

July 16, 2024

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

Re: In the Matter of Northern States Power Company d/b/a Xcel Energy's Petition for Approval of a Power Purchase Agreement (PPA) between Northern States Power Company and St. Paul Cogeneration, LLC, Docket No. E002/M-21-590

Dear Members of the Public Utilities Commission,

The Partnership on Waste and Energy (Partnership) is a Joint Powers Board consisting of Hennepin, Ramsey and Washington counties, formed to address waste management and energy issues. The Partnership seeks to end waste, promote renewable energy and enhance the health and resiliency of the communities we serve while advancing equity and responding to the challenges of a changing climate. The Partnership appreciates the opportunity to comment on questions identified in the Notice of Comment Period issued by the Commission on April 19, 2024.

The Partnership supports approval of the requested Power Purchase Agreement extension between Xcel and St. Paul Cogeneration and Xcel's proposed electrification project. The Partnership also supports the conclusion of the societal cost-benefit analysis presented in Xcel's November 30, 2023 progress report¹ and updated in its March 29, 2024 compliance filing ("recent compliance filing").² The bulk of the following comments provide context and detail in support of approval.

A. Should the Commission approve Xcel's request to extend the Power Purchase Agreement beyond December 31, 2024?

The Partnership supports approval of the request to extend a Power Purchase Agreement (PPA). The Partnership reserves the right to qualify its support after our review of the anticipated filing of the PPA extension as noted in the comments submitted by St. Paul Cogeneration (SPC) on July 9, 2024 ("recent comments").³

In 2021, the Minnesota State Legislature directed the Commission to consider a number of factors related to an extension of a PPA, including factors focused on managing wood waste created due to the Emerald Ash Borer (EAB).⁴ The Minnesota Environmental Quality Board's report, *Emerald Ash Borer in Minnesota 2019*,⁵ notes the important role SPC and District Energy's

¹ Northern States Power Company, d/b/a Xcel Energy, COMPLIANCE FILING – PROGRESS REPORT in Docket No. E002/M-21-590, November 30, 2023.

² Compliance filing by Northern States Power d/b/a Xcel Energy in Docket No. E002/M-21-590, March 29, 2024.

³ Comments by St. Paul Cogeneration in Docket No. E002/M-21-590, July 9, 2024.

⁴ Minn. Stat. § 216B.2424, Subd. 5c.(b)(1) and Subd. 5c.(d).

⁵ *Emerald Ash Borer in Minnesota, 2019*, Minnesota Environmental Quality Board, 2019, <https://www.eqb.state.mn.us/sites/default/files/documents/05-%20EAB%20Report.pdf>.

St. Paul facility play in managing wood waste, as well as the greenhouse gas benefits of using wood waste compared to natural gas for SPC's hot water and steam production.

As concluded in the 2022 report issued by the Partnership on management of wood waste due to EAB, which is cited in SPC's recent comments, the Twin Cities region relies on SPC to process about two-thirds of the roughly 400,000 tons of wood waste managed in the region annually. Other outlets for waste wood continue to have limited capacity and are near saturation. There simply is no other facility or combination of facilities in the region with the capacity to accommodate the quantity of wood waste that SPC processes.

The Partnership highlighted in its previous comments in this docket that approval of a two-year extension of the PPA set to expire at the end of 2021 was critical to provide time needed to evaluate long-term solutions for wood waste resulting from the spread of EAB.⁶ Further, the Partnership noted that closure of SPC as a wood waste management facility would create extreme logistical and financial hardship for many local governments. It would also exacerbate environmental and public health risks at a time when EAB infestations are significantly increasing the volume of wood waste.

The Partnership agrees with the Minnesota Pollution Control Agency's conclusion, referenced in SPC's recent comments, that if there is no PPA and SPC is forced to close its doors to wood waste, the result would be increased open burning.⁷

The Partnership's previous comments noted that significant stockpiling of wood waste following any closure of SPC would create considerable safety and public health hazards. One hazard is the potential for unintended combustion, similar to incidents that occurred in the 1970's with Dutch elm wood stored in large stockpiles near the Mississippi River in St. Paul.

Minnesota experienced unprecedented poor air quality in the summer of 2021, followed by another record-setting year in 2023, due in large part to substantial and frequent wildfires. These events are expected to increase in the future, putting the health of Minnesotans at risk.

Any additional open combustion of wood, through intentional open burning or otherwise, will only magnify public health concerns. The significant cost of combustion is pointedly presented in the findings of the societal cost-benefit analysis in Xcel's recent compliance filing. The analysis identified that approximately \$694 million of the \$880 million in net present value of societal costs was found to be due to criteria pollutant emissions from the open burning of wood waste should the PPA not be extended. Particulate emissions alone account for \$600 million of that amount.

The analysis also makes clear the significant climate benefits from continuing to use wood waste at SPC instead of replacing it with natural gas. Avoided CO₂ emissions provide \$156 million in net present value in societal cost savings.

The reasons to extend the PPA remain as valid today as they were in 2021. There are no alternatives to SPC in place to handle the majority of wood waste generated in the region. Failure to approve an extension would lead to SPC substituting natural gas for wood waste. This in turn would pose logistical and financial challenges for hundreds of local governments and tree

⁶ Comments by Partnership on Waste and Energy in Docket No. E002/M-21-590, October 1, 2021.

⁷ Comments by Minnesota Pollution Control Agency in Docket No. E002/M-21-590, November 1, 2021.

management companies currently relying on SPC. With few viable alternatives, the result will be risky stockpiling and open burning of thousands of tons of wood waste on an ongoing basis.

All these outcomes pose significant climate and public health costs. The societal cost-benefit analysis referenced in Xcel's recent compliance filing provides more concrete evidence of those costs, and conversely reveals the overwhelming beneficial public value of a PPA extension.

We urge the Commission to take this information into consideration and grant Xcel's request for an extension of the Power Purchase Agreement.


B. Should the Commission approve Xcel's electrification proposal in collaboration with Saint Paul Cogeneration?

The Partnership supports the 30MW electrification proposal as outlined in Xcel's recent compliance filing and supported in SPC's recent comments. The Partnership supports this project as a strategy to displace the use of natural gas at District Energy's St. Paul facility while also maintaining SPC's current capacity to process wood waste to meet District Energy's thermal energy needs. The Partnership agrees with statements in Xcel's recent compliance filing and SPC's recent comments that this project would support goals in the *Minnesota Climate Action Framework*.

The Partnership notes that SPC's recent comments reference the potential for additional electrification projects, without qualifying whether such projects would be pursued during the term of any PPA extensions. The comments also make note of a potential project to recover waste heat from wastewater as another strategy to reduce the climate impact of District Energy's operations in St. Paul. The Partnership generally looks favorably on these strategies when they demonstrate overall social, economic and climate benefit. As the Commission may consider any such project in the future, the Partnership encourages thoughtful regard of the need to maintain adequate capacity for use of wood waste at the St. Paul facility, based in part on the reasons stated above.

Thank you for your consideration of these comments.

Sincerely,



Commissioner Victoria A. Reinhardt, Ramsey County
Chair, Partnership on Waste and Energy

cc: Commissioner Debbie Goettel, Hennepin County
Commissioner Fran Miron, Washington County