

Staff Briefing Papers

Meeting Date: May 2, 2024

Agenda Item 2**

Company: Xcel Energy

Docket No: E-002/CN-22-131 and E-002/TL-22-132

In the Matter of the Applications of Xcel Energy for a Certificate of Need and Route Permit for the Minnesota Energy Connection Project in Sherburne, Stearns, Kandiyohi, Wright, Meeker, Chippewa, Yellow Medicine, Renville, Redwood, and Lyon counties in Minnesota.

Issues:

- What action should the Commission take concerning route alternatives to be evaluated in the environmental impact statement?
- What actions, if any, should the Commission take concerning other procedural items?

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✓ Relevant Documents	Date
Order Approving Proposed Notice Plan and Approving Certain Exemptions from the Certificate of Need Application Data Requirements	06/28/2022
Application to the Minnesota Public Utilities Commission for a Certificate of Need for the Minnesota Energy Connection Project	03/09/2023
Order Accepting Certificate of Need Application as Complete	05/02/2023

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

✓ Relevant Documents	Date
Revised Application to the Minnesota Public Utilities Commission for a Certificate of Need for the Minnesota Energy Connection Project	05/18/2023
Order Authorizing Joint Proceedings	08/10/2023
Application to the Minnesota Public Utilities Commission for a Route Permit for the Minnesota Energy Connection Project	10/30/2023
Order Accepting [Route Permit] Application as Complete and Establishing Procedural Requirements	01/16/2024
Notice of and Order for Hearing	01/24/2024
Xcel Energy Response to Written Comments Regarding Scope of the Environmental Impact Statement	03/18/2024
Department of Commerce Energy Environmental Review and Analysis Comments and Recommendations on Environmental Impact Statement Scoping Alternatives	04/17/2024
Xcel Energy Response to Department of Commerce Energy Environmental Review and Analysis Comments and Recommendations on Environmental Impact Statement Scoping Alternatives	04/23/2024

ISSUES

- What action should the Commission take concerning route alternatives to be evaluated in the environmental impact statement?
- What actions, if any, should the Commission take concerning other procedural items?

PROJECT DESCRIPTION

Xcel Energy (Xcel) has applied to the Minnesota Public Utilities Commission (Commission) for a route permit to construct the Minnesota Energy Connection (MNEC) Project, a new approximately 171- to 174-mile 345-kilovolt (kV) double-circuit transmission line between Sherburne and Lyon counties. The MNEC Project includes the following components:

- A new 345-kV double-circuit transmission line between the existing Sherco Substation in the city of Becker in Sherburne County and a new substation (Garvin Substation) proposed near the city of Garvin in Lyon County. Xcel has proposed two route alternatives: the Purple Route, which is 171 miles in length, and the Blue Route, which is 174 miles in length. Xcel has also proposed four connector segments that would provide options to utilize different portions of each alternative route, as appropriate.
- A new 3.1-mile single-circuit 345-kV transmission line between the existing Sherco and Sherco Solar West substations in the city of Becker. This new transmission line segment would be co-located with Xcel Energy's existing Line 5651, occupying the open position of the double-circuit-capable structures.
- Modifications to the existing Sherco and Sherco Solar West substations.
- A voltage-support substation to be located 80 miles south of the existing Sherco Substation in either Meeker, Kandiyohi, or Renville counties.
- An intermediate substation to be located 20 miles north of the proposed Garvin Substation in Lyon County.

Xcel has requested a route width of 1,000 feet and a final right-of-way width of 150 feet. Exceptions to the 1,000-foot route width include areas around the proposed Garvin, intermediate, and voltage support substations and identified conservation easements where route widths ranging from 0.3 mile to 1.25 miles are being requested to enable flexibility in routing.

The MNEC Project is a result of Xcel's Commission-approved 2020-2034 Upper Midwest Integrated Resource Plan.¹

BACKGROUND

I. Procedural History

On June 28, 2022, in response to a Notice Plan Petition and a Request for Exemption from Certain Certificate of Need Application Content Requirements filed by Xcel, the Commission issued an order that approved the proposed notice plan and authorized certain exemptions from the data requirements.

¹ In the Matter of the 2020-2034 Upper Midwest Integrated Resource Plan of Northern States Power Company d/b/a Xcel Energy, Docket E-002/RP-19-368.

On March 9, 2023, Xcel filed a certificate of need application for the MNEC Project.

On May 2, 2023, the Commission issued an order that accepted Xcel's certificate of need application as complete and authorized use of informal proceedings for developing the record.

On May 18, 2023, Xcel filed a revised certificate of need application that included the updated Chapter 8 and Appendix E that were part of its April 12 reply comments associated with the certificate of need application completeness matter.

