

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**ENERGY INFRASTRUCTURE PERMITTING STAFF
COMMENTS AND RECOMMENDATIONS**

Blue Lake Energy Storage Project

DOCKET NO. E002/ESS-25-214

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In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for an up to 135.5 MW Battery Energy Storage System Site Permit for the Blue Lake Battery Energy Storage Project in Scott County, Minnesota.

Issues Addressed: These comments and recommendations address the completeness of the site permit application, the presence of contested issues of fact, the need for an advisory task force, and consideration of procedural requirements.

Documents Attached:

- (1) Project Overview Map
- (2) Table 1. Application Completeness Requirements
- (3) Table 2. Draft Permitting and Environmental Review Schedule

Additional documents and information can be found on eDockets: <https://www.edockets.state.mn.us/ESS-25-214>.with select information on the Commission's website for the project: <https://puc.eip.mn.gov/web/project/16354>

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Introduction and Background

On June 20, 2025, Xcel Energy d/b/a Northern States Power (Xcel Energy) filed a site permit application with the Minnesota Public Utilities Commission (Commission) to construct and operate an up to 150 megawatt (MW) energy storage facility in Olmsted County, Minnesota.¹

On June 27, 2025, the Commission issued a notice soliciting comments on the completeness of the site permit application, the presence of contested issues of fact, the need for an advisory task force, consideration of procedural requirements, and whether the Executive Secretary should authorize the applicant to initiate consultation with Minnesota State Historic Preservation Office (SHPO), and other issues or concerns related to the matter.²

Project Purpose

Xcel Energy indicates that the project will help meet its need for approximately 600 MW of energy storage capacity by 2030 and provide renewable integration, grid support and resilience, and improved power quality.³

Project Description

Xcel Energy proposes to construct and operate a battery energy storage system (BESS) with a nominal power rating of up to 135.5 MW alternating current (AC) with approximately 542 megawatt-hours (MWh) of energy capacity on a site of approximately 11.9 acres in the city of Shakopee in Scott County, Minnesota. In addition to battery energy storage enclosures, the facility will also include inverters and transformers, electrical feeder lines, a project substation, one or more stormwater drainage basins, and fencing surrounding the perimeter of the facility. The facility will be connected to the electric grid through a 115 kilovolt tap line of less than 500 feet between the project substation and Xcel Energy's adjacent Blue Lake Substation.⁴

Xcel Energy filed a generator interconnection agreement (GIA) application for the project with the Midcontinent Independent System Operator (MISO) in May 2024 and anticipates signing a GIA in early the second quarter of 2025.⁵

¹ Xcel Energy, *Application for a Site Permit for the Blue Lake Energy Storage Project*, June 20, 2025, 2024, eDockets Numbers [20256-220093-02](#), [20256-220093-03](#), [20256-220093-04](#), [20256-220093-05](#), [20256-220093-06](#), [20256-220093-07](#), [20256-220093-08](#), [20256-220093-09](#), [20256-220093-10](#), [20256-220093-11](#), [20256-220093-12](#), [20256-220093-13](#), [20256-220093-14](#), 20256-220093-15 (Trade Secret)[herein after Site Permit Application or SPA].

² Commission, Notice of Comment Period on Application Completeness, June 27, 2025, eDockets Number. [20256-220363-01](#)

³ SPA, p. 6

⁴ SPA, pp. 14-17

⁵ SPA, p. 17

Xcel Energy anticipates that construction on the project will begin in early 2026 and be completed in time to begin operating in the second quarter of 2027.⁶ Xcel Energy's estimated capital and annual operating costs are filed as trade secret and are not publicly available.⁷

Regulatory Process and Procedures⁸

In Minnesota, no person may construct an energy storage system (ESS), defined as a facility capable of operating at a capacity of 10 MW or more⁹ without a site permit from the Commission.¹⁰ The proposed project will have a nominal power rating of up to 135.5 MW AC and therefore requires a site permit from the Commission. As an ESS facility, the site permit application qualifies for Commission review under the alternative permitting process described in Minnesota Statute 216E.04.¹¹

The project does not require a certificate of need from the Commission because the Project is exempt under Minn. Stat. 216B.243, subd. 8(9).

