

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John A. Tuma	Commissioner

In the Matter of a Request for a Minor
Alteration to Great River Energy’s 170 MW,
Natural Gas-Fired, Simple Cycle Combustion
Turbine Generator at its Cambridge 2 Peaking
Plant Site near Cambridge, Isanti County,
Minnesota

ISSUE DATE: December 7, 2023

DOCKET NO. ET-2/GS-22-122

ORDER APPROVING MINOR
ALTERATION APPLICATION

PROCEDURAL HISTORY

On March 11, 2022, Great River Energy (GRE) filed an application for a minor alteration to its Cambridge 2 Peaking Plant (Cambridge 2) pursuant to Minn. R. 7850.4800. GRE seeks to add fuel oil generation backup capabilities to the Cambridge 2 turbine to allow it to generate electricity using either natural gas or ultra-low sulfur diesel (ULSD).

On March 25, 2022, the Commission issued a notice of comment period on, among other things, whether it should approve GRE’s request for a minor alteration.

On May 25, 2022, the Environmental Quality Board (EQB) received a petition requesting that an Environmental Assessment Worksheet (EAW) be prepared for GRE’s proposed project.

On June 23, 2022, the Commission considered the matter and ultimately issued its August 1, 2022, Order Granting EAW Petition.

On April 11, 2023, the EAW was filed into the docket. A 30-day public comment period was set to begin on April 18, 2023.

On April 27, 2023, the Commission extended the comment period pursuant to a request by Public Employees for Environmental Responsibility (PEER), Clean Up the River Environment (CURE), Minnesota Center for Environmental Advocacy (MCEA), and Minnesota Interfaith Power & Light. GRE did not oppose the extension request.

On or before June 20, 2023, the Commission received initial comments from GRE, PEER, MCEA, CURE, the Department of Natural Resources (DNR), Laborers’ International Union of North America Minnesota and North Dakota (LIUNA), International Union of Operating Engineers Local 49 and North Central States Regional Council of Carpenters (the Unions), and members of the public. The Commission continued to receive comments from members of the public through July 24, 2023.

On June 30, 2023, the Commission received reply comments from GRE, PEER, MCEA, CURE, LINUA, the Unions, the Department of Commerce, Division of Energy Resources Energy Regulation and Planning (DOC-ERP), and a member of the public. The Department of Commerce, Energy Environmental Review and Analysis unit (EERA) also filed a letter informing the Commission that it anticipated filing its comments, recommendations, and responses to public comments concerning the EAW on or before August 25, 2023.

On July 3, 2023, PEER filed a letter with attachments to supplement the record.

On July 11, 2023, the Commission filed a revised version of the EAW that contained maps not included in the original EAW filing. The Commission then resubmitted the EAW to the EQB for publication.

On July 17, 2023, Lake Country Power and East Central Energy filed comments.

On July 18, 2023, the Commission noticed a comment period on the revised EAW.

On August 17, 2023, GRE and CURE filed comments.

On August 25, 2023, EERA filed a letter stating it required additional time to finalize its comments and recommendations. The Commission noticed an extension of the comment period the same day.

On September 22, 2023, EERA and LIUNA filed comments.

On October 2, 2023, GRE, LIUNA, and the Unions filed reply comments.

On November 9, 2023, this matter came before the Commission.

FINDINGS AND CONCLUSIONS

I. Summary of Commission Action

The Commission will approve GRE's minor alteration application, determine that there is no need for an Environmental Impact Statement (EIS), deny the request to require a certificate of need for the proposed alteration, require GRE to confer with the Minnesota Pollution Control Agency (MPCA) regarding any changes to stormwater management, and require GRE to file an annual report whenever it operates on ultra-low sulfur diesel for more than 24 hours in a year.

II. Summary of Minor Alteration

In its minor alteration application, GRE proposes adding fuel oil generation backup capabilities to the Cambridge 2 turbine to enhance generation reliability, grid resiliency, and operational flexibility when natural gas is curtailed or cost prohibitive (the Project). The Project requires two primary modifications to the existing facility: (1) replacing the Cambridge 2 natural gas burners with gas/fuel oil combined burners, and (2) constructing associated fuel oil storage, water storage, pipes, pumps, and controls.

The modifications would enable Cambridge 2 to generate electricity utilizing either natural gas or ULSD. The burner modifications would not increase the existing nominal summer generating capacity of Cambridge 2, and all components of the Project would reside within the existing footprint of the Cambridge 2 site. GRE anticipates that the unit will operate on fuel oil fewer than 24 hours each year on average.

