT
SCOPING DECISION**

**DOCKET NOS. E002/CN-25-145,
G002/GS-25-154,
E002/TL-25-161, and
G002/GP-25-163**

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) that will be prepared for Xcel Energy’s proposed Lyon County Generating Station Project (project), in Garvin Township, Lyon County, Minnesota. The Commission is reviewing this project application under [Minnesota Statute 216E \(2023\)](#).

Project Description

On May 9, 2025, Xcel Energy submitted an application to the Commission for a generating station project in Garvin Township, Lyon County, Minnesota. The project includes two 210 megawatt (MW) combustion turbines, two short, double-circuit 345 kV transmission lines, a short natural gas pipeline, and related facilities on approximately 155 acres owned by Xcel Energy.¹ The combustion turbines are estimated to permanently occupy approximately 12 acres; the transmission lines are estimated to occupy approximately 16 acres; and the pipeline is estimated to occupy approximately one acre.² The natural gas pipeline will be approximately 965 feet long, with 12-inch and 8-inch segments, operating at 550 pounds per square inch gauge (psig) and connecting to the existing Northern Border Pipeline. Construction is anticipated to begin in July of 2027, with a proposed in-service date of December 2028.³

Project Purpose

Xcel Energy is seeking approval for its project to provide reliable, firm dispatchable power as the company transitions from fossil fuels to renewable and carbon-free energy sources. The need for up to 800 MW of such resources was identified in the 2019 Integrated Resource Plan (IRP) and reaffirmed in the 2024 IRP, which projected increased peak demand and energy consumption.⁴ The project was proposed in the Firm Dispatchable Docket and included in a Settlement Agreement approved by the Commission in April 2025.⁵ Xcel Energy indicates that the project is critical for meeting growing demand,

¹ Lyon County Generating Station Project, Combined Application to the Minnesota Public Utilities Commission for a Certificate of Need, Site, transmission, and pipeline permit for a large electric generating facility, May 9th, 2025, eDockets Numbers [20255-218749-01](#) (through -16). (Herein “Combined Permit Application”).

² Combined Permit Application, Section 7, 49.

³ Combined Permit Application, Section 1.1, 4.

⁴ 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. E002/19-368, Order Approving Plan with Modifications and Establishing Requirements for Future Filings (Apr. 15, 2022) (2019 IRP Order). See eDocket [20224-184828-01](#)

⁵ See In the Matter of Northern States Power Company d/b/a Xcel Energy’s 2024-2040 Integrated Resource Plan and In the Matter of Xcel Energy’s Competitive Resource Acquisition Process for up to 800 Megawatts of Firm Dispatchable Generation, MPUC Docket Nos. E002/RP24-67 and E002/CN-23-212, Joint Settlement Agreement (Oct. 3, 2024). See eDocket [202410-210671-01](#)

supporting coal plant retirements by 2030, and maintaining grid reliability. Additionally, Xcel Energy notes that the project will also enhance system stability by including two synchronous condensers, enabling up to 1,100 MW of generation on the Minnesota Energy Connect transmission line.

Regulatory Background

Certificate of Need

In Minnesota, no person may construct a large energy facility without a certificate of need (CN) from the Commission.⁶ With a generating capacity of up to 420 MW, Xcel Energy's proposed project is a large energy facility and thus requires a CN.⁷

Site Permit

In Minnesota, no person may construct a large electric power generating plant without a site permit from the Commission.⁸ A large electric power generating plant is defined as a facility capable of operating at a capacity of 50 MW or more.⁹ The project will be capable of producing up to 420 MW and therefore requires a site permit from the Commission.

Route Permit

In Minnesota, no person may construct a high voltage transmission line without a route permit from the Commission.¹⁰ A high voltage transmission line is defined as conductor of electric energy designed for and capable of operation at a voltage of 100 kilovolts or more and greater than 1,500 feet in length.¹¹ The transmission lines associated with the project will operate at a voltage of 345 kV and will be longer than 1,500 feet in length; therefore, they require a route permit from the Commission.

Pipeline Routing Permit

In Minnesota, no person may construct a natural gas pipeline designed to be operated at a pressure of more than 275 psig without a pipeline routing permit from the Commission.¹² The natural gas pipeline associated with the project will be designed to operate at 550 psig and thus requires a pipeline routing permit from the Commission.

Commission Energy Infrastructure Permitting (EIP) staff will prepare an EA for the project.¹³ An EA contains an overview of the resources affected by the project. It also discusses potential human and environmental impacts and possible mitigation measures.¹⁴ An EA is the only required state environmental review document for the project.¹⁵

⁶ Minn. Stat. § 216B.243.