Site Permit Application Acceptance

Site permit applications for large electric power facilities must provide information about the applicant, a description of the project, and discussion of potential environmental impacts and mitigation measures.¹² Review under the alternative permitting process does not require an applicant to propose alternative sites in their permit application. However, if the applicant has evaluated and rejected alternative sites they must describe these rejected alternatives and the reasons for rejecting them in their application.¹³

The Commission may accept an application as complete, reject an application and require additional information to be submitted, or accept an application as complete upon filing of supplemental information.¹⁴ The environmental review and permitting process begins when the Commission determines that a permit application is complete; the Commission has six months (or nine months, with just cause) from the date of this determination to reach a permit decision.¹⁵

Environmental Review

Site permit applications are subject to environmental review conducted by Commission Energy Infrastructure Permitting (EIP) staff. Projects proceeding under the alternative permitting process

⁶ SPA, p. 9

⁷ SPA, p. 18, Appendix K

⁸ The Energy Infrastructure Permitting Act took effect on July 1, 2025. As this matter was filed prior to July 1, 2025, it will continue to be reviewed under Minn. Stat. § 216E (2023) and Minnesota Rules Chapter 7850.

⁹ Minnesota Statute 216E.01, subd. 3a.

¹⁰ Minnesota Statute 216E.03, subd. 1.

¹¹ Minnesota Statute 216E.04, Subd. 2 (noting those projects that are eligible to proceed under an alternative permitting process).

¹² Minnesota Rules 7850.1900 and 7850.3100.

¹³ Minnesota Rule 7850.3100.

¹⁴ Minnesota Rule 7850.3200.

¹⁵ Minnesota Statute 216E.04, Subd. 7.

require the preparation of an environmental assessment (EA).¹⁶ An EA is a document which describes the potential human and environmental impacts of a proposed project and possible mitigation measures. The EA will evaluate any site proposed by the applicant and any other site identified by the Commission.¹⁷ A public information and scoping meeting is held to solicit comments on the scope of the EA. An EA is the only state environmental review document required for site permit applications reviewed under the alternative permitting process.

Advisory Task Force

The Commission may appoint an advisory task force to aid the environmental review process. An advisory task force must include representatives of local governmental units in the project area. A task force assists staff with identifying impacts and mitigation measures to be evaluated in the EA and expires upon issuance of the EA scoping decision.¹⁸

The Commission is not required to appoint an advisory task force for every project. If the Commission does not appoint a task force, citizens may request that one be appointed. If such a request is made, the Commission must determine at a subsequent meeting if a task force should be appointed or not. The decision whether to appoint an advisory task force does not need to be made at the time of application acceptance; however, it should be made as soon as practicable to ensure its charge can be completed prior to issuance of the EA scoping decision.

Public Hearing

Site permit applications under the alternative permitting process require that a public hearing be held in the project area after the EA for the project has been completed and released.¹⁹ The hearing is typically presided over by an administrative law judge (ALJ) from the Office of Administrative Hearings. The Commission may request that the ALJ provide solely a summary of public testimony. Alternately, the Commission may request that the ALJ provide a full report with findings of fact, conclusions of law, and recommendations regarding the project.

Staff Analysis and Comments

Staff provides the following analysis and comments in response to the Commission's notice requesting comments on completeness and other issues related to Xcel Energy's site permit application.

Application Completeness

Staff previously reviewed a draft of the application and believes that its comments on the draft application and supporting materials were substantially addressed in the application filed on June 20, 2025.

Staff evaluated the application against the completeness requirements of Minnesota Rule 7850.3100 (Table 1). For the most part, the application contains information with respect to these requirements.

¹⁶ Minnesota Rule 7850.3700.

¹⁷ Minnesota Statute 216E.04, subd. 5

¹⁸ Minnesota Rule 7850.3600.

¹⁹ Minnesota Rule 7850.3800.

However, the application does not provide public estimates for the project's anticipated capital and operating costs in the body of the application. Appendix K, filed as a non-public document does contain summary information on the project's capital and operating costs. Minnesota Rule 7850.1900, subp. 1.H, requires site permit applications to contain "a cost analysis of the large electric power generating plant at each proposed site, including the costs of constructing and operating the facility that are dependent on design and site."

Staff recommends the Commission accept the application as substantially complete once Xcel Energy provides a public filing with a high level breakout of anticipated construction costs (identifying engineering and design, procurement, construction, development (including land acquisition and permitting), and financing as well as anticipated annual operations and maintenance costs.