III. Relevant Rules

A. Minor Alteration Rule

GRE submits the present application pursuant to Minn. R. 7850.4800. Subpart 1 provides, in part:

No person may make a minor alteration in a large electric power generating plant or high voltage transmission line without approval from the commission, unless the action is exempt from review under part 7850.1500. A minor alteration is a change in a large electric power generating plant or high voltage transmission line that does not result in significant changes in the human or environmental impact of the facility.

B. EAW Rule

As noted above, the Commission granted an EAW petition in this matter. The purpose of an EAW is detailed in Minn. R. 4410.1000, subp. 1, which provides:

The EAW is a brief document prepared in worksheet format which is designed to rapidly assess the environmental effects which may be associated with a proposed project. The EAW serves primarily to: (A) aid in the determination of whether an EIS is needed for a proposed project; and (B) serve as a basis to begin the scoping process for an EIS.

C. EIS Rules

Minn. R. 4410.1700, subp. 1 provides that, “An EIS shall be ordered for projects that have the potential for significant environmental effects.”

Minn. R. 4410.2000 governs projects requiring an EIS and distinguishes between mandatory EIS categories and discretionary ones. As to a discretionary EIS, subp. 3 provides:

An EIS shall be prepared: (A) when the RGU¹ determines that, based on the EAW and any comments or additional information received during the EAW comment period, the proposed project has the potential for significant environmental effects; or (B) when the RGU and proposer of the project agree that an EIS should be prepared.

¹ Responsible Government Unit.

Minn. R. 4410.1700, subp. 7 identifies the factors an RGU shall use in deciding whether a project has the potential for significant environmental effects.

IV. EAW

The EAW assessed the potential impacts of the Project on various areas. The areas are listed below along with brief excerpts from the EAW.

- **Climate adaptation and resilience** – “The project is expected to allow the facility to remain capable of providing critical electrical reliability and resiliency services during more frequent and extreme weather events.”
- **Cover types** – “All land disturbance – approximately 0.46 acres – would occur within the facility fence line. This includes about 0.11 acres of existing impervious surface. The new ULSD AST² and associated access will impact about 0.14 acres of a constructed prairie.”
- **Land use** – “The project and its activities (excluding fuel deliveries) are within an existing industrial facility on GRE-owned property. The project will not change existing land use or zoning. The facility is surrounded by agriculture with some residential housing; however, given it has been in operation for nearly twenty years the project is not expected to significantly change the character of the surrounding landscape.”
- **Geology, soils and topography/landforms** – “Construction would result in less than one acre (0.46 acres) of surface disturbance and would result in approximately 800 cubic yards of material being excavated. GRE indicates soils will be staged south and west of the new ULSD AST. Any excavated soils will be seeded and monitored for erosion until stabilized. This soil might also be used for the energy storage project to provide a berm on the south, which will help convey stormwater to the existing ditch on the north and ultimately to the retention basin. Soils outside of the facility fence line will not be directly impacted by the project.”
- **Water resources** – “The project will not generate wastewater. GRE plans to periodically contract a mobile RO³ system, which will use groundwater to create demineralized water for ULSD combustion. The demineralized water will be completely evaporated as part of combustion. The mobile system occasionally backflushes the RO filters but does not generate wastewater. Instead, filters eventually clog and are disposed off-site by the RO system contractor. This mobile RO system can operate, if needed, during a polar vortex.”

“Stormwater runoff flow volumes from the project are not anticipated to increase significantly from current conditions because impervious surface areas would only increase by 0.14 acres.”
- **Contamination/hazardous materials/wastes** – “Contamination concerns in the project area are not expected.”

² Aboveground storage tank.

³ Reverse osmosis.

“The facility has an SPCC⁴ plan, spill response materials and trained staff to respond to spills. These existing capabilities provide spill risk mitigation for the project.”

“Potential impacts [of a spill] would be expected to be limited to soil contamination in the immediate area and the stormwater retention basin unless the spill coincided with a 100- or 500- year flood event. While the probability of such an event occurring is *extremely low*, in such a scenario contamination would reach the adjacent wetland.”