On August 10, 2023, the Commission, recognizing that separate and overlapping application review processes for the same project may create administrative inefficiencies and confusion for the public, issued an order suspending review of the certificate of need application, pending receipt of a route permit application, and directing joint proceedings to be held on the two applications.

On October 30, 2023, Xcel filed a route permit application for the MNEC Project.

On January 16, 2024, the Commission issued its Order Accepting Application as Complete and Establishing Procedural Requirements. In addition to the application completeness determination, the order reaffirmed the approval of joint proceedings and combined environmental review and denied the request to establish an advisory task force.

On January 24, 2024, the Commission issued its Notice of and Order for Hearing, which referred the route permit application to the Office of Administrative Hearings for contested case proceedings.

Between January 24 and January 31, 2024, public information and environmental impact statement scoping meetings were held in each of the following cities: Granite Falls, Marshall, Olivia, Redwood Falls, Litchfield, Monticello, and Kimball. An online public information and environmental impact statement scoping meeting was held on February 1, 2024. A written comment period was open through February 21, 2024, to receive comments on the scope of the environmental impact statement (EIS).

On March 28, 2024, Xcel filed a response to certain comments received during the written comment period on the scope of the EIS.

On April 17, 2024, the Minnesota Department of Commerce Energy Environmental Review and Analysis Unit (EERA) filed comments and recommendations summarizing the EIS scoping process, discussing the system and route alternatives proposed during the scoping process, and identifying and recommending alternatives for inclusion in the scope of the EIS.

On April 23, 2024, Xcel filed a letter in response to EERA's comments and recommendations indicating that it did not object to the scope of the EIS proposed by EERA.

II. Relevant Rules and Statutes

A. Scope of the EIS

The Minnesota Department of Commerce (Department) is required by Minn. R. 7850.2500, to prepare an EIS for the Commission on proposed high-voltage transmission line projects that are being reviewed under the full permitting process.

Before preparing the EIS, the Department must create a scoping document outlining the issues and alternatives that will be evaluated. Therefore, EERA reviews the comments received during the scoping process in order to identify the unique impacts, mitigation strategies, and system and route alternatives that should be considered in the EIS and that will aid in the Commission's decisions on the certificate of need and route permit applications. As part of the EIS scoping process, EERA also provides the applicant with an opportunity to respond to each proposed alternative, as specified by Minn. R. 7850.2500, subp. 3.

Under Minn. Stat. § 216E.03, subd. 5, the Commission may identify alternative routes for evaluation in the EIS. Similarly, Minn. R. 7849.1400, subp. 6, allows the Commission to identify impacts and alternatives for evaluation in the environmental report.² Accordingly, the Commission has at times provided input on the alternatives to be examined in the environmental document before the Department issues the scoping decision.

COMMENTS

III. EERA Comments and Recommendations

EERA's comments and recommendations provided a summary of the EIS scoping process and identified the system and route alternatives that were suggested by commenters during the EIS scoping period.³

² In this case, the Commission authorized preparation of an EIS in lieu of the environmental report required for a certificate of need application. The EIS, however, must include an analysis of the alternatives required in an environmental report under Minn. R. 7850.1500. See Order Authorizing Joint Proceedings (August 10, 2023), Document ID [20238-198151-01](#).

³ EERA Comments and Recommendations (April 17, 2024), Document ID [20244-205515-01](#), [20244-205515-02](#), and [20244-205515-03](#).

According to EERA, approximately 443 written comments were received, including contributions from two state agencies (Minnesota Department of Natural Resources and Minnesota Department of Transportation) and 11 local government units.⁴

As indicated by EERA, commenters raised concern about a range of potential project impacts, including those related to farming activities, property values, multiple transmission lines on the same property, aesthetics, general land use, wildlife and associated habitat, and noise. Commenters also questioned the project's necessity and cost, as well as the viability of wind and solar energy sources, and proposed a number of project or system alternatives. Many comments expressed a preference for or opposition to one or both of the proposed routes, and numerous route alternatives were presented. EERA identified a total of 78 proposed routing alternatives.

A. Alternatives

EERA comments were generally organized by system alternatives and route alternatives. System alternatives were those that related to the need for the proposed project—that is, its size, type, and timeliness, while route alternatives were those associated with the proposed location of the transmission facilities.

1. System Alternatives

EERA recommended that the system alternatives listed below be included in the EIS scope for further analysis because they are required under Minn. R. 7849.1500, subp. 1B, and meet the stated purpose of the project, which is to construct a high-voltage transmission line utilizing the existing interconnection point at the Sherco Substation to connect new renewable energy resources in southern and southwest Minnesota to the electric transmission grid.

