

January 5, 2024

**Via Electronic Filing**

Mr. Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
Saint Paul, MN 55101-2147

Re: ***In the Matter of Xcel Energy's Petition for Approval of a Power Purchase Agreement between Northern States Power Company and St. Paul Cogeneration, LLC, Docket No. E0002/M-21-590***

Dear Mr. Seuffert:

St. Paul Cogeneration, LLC ("SPC") respectfully submits these brief comments in support of Northern States Power Company's ("Xcel") Progress Report filed on November 30, 2023 ("Progress Report"), in the above referenced docket. SPC provides these comments to highlight relevant legislative changes, provide updates on the electrification project, and share initial conclusions from the cost-benefits analysis. In addition, SPC continues to study opportunities for its long-term operations, focusing on reducing the cost of biomass and electricity.

As Xcel notes in its Progress Report, there have been several legislative changes that directly affect SPC and its operation of the cogeneration facility. Specifically, Minn. Stat. § 216b.2424, subd. 5c was modified to allow the Public Utilities Commission ("Commission") to approve a power purchase agreement between Xcel and SPC without the simultaneous approval of an electrification project.<sup>1</sup> Additionally, the legislature provided a one-time \$16.562 million grant to support SPC's current operations, reflecting the state's commitment to the services SPC provides.<sup>2</sup> With inflation significantly impacting SPC's operating costs and the need for capital investments, SPC was very challenged to continue operations at the current contracted rate without grant support from the State. However, as reflected in Xcel's Progress Report, discontinuing operations of SPC would be very disruptive to tree waste management in the Metro Area.

Notwithstanding these changes, Xcel and SPC have continued to prioritize the electrode boiler and thermal storage electrification project—a vital initiative for ensuring District Energy St. Paul's ("District Energy") ability to supply heat and thermal energy to the downtown St. Paul

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<sup>1</sup> See Laws of Minn. 2023, ch. 60, art. 9, sec. 8.

<sup>2</sup> See Laws of Minn. 2023, ch. 60, art. 1, sec. 2, subd. 7(q).

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district (the “District”) while reducing its use of natural gas and fuel oil. SPC appreciates the significant effort Xcel has devoted to studying and developing the boiler electrification project with District Energy and SPC. In particular, District Energy, SPC and Xcel have dedicated months to evaluating designs ranging in capacity from 20 to 175 MW. Those efforts are being documented in a joint study that will be available in March 2024. The study concludes that the 30MW electrode boiler coupled with thermal storage is the most flexible and cost-effective option.

Beyond the boiler electrification project, District Energy continues to explore additional electrification options, which are an important part of SPC’s plans to continue generating thermal energy for the District for years to come, while continuing to serve as a critical resource for management of regional tree waste, particularly given the growing impact of the emerald ash borer. These potential alternatives support SPC’s goal of continuing to provide efficient and effective services and will further support District Energy’s shift away from natural gas. In particular, District Energy is studying the recovery of waste heat from the Metro Wastewater Treatment Plant. Such a project would require installation of electric driven industrial heat pumps to lift the recovered waste heat to the operating temperature of District Energy’s hot water heating loop. The scale of the heat recovery system is up to 60 MW thermal. Integration of such a heat recovery system would integrate with and complement an electrode boiler.

Furthermore, although the electrification projects will displace District Energy’s use of natural gas, they will allow SPC to continue to provide a beneficial use for biomass from regional tree waste at approximately the same rate it does today. As described in the Progress Report, SPC, Xcel and the Minnesota Pollution Control Agency (“MPCA”) have developed a cost-benefit analysis to evaluate the societal benefits of SPC’s continued use of biomass. The analysis of the societal costs of the power purchase agreement is still in process, but the analysis of societal costs associated with SPC discontinuing its use of biomass is complete. It concludes that there would be approximately \$787 million, net present value, in societal costs between 2025 and 2054 if SPC ceased using biomass. The cost is largely associated with particulate matter emissions from the open burning of waste wood that would occur absent SPC’s consumption. The report’s conclusion is consistent with concerns highlighted by SPC’s stakeholders during its 2022 stakeholder meetings and the Twin Cities Metro Area Emerald Ash Borer Wood Waste Study filed by SPC in December 2022.

In addition to the cost-benefit analysis, the MPCA has continued to engage with stakeholders on issues related to regional tree waste and the role that SPC plays in its management. Over the past four months, SPC has hosted staff involved in the stakeholder discussions with the MPCA from Dakota, Hennepin, Ramsey and Washington counties. In addition, it has provided the MPCA a list of companies and organizations involved in the tree waste management process that SPC believes should be included in the stakeholder discussions. The MPCA has indicated to SPC that it is preparing to have additional stakeholder meetings in 2024.

Finally, SPC has continued to evaluate additional alternatives to reduce the cost of electricity. The largest single contributor to reducing the future cost of electricity is to reduce the cost of the

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biomass fuel from tree waste that it consumes. A variety of alternatives are being explored with the MPCA and stakeholders, including tipping fees.

SPC appreciates the opportunity to provide these comments in support of Xcel's Progress Report. Please contact Michael Auger at [michael.auger@ever-greenenergy.com](mailto:michael.auger@ever-greenenergy.com) or (651) 925-8119 with any questions or concerns.

Respectfully submitted,

**Stinson LLP**

A handwritten signature in blue ink, appearing to read "Micah J. Revell", is written over a faint, light blue circular stamp or watermark.

Micah J. Revell

**STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION**

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*In the Matter of Xcel Energy's Petition for  
Approval of a Power Purchase Agreement  
between Northern States Power Company and  
St. Paul Cogeneration, LLC*

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Docket No. E002/M-21-590

**CERTIFICATE OF SERVICE**

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The undersigned hereby certifies that a true and correct copy of **St. Paul Cogeneration, LLC's Comments in Support of Xcel's Progress Report Filed November 30, 2023**, was electronically served upon the individuals listed on the attached service list.

Dated this 5<sup>th</sup> day of January, 2024

*s/ Marci A. Pikula*  
Marci A. Pikula

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