- **Fish, wildlife, plant communities, and sensitive ecological resources (rare features)** – “The project will remove about 6,500 square feet of planted prairie and replace it with impervious surface. Potential impacts to wildlife and their habitats are expected to be negligible to minimal on a landscape scale given the size of the area impacted, its location within an existing fence, and its proximity to an industrial facility. Impacts to wildlife and their habitats are not expected to occur outside the facility fence line. Impacts to rare plant communities or wildlife species should not occur.”
- **Historical properties** – “The State Historic Preservation Office (SHPO) reviewed the project and [stated] ‘there are no properties listed in the National or State Registers of Historic Places, and no known or suspected archaeological properties located in the area that will be affected by this project.’”
- **Visual** – “The project is consistent with past facility operations. Neighboring landowners’ viewshed to the northeast will continue to be that of an industrial facility. The height of the new ULSD and demineralized water ASTs will be lower than the facility skyline. As such, these features are expected to blend with the overall facility profile. Incremental impacts will occur but are expected to be minimal.”
- **Air quality** – “The result of the RASS⁵ for both scenarios is well below the acute, subchronic, and chronic health risk guideline values of 1. If the project were to emit at its permitted maximum allowable Air Permit limit under the alternate operating scenario of 240 tpy⁶ of NO_x, the results still demonstrate that the project would not be expected to contribute significantly to human health impacts in the area.”
- **Greenhouse gas (GHG) emissions/carbon footprint** – “Currently, there are no Minnesota-specific thresholds of significance for determining impacts of GHG emissions from an individual project on global climate change. In the absence of such a threshold, Minnesota Rule 4410.4300, Subpart 15, Part B, establishes a mandatory category requiring preparation of an EAW for stationary source facilities generating 100,000 tons of GHGs per year. The purpose of an EAW is to assess whether a proposed project has the potential to result in significant environmental effects, which aids in determining whether an EIS is needed. Regarding GHG emissions, state regulations establish 100,000 tons per year as the threshold to prepare an EAW to aid in determining if potential

⁴ Spill prevention control and countermeasures.

⁵ Risk Assessment Screening Spreadsheet.

⁶ Tons per year.

significant environmental effects might exist. A reasonable conclusion is that a project with GHG emissions below 100,000 tons per year does not have the potential to result in significant GHG effects. Under Scenario 2,⁷ the project is estimated to emit 12,829 short tons of CO₂e annually.”

“To the extent that the project enables decarbonization of GRE’s larger generation portfolio, the project may contribute to achieving Minnesota’s energy goals.”

- **Noise** – “According to data from Siemens, the turbine manufacturer, the project is not anticipated to increase sound levels at nearby receptors. There will be a permanent increase in intermittent truck traffic due to ULSD deliveries. This noise is not expected to be significant in conjunction with current facility operations, including truck deliveries for the existing 150,000-gallon AST for Unit 1 CT. Noise impacts would occur, however, during construction. Crews would be present during daytime hours.”

“Given that construction equipment generally runs at full power 50 percent of the time, the project is expected to be within state noise standards.”

- **Transportation** – “Traffic near the facility would temporarily increase during construction. No road closures or detours would be required. Trips generated during construction would occur at the beginning and end of the day and at the time of a shift change. No additional plant staff would be needed to operate the facility after construction is complete.”
- **Environmental justice** – “The low-income and minority populations in the ROI census tracts, represented by the percentage living in poverty and those not self-identifying as white alone, were compared with the ROC⁸ to determine if any were greater than 50 percent or ≥ 10 percentage points than the ROC. None of the percentages for the census tracts exceed 50 percent or the ROC percentage by ≥ 10 percentage points. This shows that a meaningfully greater low-income or minority population does not reside in the project area based on the defined threshold for environmental justice impacts. Thus, disproportionate and adverse impacts to these populations are not expected.”
- **Cumulative potential effects**⁹ – “The applicant is working with Form Energy to construct an energy storage project within the facility fence line.”

⁷ Scenario 2 assumes a maximum operation of 75 hours per year using ULSD.

⁸ Region of comparison.

⁹ Minn. R. 4410.0200, subp. 11a defines cumulative potential effects as “the effect on the environment that results from the incremental effects of a project in addition to other projects in the environmentally relevant area that might reasonably be expected to affect the same environmental resources, including future projects actually planned or for which a basis of expectation has been laid, regardless of what person undertakes the other projects or what jurisdictions have authority over the projects.”

“Cumulative potential effects are anticipated to be minimal to moderate. The energy storage project is in an industrial area. While a planted prairie will be impacted, it provided only marginal overall wildlife habitat.”

V. Comments

After the EAW was filed into the record, the Commission noticed a comment period on the following topics:

- Accuracy and completeness of the material contained in the EAW.
- Does the proposed project have the potential for significant environmental effects requiring preparation of an EIS?
- If constructed would the proposed project result in significant changes in the human or environmental impact of the facility or should the Commission approve the request for a minor alteration?
- If a minor alteration is approved should conditions be required for its approval?