⁷ Minn. Stat. § 216B.2421.

⁸ Minn. Stat. § 216E.03 (2023).

⁹ Minn. Stat. § 216E.01 (2023).

¹⁰ Minn. Stat. § 216E.03 (2023).

¹¹ Minn. Stat. § 216E.01 (2023).

¹² Minn. Stat. § 216G.02.

¹³ Minn. Rule 7859.1900.

¹⁴ Minn. Stat. §216E.04, subd. 5 (2023); Minn. Rule 7850.3700, subp. 4 (2024).

¹⁵ *Ibid.*

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 decisions on Xcel Energy's 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

On August 11, 2025, Commission staff held an in-person public meeting in Marshall, Minnesota. Nine individuals from the public attended this meeting, with one attendee providing a supporting comment. The following evening, August 12, 2025, Commission staff held a virtual meeting; no members of the public attended this event.¹⁶

Written Public Comments

A comment period ending on August 27, 2025, provided the public with an opportunity to provide input on the scope of the EA. Written comments were received from two state agencies, Lyon County, and a labor union.¹⁷

Agency Comments

The Minnesota Department of Natural Resources (DNR) provided comments on the potential impacts of the proposed project.¹⁸ A DNR Water Appropriation Permit is required if groundwater use exceeds 10,000 gallons per day or one million gallons per year. For temporary dewatering under 50 million gallons and less than one year, a general permit may apply. Permits are managed via the DNR's Minnesota Permitting and Reporting System (MPARS).

The DNR noted that Xcel Energy had completed Preliminary Well Construction Assessments (PWCA) at two project locations, both rated moderate risk. The DNR requires demonstrating sustainable water use and may necessitate an aquifer test or observation wells. The DNR requested that the EA fully outline all construction and operational water needs, including groundwater use for cooling.

Subsequent to the DNR's comments, the applicant informed the Commission that they have revised their project to include air-cooling for the project rather than the evaporative, water-cooling system described in their May 9, 2025, permit application.¹⁹ The applicant's September 29, 2025, revision

¹⁶ Public comments made at the August 11, 2025, in-person scoping meeting held in Marshall, Minnesota [[20258-222404-01](#)]; Public comments from the August 12, 2025, virtual scoping meeting [[20258-222405-01](#)].

¹⁷ Written Comments on the Scope of Environmental Assessment were received from the Minnesota Department of Natural Resources (DNR) [[20258-222476-01](#)]; Minnesota Department of Transportation (MNDOT) [[20258-222454-01](#)]; Lyon County Planning and Zoning – Soil and Water Conservation District [[20258-222600-01](#)]; and, Laborers' International Union of North America (LIUNA) [[20258-222488-01](#)].

¹⁸ DNR comment, August 27, 2025, eDocket Number [20258-222476-01](#)

¹⁹ Xcel Energy noted in their October 1, 2025, correspondence to EIP that they will no longer use the evaporative cooling system proposed in their May 9, 2025, permit application, opting instead for an air-cooled system. This air cooling will be described and analyzed in the Environmental Assessment; the applicant's revision eliminates the need for a DNR Water Appropriation Permit and Minnesota Pollution Control Agency Wastewater Permit. (See eDocket [202510-223500-01](#)).

removes the need for groundwater resources, thereby eliminating the need for a DNR Water Appropriation Permit.

The DNR also recommended that the EA address lighting impacts on wildlife, suggesting lighting not exceed 4,000K in color temperature and be downlit and shielded. For dust control, the use of chloride-based agents is discouraged due to environmental risks. DNR recommended that fugitive dust control measures be addressed in the EA. Wildlife-friendly erosion control is advised, avoiding plastic mesh products and synthetic hydro-mulch fibers. Regarding vegetation, DNR recommended that the project adopt a Vegetation Management Plan (VMP) to stabilize soil and support habitat. The DNR supports Xcel Energy's proposed use of native tall grasses but recommends adding native forbs to improve pollinator and wildlife benefits.²⁰

The Minnesota Department of Transportation (MnDOT) reviewed the project's permit applications and provided comments focused on minimizing impacts to U.S. Highway 59.²¹ MnDOT expects minimal impacts to its right-of-way if their key concerns are addressed, which include access point management, stormwater management, and traffic control. MnDOT has discussed two possible access points to US 59 with Xcel Energy: one temporary access point for construction, and one permanent access point (an improved existing access). All access points must meet MnDOT standards, and frontage roads will not be allowed on MnDOT right-of-way.

MnDOT requested that the project not increase runoff to US 59. Due to the close proximity of a proposed stormwater pond to the highway, MnDOT may require a drainage permit. A site plan and modeling review will determine the need for this permit. Lastly, Xcel Energy must comply with MnDOT's traffic control guidelines during construction to ensure public safety. Coordination with MnDOT District 8 staff is necessary, and relevant manuals and resources have been provided.