Staff also requests the Commission direct the applicant to continue to work with staff and provide supplemental information as necessary throughout the environmental review and permitting process.

Advisory Task Force

Staff has analyzed the merits of establishing an advisory task force for the Blue Lake BESS project. Based on the information known at this time, staff believes that an advisory task force is not warranted for the project.

In analyzing the need for an advisory task force for the project staff considered four characteristics: project size, project complexity, known or anticipated controversy, and sensitive resources.

- **Project Size.** The project will utilize a relatively small area of land – approximately 12 acres – on a site that is currently owned by Xcel Energy. This project-size factor weighs against a task force.
- **Project Complexity.** With respect to the storage technology, land use, and tap line, the project is not complex. Land use in the project vicinity is predominantly industrial and the topography is relatively flat. There are no special construction techniques or operational features that make the project complex. This project-complexity factor weighs against a task force.
- **Known or Anticipated Controversy.** To date, staff has received no specific comments concerning the project, and there are currently no public comments in the record. Although the stand-alone energy storage facility is a relatively novel proposal in Minnesota, staff is not aware of any controversy associated with the project at this time.

Xcel Energy reports outreach to local governments, state and federal agencies, and tribes. The public will have opportunities to raise concerns and issues during scoping and the public hearing. Staff will assist citizens and governmental units in understanding the environmental review process and how to best identify issues to be addressed and site alternatives to be considered in the EA.

- **Sensitive Natural Resources.** The land use at the BESS site is currently industrial and barren land.²⁰ The site is within the potential range of two federally listed species (Northern long-eared bat and rusty patch bumble bee), one federally proposed endangered species (Tri-colored bat),

²⁰ SPA p. 74

one federally proposed threatened species (monarch butterfly), and a federally designated non-essential experimental population of whooping crane. There is no suitable bald eagle nesting habitat within the site and no stick nests were observed during a site visit. Although there are no state-listed endangered species within or adjacent to the site, a Minnesota Biological Survey site of high biodiversity significance (Dean's Lake) overlays approximate 42.7 acres (approximately 63 percent) of the site and contains three dry barren oak savanna (southern) native plant communities.²¹ While there is potential for sensitive natural resources to occur within or near the Project, the record on the location of these resources and potential mitigation measures can be developed in consultation with natural resource agencies. On the whole, potential impacts to sensitive natural resources weigh neither for nor against a task force.

Based on the above analysis staff believes that an advisory task force is not warranted for the project.

Contested Issue of Fact

Based on its review of Xcel Energy's application and the record to date, staff has not identified any contested issues of fact. Staff is unaware of any issues or concerns associated with the application or project that require a contested case hearing.

Procedural Requirements

Staff recommends that the Commission request a full ALJ report for the project's public hearing. Staff believes that a full ALJ report with recommendations provides an unbiased, efficient, and transparent method to air and resolve any issues that may emerge as the record is developed. Requiring a full ALJ report reduces the burden on staff and helps to ensure that the Commission has a robust record on which to base its decision. Staff has provided a draft schedule concept for the Blue Lake permitting process, which includes a full ALJ report with findings, conclusions, and recommendations (see [Table 2](#)).

EIP Staff Recommendations

Staff recommends that:

- The Commission accept Xcel Energy's site permit application as substantially complete pending additional public information on construction and operating costs.
- The Commission not appoint an advisory task force for the site permit application at this time.
- The Commission request a full ALJ report with findings, conclusions, and recommendations for the project's public hearing.