A. GRE

GRE states that the EAW represents a thorough and comprehensive review of the Project and argues that the EAW reveals the Project does not have the potential for significant human or environmental impacts. Regarding expected ULSD usage, GRE states that its entire combustion turbine fleet of 10 turbines averaged ULSD operation from 6 to 16 hours annually over a 10-year period. The highest annual ULSD operation was 51 hours, which occurred during Winter Storm Uri. GRE observes that the EAW considered GHG emissions under a scenario where Cambridge 2 uses ULSD for 75 hours in a year. Even in that conservative scenario, GHG emissions would be 12,829 tons/year of CO₂e, which is far below the mandatory EAW threshold of 100,000 tons/year of CO₂e.

GRE also notes that it is pursuing the Project to cost-effectively advance its portfolio evolution to more renewable energy. As GRE increases its reliance on intermittent renewable resources in the coming years to meet Minnesota’s carbon-free and renewable energy standards, it will have fewer dispatchable resources (e.g., coal) and more non-dispatchable resources (e.g., wind). Since renewable resources can be unavailable during extreme weather events, GRE must either use dispatchable resources for generation or purchase energy from the Midcontinent Independent System Operator (MISO) market at high prices. GRE argues that dual fuel capability at Cambridge 2 would ensure that it can still generate electricity if natural gas is unavailable or extremely expensive, thereby providing reliability and economic benefits for its members.

GRE maintains that the requirements for a minor alteration under Minn. R. 7850.4800 are met and urges the Commission to grant the minor alteration.

B. CURE

While acknowledging that the EAW appears to be complete and accurate, CURE expresses concern about the Project’s environmental impacts resulting from increased air pollution, increased greenhouse gas emissions, and possible stormwater run-off. As to air pollution, CURE asserts that the EAW fails to address the cumulative impacts of emissions because the EAW does

not consider the emissions from the Project coupled with existing air pollution. CURE also notes that while GRE states it will only burn ULSD for 24 hours per year, GRE could conceivably run Cambridge 2 on ULSD for up to 1,367 hours per year in accordance with its air permit. CURE requests the Commission order a cumulative Air Emissions Risk Analysis that includes offsite sources and ambient background concentrations in addition to the Project's estimated emissions.

Regarding greenhouse gas emissions, CURE argues that such emissions from the Project could impact human health and are at odds with Minnesota's greenhouse gas emission goals. According to CURE, the recently enacted "100% Act" requires utilities to produce or procure 100% carbon-free electricity by 2040, and the "Next Generation Climate Act" requires the state to achieve net-zero greenhouse gas emissions by 2050. In light of this legislation, CURE questions the viability of the Project's 30-year lifespan.

CURE's stormwater concerns surround what might happen if the fuel oil storage tank leaks during a 100-year or 500-year storm event where precipitation causes the retention basin to overflow and empty into the adjacent wetlands. While such a double catastrophic event might be unlikely, CURE would like the MPCA to provide input on the issue.

CURE offers possible alternatives to the Project such as rooftop solar or battery storage and notes that the EAW does not fully discuss such options. Ultimately, CURE asserts that the Project has the potential for significant environmental effects and urges the Commission to deny the application, direct preparation of an EIS, and require GRE to pursue the Project through the certificate of need (CN) process.

C. PEER

PEER agrees with CURE that, if approved, the Project could cause GRE to use ULSD far more than 24 hours per year, especially since MISO can call it up at any time. PEER argues that fact alone has the potential for significant human and environmental impacts. PEER also agrees with CURE that an EIS should be prepared, clean energy alternatives should be considered, and the Commission should require GRE to apply for a CN.

PEER makes several additional arguments. First, it argues that the current CN and Permit for Cambridge 2 are legally deficient because in the original 2005 CN proceeding, Cambridge 2 was described as a 170 MW facility when it is actually at least a 190 MW facility. PEER encourages the Commission to correct this error through a new CN process in which GRE can seek a new Site Permit and propose any alternatives it would like, such as the Project.

Second, PEER interprets Minn. R. 7850.4800, subp. 1 as allowing minor alterations only when there is a certainty of no human or environmental impacts. PEER argues that this standard overlaps significantly with the legal standard for granting EAW petitions and points to both the Commission's order granting an EAW in this matter and the EAW itself as evidence that the Project's impacts would be significant.

Third, PEER argues that preparation of an EIS for the Project is mandatory under Minn. R. 4410.4400 because GRE is proposing to engage in construction activities that would result in a new large electric power generating plant that is capable of burning both diesel fuel oil and gas.