Lyon County Planning and Zoning – Soil and Water Conservation District

The Lyon County Planning and Zoning – Soil and Water Conservation District noted that Xcel Energy staff have consulted with Lyon County staff about the proposed project near Garvin, Minnesota, specific to potential impacts to County Ditches 29 and 24, located on the construction site, which primarily consist of subsurface field drain tiles.²² Under Minnesota drainage law, these drainage systems must be properly managed.²³ Lyon County requested that all drainage laws are followed and that neighboring lands are not negatively affected by changes in water runoff during or after construction.

LIUNA Minnesota and North Dakota (LIUNA)

Laborers' International Union of North America (LIUNA) supports the project and highlighted that the Commission has already thoroughly evaluated alternatives to the project through prior dockets.²⁴ LIUNA encouraged the Commission to expand impact evaluations beyond environmental and human considerations to include local employment and economic development impacts, as directed under Minnesota Statutes § 216I.05 and § 216E.03. Per LIUNA, the law mandates the evaluation of a proposed facility's socioeconomic effects, including the quantity, quality, and compensation of both

²⁰ *Ibid*, 2, eDocket Number [20255-218560-02](#).

²¹ MNDOT comment, August 27, 2025, eDocket Number [20258-222454-01](#)

²² Lyon County Planning and Zoning, August 12, 2025, eDocket Number [20258-222600-01](#)

²³ Minn. Stat. § 103E (2023).

²⁴ LIUNA, August 27, 2025, eDocket Number [20258-222488-01](#)

construction and permanent jobs, and the overall economic impact on the region and the state. LIUNA anticipates that the Lyon County project will generate substantial construction employment and career opportunities in Southwest Minnesota, that will benefit the local economy and contribute to the ongoing development of a skilled workforce essential for supporting the region's growing energy infrastructure.²⁵

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 project impacts related 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 with respect to the siting and routing 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

II. REGULATORY FRAMEWORK

- A. Certificate of Need
- B. Permits
 - 1. Site Permit
 - 2. Route Permit
 - 3. Pipeline Routing Permit
- C. Environmental Review
- D. Interconnection
 - 1. Grid
 - 2. Pipeline
- E. Other Permits and Approvals

III. ENGINEERING, DESIGN, AND CONSTRUCTION

- A. Natural Gas Turbines
- B. Transmission Line
- C. Pipeline

²⁵ *Ibid.*

IV. OPERATION AND DECOMMISSIONING

- A. Maintenance
- B. Vegetation Management
- C. 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 (vegetative screening)
 - 3. Displacement
 - 4. Property Values
 - 5. Zoning and Land Use Compatibility (land use classification, tax revenue)
 - 6. Cultural Values
 - 7. Transportation and Public Services (road use)
- C. Socioeconomics
 - 1. Environmental Justice
 - 2. Local Economies (employment, financial assurances)
- 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
2. Soils
3. Geology
4. Flora
5. Fauna
6. Air Quality
 - a) Regulatory Air Quality Analysis
 - b) Inhalation Health Risk Analysis
7. Climate Change / Climate Resiliency
- H. Threatened / Endangered / Rare and Unique Natural Resources
- I. Cumulative Analysis
- J. Adverse Impacts that Cannot be Avoided
- K. Irreversible and Irretrievable Commitments of Resources

VI. ALTERNATIVES TO THE PROPOSED PROJECT

The EA, in accordance with Minnesota Rule 7849.1500, will describe and analyze the feasibility of the following system alternatives, and the human and environmental impacts and potential mitigation measures associated with each:

- A. No Build Alternative
- B. Demand Side Management
- C. Purchased Power
- D. Generation Using a Different Energy Source
 1. Renewable Energy Sources
- E. Transmission Rather Than Generation

ISSUES OUTSIDE THE SCOPE OF THE EA

The EA will not address following topics:

- Any sites or routes other than the project site and routes proposed by Xcel Energy.
- Any system alternative (an alternative to the proposed project) not specifically identified for study in this scoping decision.
- The manner in which landowners are compensated for the project.

SCHEDULE

The EA is anticipated to be completed and available in January 2026. Upon completion, it will be noticed and made available for public 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 29th day of October, 2025

STATE OF MINNESOTA
MINNESOTA PUBLIC UTILITIES COMMISSION

A handwritten signature in black ink, appearing to read "Sasha Bergman", written over a horizontal line.

Sasha Bergman, Executive Secretary

Lyon County Generating Station – Project Overview Map