- No-build alternative;
- Modified generation (nuclear or natural gas) at Sherco;
- New generation plants (nuclear, natural gas, solar, or wind) closer to Sherco; and
- Underground transmission line construction.

EERA determined the proposed system alternatives listed below do not meet the stated purpose of the project and would not be carried forward in the EIS, as is provided for by Minn. R. 7849.1400, subp. 6.

⁴ Environmental Impacts Statement Scoping Comments Received (March 20, 2024), Document ID [20243-204510-01](#).

- Continued coal generation at Sherco – As indicated by EERA, the matter of retiring Sherco has previously been decided by the Commission in separate proceedings.
- Modified generation (solar or wind) at Sherco – As indicated by EERA, there is not enough physical space necessary on the Sherco property to construct a wind or solar facility that could generate the needed levels of electricity.
- Distributed solar generation – As indicated by EERA, this type of generation would not interconnect to the transmission grid.

2. Route Alternatives

EERA classified proposed route alternatives received during the EIS scoping period into four categories: routes, route connectors, route segments, and alternative alignments.

- Routes extend the entire length of the proposed project and include both Xcel's Purple and Blue routes;
- route connectors are segments that can be used to switch between the Purple and Blue routes;
- route segments leave and return to the route or route connection from where they originated; and
- alignment alternatives deviate from the centerline while remaining within the originally proposed route.

As previously stated, a total of 78 route alternatives were identified and were then classified into two routes (the proposed Purple and Blue routes proposed by Xcel), 60 route segments, 14 route connectors, and four alternative alignments.

In determining which alternatives should be carried forward for evaluation in the EIS, EERA applied the five criteria listed below.

- Was the suggested alternative submitted during the specified comment period?
- Was there an explanation for why the proposed alternative should be included in the EIS?
- Would the alternative be located in an area that is prohibited under Minn. R. 7850.4300?
- Does the alternative meet the applicant's stated need for the project?
- Is the alternative feasible (*i.e.*, is it permissible and constructible)?

After applying the criteria outlined above, EERA determined whether the alternative would assist the Commission in deciding on a route permit, and ultimately recommended that 48 route segments, 11 route connectors, and four alignment alternatives, in addition to Xcel's proposed routes, be carried forward for evaluation in the EIS.

The 12 route segments and three route connectors excluded from the EIS scope were determined to either be unfeasible or clearly had greater impacts on human health and the environment, thereby, making them unhelpful to the Commission. EERA provided a detailed reason for eliminating each alternative.

Attachment 1 to EERA's comments and recommendations included a table identifying the route alternatives recommended to be carried forward; Attachment 2 identified the route alternatives not recommended for further analysis; and Attachment 3 contained maps displaying all identified route alternatives.

IV. Xcel Energy Comments

Prior to EERA's comments and recommendations, Xcel filed a letter responding to certain written scoping comments.⁵ Xcel identified several proposed route alternatives that it determined to be infeasible or that would have increased impacts compared to other alternatives. Xcel also provided additional information concerning proposed system alternatives and their suggested treatment in the EIS, specifically modified generation or new generation consisting of nuclear or natural gas.

Xcel later filed a second letter in response to EERA's comments and recommendations, stating that it did not object to the EIS scope proposed by EERA.⁶

STAFF DISCUSSION

Alternatives

After attending the eight public information and EIS scoping meetings, reviewing comments received during the written comment period, and reviewing EERA's comments and recommendations, staff agrees with EERA's recommendation on the system and route alternatives to be included in the EIS scope for further evaluation in the EIS. Staff is unaware of any other system or route alternatives that were not already identified and considered in EERA's comments and recommendations. Further, it is staff's understanding that Xcel does not object to the system and route alternatives being recommended by EERA.

Procedural Matters

No other procedural matters have been identified at this time.

⁵ Xcel Energy Responses to Written Comments Regarding Scope of the EIS (March 18, 2024), Document ID [20243-204450-01](#).

⁶ Xcel Energy Response to EERA's Comments and Recommendations (April 23, 2024), Document ID [20244-205896-01](#).

COMMISSION DECISION OPTIONS

System Alternatives [*choose one of the following*]

1. Adopt the system alternatives recommended by EERA for inclusion in the EIS scope (EERA and Xcel), **or**
2. Identify additional system alternatives or some other combination of system alternatives for inclusion in the EIS scope.

Route Alternatives [*choose one of the following*]

3. Adopt the route alternatives recommended by EERA for inclusion in the EIS scope (EERA and Xcel) **or**
4. Identify additional route alternatives or some other combination of route alternatives for inclusion in the EIS scope.

Staff Recommendation: 1 and 3