Finally, PEER asserts that the Project could jeopardize GRE's ability to receive federal grant money for clean energy projects because it may be inconsistent with the requirements for federal grants for clean energy infrastructure. Ultimately, ratepayers could be forced to shoulder costs that federal grants would otherwise cover.

D. MCEA

Like CURE, MCEA argues that the Project is inconsistent with Minnesota's recent legislation on clean energy and greenhouse gas emission goals and advocates for a full analysis of available alternatives to maintain a safe climate. MCEA also points to state statutes and policy that show a preference for renewable sources of electricity over new fossil fuel facilities and argues that since Minnesota policy favors renewable energy, the Commission should only approve new fossil fuel infrastructure after a full analysis of risks and alternatives.

Aside from its policy arguments, MCEA asserts that GRE is effectively seeking to have the Commission approve a new oil-fired peaking facility, which is not a minor alteration and GRE must therefore apply for a CN. MCEA argues that pursuing a dual-fuel conversion through a minor alteration application is unprecedented in Minnesota and that the Project will significantly increase air pollution. MCEA recommends that the Commission deny GRE's application.

E. Public Comments

Members of the public express many of the same concerns as CURE, PEER, and MCEA. Many public commenters want GRE to consider alternatives to the Project and want an EIS to be prepared. They are concerned that the Project will run on ULSD more than 24 hours per year, the EAW scenarios downplay the impact of the Project, there could be fuel leaks, and the Project is inconsistent with Minnesota's environmental goals. Commenters argue that the Project is not a minor alteration and urge the Commission to deny the application because the world must move away from fossil fuels.

F. DOC-ERP

DOC-ERP filed reply comments that address a handful of arguments made by CURE, PEER, and MCEA. In response to PEER's argument that Cambridge 2 was not correctly permitted as a 190 MW capability facility, DOC-ERP observes that TABLE 3-1 of the CN application described Cambridge 2 as 170 MW summer and 190 MW winter capability facility. DOC-ERP argues that since the 190 MW winter capability was known as part of the original CN proceeding, Cambridge 2 was correctly permitted. Insofar as PEER is asking the Commission to reconsider the order approving the CN for Cambridge 2, DOC-ERP points out that the deadline for reconsideration has long passed.

DOC-ERP also addresses and dismisses CURE's and MCEA's arguments that the Project amounts to a new large energy facility that should be considered through a CN application. DOC-ERP recommends that the Commission make no determination regarding Minn. R.

7849.0400,¹⁰ but it does not make any recommendations regarding whether GRE's minor alteration application should be approved.

G. DNR

The DNR submitted a brief comment on a portion of the EAW that addresses GRE's appropriation permit. DNR states that current legislation prevents it from authorizing new permits or amendments using water that would allow any increases in volume from the Mt. Simon-Hinckley aquifer. GRE addressed DNR's comment and clarified that it is not seeking any increase in allowed volumes under its existing permit.

H. Other Comments in Support of Granting the Minor Alteration

LIUNA filed comments in support of the Project and argues that the EAW contains all the necessary information to grant GRE's application. LIUNA asserts that the Project is an essential upgrade that will ensure grid reliability and protect customers during periods when natural gas is unavailable or extremely expensive. As to the environmental impacts, LIUNA notes that the EAW shows air pollution and greenhouse gas impacts will be minimal even under the maximum emissions scenario, and the Project will not significantly impact the surrounding environment because it will be contained within Cambridge 2's existing site footprint. LIUNA urges the Commission to approve GRE's application.

Similarly, the Unions agree with LIUNA that the EAW shows the Project will not have significant environmental impacts, and the minor alteration application should be granted. The Unions note that even though Minnesota recently passed carbon-free and renewable energy legislation, legislators and advocates consistently stated that reliability and affordability are paramount. The Unions support the Project as consistent with Minnesota's green energy goals because it has minimal environmental impacts and preserves reliability and affordability.

East Central Energy and Lake Country Power also submitted comments in support of the application. They emphasize that the Project will improve resiliency and reliability for their customers, especially during extreme weather events. They ask the Commission to approve the minor alteration application.

I. EERA

EERA filed comments and recommendations on the issues open for comment, proposed responses to comments on the EAW consistent with Minn. R. 4410.1700, subp. 4,¹¹ and

¹⁰ In its March 25, 2022 *Notice of Comment Period on Great River Energy's Proposed Minor Alteration Request*, the Commission opened for comment the issue of whether the addition of backup fuel oil capabilities to the Cambridge 2 facility is a changed circumstance under Minn. R. 7849.0400. The Commission did not reopen this issue for comment in its most recent comment period, and aside from DOC-ERP, the commenters did not address it.