²¹ SPA, pp. 109 - 114

Figure 1. Snowshoe BESS Project Overview Map



Table 1. Site Permit Application Completeness Requirements

Authority	Required Information	Application Location	EERA Staff Comments
Minnesota Rule 7850.1900, Subpart 1 - Site Permit Application for Large Electric Generating Plant			
A.	A statement of proposed ownership of the facility at the time of filing the application and after commercial operation;	1.2,3	Northern States Power Company d/b/a Xcel Energy
B.	The precise name of any person or organization to be initially named as permittee or permittees and the name of any other person to whom the permit may be transferred if transfer of the permit is contemplated;	1.2.1	Northern States Power Company, a Minnesota corporation
C.	At least two proposed sites for the proposed large electric power generating plant and identification of the applicant's preferred site and the reasons for the preference;	2.2	As an energy storage system seeking permitting under the alternative permitting process of Minnesota Statute 216E.04, alternative sites are not required under this process.
D.	A description of the proposed large electric power generating plant and all associated facilities, including the size and type of the facility;	2.1 – 2.4, Section 4, Figure 2	Information is provided to satisfy this requirement.
E.	The environmental information required under subpart 3;	See Minnesota Rule 7850.1900, Subpart 3 below.	
F.	The names of the owners of the property for each proposed site;	1.1, Map 2	Information is provided to satisfy this requirement.
G.	The engineering and operational design for the large electric power generating plant at each of the proposed sites;	Section 4, Figure 2	Information is provided to satisfy this requirement.
H.	A cost analysis of the large electric power generating plant at each proposed site, including the costs of constructing and operating the facility that are dependent on design and site;	2.5, Appendix K (trade secret)	Cost information is not public.

Authority	Required Information	Application Location	EERA Staff Comments
I.	An engineering analysis of each of the proposed sites, including how each site could accommodate expansion of generating capacity in the future;	3.3	Information is provided to satisfy this requirement.
J.	Identification of transportation, pipeline, and electrical transmission systems that will be required to construct, maintain, and operate the facility;	4.1 -4.3, Figure 2,	Information is provided to satisfy this requirement.
K.	A listing and brief description of federal, state, and local permits that may be required for the project at each proposed site;	1.4; Table 1.4	Information is provided to satisfy this requirement.
L.	A copy of the certificate of need for the project from the Commission or documentation that an application for a certificate of need has been submitted or is not required;	1.5	The project is exempt from the certificate of need requirement.
Minn. R. 7850.1900, subp. 3 - Environmental Information			
A.	A description of the environmental setting for each site;	5.1	Information is provided to satisfy this requirement.
B.	A description of the effects of construction and operation of the facility on human settlement, including, but not limited to, public health and safety, displacement, noise, aesthetics, socioeconomic impacts, cultural values, recreation, and public services;	5.2 Maps 2, 3, 4, 6	Information is provided to satisfy this requirement.
C.	A description of the effects of the facility on land-based economies, including, but not limited to, agriculture, forestry, tourism, and mining;	5.3	Information is provided to satisfy this requirement.
D.	A description of the effects of the facility on archaeological and historic resources;	5.4 Appendix G	Information is provided to satisfy this requirement.
E.	A description of the effects of the facility on the natural environment, including effects on air and water quality resources and flora and fauna;	5.5, Maps 5-9, Appendices C, D, H, I, & J	Information is provided to satisfy this requirement.

Authority	Required Information	Application Location	EERA Staff Comments
F.	A description of the effects of the facility on rare and unique natural resources;	5.5.8, Map 9, Appendix J	Information is provided to satisfy this requirement.
G.	Identification of human and natural environmental effects that cannot be avoided if the facility is approved at a specific site or route; and	5.6	Information is provided to satisfy this requirement.
H.	A description of measures that might be implemented to mitigate the potential human and environmental impacts identified in items A to G and the estimated costs of such mitigative measures.	3.1.2, Section 5 Appendices D – J	Information is provided to satisfy this requirement.

Table 2. Draft Permitting Process Concept Schedule

Permitting Day*	Process Step	Responsible Party
Application Filed to Application Acceptance		
-	Site Permit Application Filed	Applicant
	Comment Period on Application Completeness	PUC/Agencies/Public
	Reply Comment Period	Applicant
	Supplemental Comments	PUC/Agencies/Public
	Consideration of Application Acceptance	PUC
Acceptance to Permit Decision		
1	Application Acceptance Order	PUC
5	Public Information and Scoping Meeting Notice	PUC
30	Public Information and Scoping Meeting	PUC
40	Scoping Comment Period Closes	PUC
60	Scoping Decision Issued	PUC
170	EA Issued Notice of EA Availability and Public Hearing	PUC
190	Public Hearing	PUC/ OAH/ Applicant
200	Public Hearing Comment Period Closes	PUC
210	Responses to Hearing Comments	PUC/ Applicant
220	Proposed Findings of Fact (FOF)	Applicant
230	Reply Comments/Technical Analysis	PUC
260	FOF, Conclusions of Law, and Recommendations	OAH
275	Exceptions to ALJ Report	Applicant/PUC
310	Consideration of Site Permit	PUC

*All timeframes are hypothetical and will change. Meetings and hearings will occur over multiple days.