¹¹ Minn. R. 4410.1700, subp. 4 provides, "The RGU shall maintain a record, including specific findings of fact, supporting its decision. The record must include specific responses to all substantive and timely comments on the EAW. This record shall either be a separately prepared document or contained within

proposed findings of fact and conclusions of law. EERA addresses each of the areas assessed for potential impacts in the EAW (listed above) and based on its analysis states that significant impacts are not expected in any area.

EERA also discusses two possible conditions on granting the minor alteration. First, GRE considered an annual restriction on hourly ULSD use but dismissed the restriction for reliability reasons. If use restrictions are in place, MISO could call on Cambridge 2 when it needs additional generation, but Cambridge 2 could be unavailable due to the restrictions. EERA agrees with GRE that such conditions should not be placed on the Project.

Second, EERA believes the Project's greatest potential for environmental impacts relate to a catastrophic tank failure occurring during a 100-year or 500-year storm event. EERA views this as an extremely low probability event with impacts that are to a great extent reversible and managed under existing public regulatory authority – principally the MPCA. However, EERA believes it is important to recognize the potential impacts of climate change on the resiliency of energy infrastructure and proposes a condition that requires GRE to confer with MPCA regarding any appropriate changes to stormwater management at the Cambridge 2 facility.

Ultimately, EERA recommends that the Commission (1) find the Project does not have the potential for significant environmental effects, (2) grant the GRE minor alteration, and (3) require GRE to confer with MPCA regarding any changes to stormwater management at the Cambridge 2 facility that would be appropriate in light of the increasing probability and strength of future flooding and the extremely low, but non-zero, probability of a concurrent catastrophic tank failure.

VI. Commission Action

A. EAW Accuracy and Completeness

The Commission concludes that the EAW comprehensively addresses the potential human and environmental impacts of the Project and shows that any impacts will be insignificant. The EAW notes that construction will be limited to the existing facility footprint, disturbances to land and wildlife will be minimal or nonexistent, noise and visual impacts will also be minimal, and increases in air pollution and greenhouse gas emissions will not be significant.

Some commenters express concern that the EAW does not address the impact of air pollution from the Project combined with existing air pollution. EERA responds that although nearby facilities with air emissions are not included in the assessment, the air emission risk analysis underlying the health risk characterizations in the EAW relies on ambient monitoring data in the area to establish basic background concentrations. EERA staff stated that further analysis is not necessary because the maximum modeled concentrations are significantly less than the established hazard indices and thus do not raise the concern for health impacts. EERA observes that even if Cambridge 2 operates on ULSD up to the maximum emissions allowed under its air permit, which would be much longer than GRE's stated maximum annual operating assumption of 75 hours per year, air quality impacts would still be well below health risk benchmarks.

the records of the governmental unit.” EERA prepared the proposed responses to comments on behalf of the Commission.

The EAW provides a detailed, accurate, and comprehensive analysis of the Project and its potential human and environmental impacts.

B. EIS

An EAW aids in determining whether an EIS is needed for a proposed project. Minn. R. 4410.1700, subp. 1 provides that, “An EIS shall be ordered for projects that have the potential for significant environmental effects.” To determine whether a project has the potential for significant environmental effects, Minn. R. 4410.1700, subp. 7 provides the following criteria:

- (A) type, extent, and reversibility of environmental effects;
- (B) cumulative potential effects. The RGU shall consider the following factors: whether the cumulative potential effect is significant; whether the contribution from the project is significant when viewed in connection with other contributions to the cumulative potential effect; the degree to which the project complies with approved mitigation measures specifically designed to address the cumulative potential effect; and the efforts of the proposer to minimize the contributions from the project;
- (C) the extent to which the environmental effects are subject to mitigation by ongoing public regulatory authority. The RGU may rely only on mitigation measures that are specific and that can be reasonably expected to effectively mitigate the identified environmental impacts of the project; and
- (D) the extent to which environmental effects can be anticipated and controlled as a result of other available environmental studies undertaken by public agencies or the project proposed, including other EISs.

As to the first criterion, the EAW shows that the Project will not have a significant environmental impact on any of the areas considered (e.g. water resources, fish and wildlife, air quality, etc.) and any potential impacts are to a great extent reversible.

Second, the EAW considers the cumulative potential effect along with GRE’s Form Energy iron air battery storage system that will also be located at the Cambridge facility. The storage project is anticipated to have minor impacts on human settlement and the environment. It will increase stormwater runoff that will be routed to the existing stormwater basin. The basin may have more difficulty handling a 100-year or 500-year flood event, but the low probability of such an event makes the expected stormwater impacts of the Project and the energy storage project minimal.

Third, the Project requires permits from the MPCA, DNR, and the Commission. Additionally, Cambridge 2 and the Project must comply with federal SPCC requirements. The EPA has ongoing regulatory authority over the ULSD AST with respect to SPCC requirements. The Commission will also impose a reporting requirement on the Project that requires GRE to file a report when Cambridge 2 exceeds 24 hours of annual ULSD usage (see below). These measures are expected to help mitigate the environmental impacts of the project.

Fourth, as part of its environmental review of the Project, the Commission considered the EAW, AERA Report, Title V air permit amendment with emission specifications and attachments, water appropriation permit modification with attachments, and permits and environmental review of similar projects. Based on this review, the Commission finds that the environmental effects of the Project can be anticipated and sufficiently mitigated.

Based on the information gathered during the EAW process and comments received on the EAW, the Commission concludes the project does not have the potential to cause significant environmental effects and does not require an EIS.

C. Certificate of Need

Several commenters argue that GRE must pursue the Project by obtaining a certificate of need. Some view the addition of dual-fuel capability as equivalent to approving a new large energy facility, while others assert that the Project is subject to the CN process, which requires consideration and analysis of project alternatives. Additionally, PEER argues the existing certificate of need and permit for Cambridge 2 are legally deficient because the original CN application indicated the facility was a 170 MW capability facility when it is in fact a 190 MW capability facility. PEER urges the Commission to require GRE to submit a new CN application.

The Commission finds these arguments unpersuasive. To determine whether a CN is required, Minn. R. 7849.0030 provides, in part,

A certificate of need is required for a new LEGF, a new LHVTL, and for expansion of either facility when the expansion is itself of sufficient size to come within the definition of “large electric generating facility” or “large high voltage transmission line” in part 7849.0010. The nominal generating capability of an LEGF is considered its size.

In the present matter, GRE is not seeking a new large electric generating facility. Rather, it is requesting to make a change to an existing facility that does not expand the facility’s generating capacity. Since a facility’s generating capacity is considered its size, and since GRE is not seeking to expand Cambridge 2’s size or to build a new large electric generating facility, a CN is not required for the Project.

As to PEER’s argument that Cambridge 2’s CN and permit are legally deficient and support a renewed CN application, the Commission notes that GRE stated the facility would have a 170 MW summer capability and 190 MW winter capability in Table 3-1 of its 2005 CN application.¹² The Commission granted GRE a CN for the facility as proposed, which included the 190 MW winter capability in the application.

The Commission appreciates commenters’ concerns about the importance of considering green alternatives to the Project and the desire for energy decisions that are consistent with Minnesota’s recent clean energy and greenhouse gas legislation. Regarding alternatives, GRE

¹² In the Matter of the Application of Great River Energy for a Certificate of Need for the Cambridge Peaking Plant, Docket No. ET-2/CN-05-347 (2/28/2005).

considered a comparably sized energy storage system even though the minor alteration rule, Minn. R. 7850.4800, does not require applicants to do so. Ultimately, GRE deemed the energy storage system too costly to pursue.

As to Minnesota's recent clean energy legislation, the Project is not at odds with Minnesota's renewable energy and GHG emission goals when viewed in the larger context of GRE's overall energy portfolio. GRE observes that the Project will provide resiliency and reliability while it makes efforts to decarbonize and increase renewable energy in its portfolio. As stated in the EAW, to the extent that the project enables decarbonization of GRE's larger generation portfolio, the Project may contribute to achieving Minnesota's energy goals. Minnesota's move towards clean energy reasonably balances the need for renewable energy and reduced greenhouse gas emissions with energy reliability, resiliency, and affordability. The Project is consistent with these interests.

The Commission concludes that a certificate of need is not necessary to approve GRE's application. Any requests for a certificate of need for the Project will therefore be denied.

D. The Minor Alteration Should Be Granted

In the time since the Commission issued its Order Granting EAW Petition, the record has been substantially supplemented with the EAW and numerous comments. The EAW shows that the human and environmental impacts of the Project will be insignificant. While that is enough on its own to meet the requirements for approving a minor alteration, the Commission notes that the Project will provide benefits in terms of reliability, resiliency, and affordability. The Project will also assist GRE with its efforts to transition its energy portfolio to renewable energies.

For the foregoing reasons and after consideration of the EAW, comments, and proceedings herein, the Commission concludes that the Project will not result in significant changes in the human or environmental impact of Cambridge 2. GRE's application for a minor alteration under Minn. R. 7850.4800 should therefore be granted.

E. Conditions

Considering the potential impacts of climate change on the resiliency of energy infrastructure, the Commission will require GRE to confer with MPCA regarding any changes to stormwater management at the Cambridge facility that would be appropriate. The Commission will require GRE to make a compliance filing regarding the consultation results with the MPCA before the project is in service.

Also, while this Order does not establish a limit on the annual hours Cambridge 2 can operate on ULSD, the Commission recognizes the concerns raised by commenters. If the Cambridge 2 facility operates on ULSD for more than 24 hours total in a year, GRE shall file a report in this docket by the next June 15 identifying the total number of hours the facility operated on ULSD and explaining what necessitated the ULSD usage.

ORDER

1. The Commission authorizes GRE to add ultra-low sulfur diesel generation backup capabilities to the Cambridge 2 Peaking Plant as proposed as a minor alteration under Minn. R. 7850.4800.
2. The Commission denies the request to require a certificate of need for the proposed alteration to Cambridge 2.
3. GRE shall confer with MPCA regarding any changes to stormwater management at the Cambridge facility that would be appropriate. GRE shall make a compliance filing regarding the consultation results with the MPCA before the project is in service.
4. If the Cambridge 2 facility operates on ultra-low sulfur diesel for more than 24 hours total in a year, GRE shall file a report in this docket by the next June 15 identifying the total number of hours the facility operated on ULSD and explaining what necessitated the ULSD usage.
5. This order shall become effective immediately.

BY ORDER OF THE COMMISSION



Will Seuffert
Executive Secretary



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CERTIFICATE OF SERVICE

I, Mai Choua Xiong, hereby certify that I have this day, served a true and correct copy of the following document to all persons at the addresses indicated below or on the attached list by electronic filing, electronic mail, courier, interoffice mail or by depositing the same enveloped with postage paid in the United States mail at St. Paul, Minnesota.

Minnesota Public Utilities Commission
ORDER APPROVING MINOR ALTERATION APPLICATION

Docket Number **ET-2/GS-22-122**

Dated this 7th day of December, 2023

/s/ Mai Choua Xiong

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Jon	Brekke	jbrekke@grenergy.com	Great River Energy	12300 Elm Creek Boulevard Maple Grove, MN 553694718	Electronic Service	No	OFF_SL_22-122_Official
Michael	Bull	mikebull45@gmail.com	ALLETE/MN Power	7752 Goodrich Trail Northfield, MN 55057	Electronic Service	No	OFF_SL_22-122_Official
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_22-122_Official
Adam	Duininck	aduininck@ncsrcc.org	North Central States Regional Council of Carpenters	700 Olive Street St. Paul, MN 55130	Electronic Service	No	OFF_SL_22-122_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_22-122_Official
Ry	Marcattilio McCracken	ry@ilsr.org	Institute for Local Self-Reliance	2720 East 22nd Street Minneapolis, MN 55406	Electronic Service	No	OFF_SL_22-122_Official
Brian	Meloy	bmeloy@grenergy.com	Great River Energy	12300 Elm Creek Blvd Maple Grove, MN 55369	Electronic Service	No	OFF_SL_22-122_Official
Sarah	Mooradian	cure@cureriver.org	CURE	117 South 1st Street Montevideo, MN 56265	Paper Service	No	OFF_SL_22-122_Official
Evan	Mulholland	emulholland@mncenter.org	Minnesota Center for Environmental Advocacy	1919 University Ave W Ste 515 Saint Paul, MN 55101	Electronic Service	No	OFF_SL_22-122_Official
Kevin	Pranis	kpranis@liunagroc.com	Laborers' District Council of MN and ND	81 E Little Canada Road St. Paul, MN 55117	Electronic Service	No	OFF_SL_22-122_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_22-122_Official
Micah	Revell	micah.revell@stinson.com	Stinson LLP	50 South Sixth St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_22-122_Official
Nathaniel	Runke	nrunke@local49.org	International Union of Operating Engineers Local 49	611 28th St. NW Rochester, MN 55901	Electronic Service	No	OFF_SL_22-122_Official
Zachary	Ruzycki	zruzycki@grenergy.com	Great River Energy	12300 Elm Creek Boulevard Maple Grove, MN 55369	Electronic Service	No	OFF_SL_22-122_Official
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_22-122_Official
Cynthia	Warzecha	cynthia.warzecha@state.mn.us	Minnesota Department of Natural Resources	500 Lafayette Road Box 25 St. Paul, MN 55155-4040	Electronic Service	No	OFF_SL_22-122_Official