

April 30, 2019

Daniel Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147

RE: EERA Comments and Recommendations on Proposed Site Permit Transfer  
Mankato Energy Center  
Docket Nos. IP-6949, E-002/PA-18-702, GS-15-620

Dear Mr. Wolf,

Attached are comments and recommendations of Department of Commerce, Energy Environmental Review and Analysis (EERA) staff in the following matter:

In the Matter of Northern States Power Company's d.b.a. Xcel Energy Petition for Approval of the Acquisition of the Mankato Energy Center (MEC)

The petition was filed on November 27, 2018, by:

Aakash Chandarana  
Regional Vice President, Rates and Regulatory Affairs  
Xcel Energy  
414 Nicollet Mall  
Minneapolis, MN 55401

EERA staff's comments address whether the Commission should authorize a transfer of the site permit for the Mankato Energy Center to Northern States Power Company. Staff is available to answer any questions the Commission may have.

Sincerely,



Ray Kirsch  
EERA Staff

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**BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION****COMMENTS AND RECOMMENDATIONS OF  
MINNESOTA DEPARTMENT OF COMMERCE  
ENERGY ENVIRONMENTAL REVIEW AND ANALYSIS****DOCKET NOS. IP-6949, E-002/PA-18-702, GS-15-620****Date:** April 30, 2019**EERA Staff:** Ray Kirsch | 651-539-1841 | raymond.kirsch@state.mn.us

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**In the Matter of Northern States Power Company's d.b.a. Xcel Energy Petition for Approval of the Acquisition of the Mankato Energy Center (MEC)**

**Issues Addressed:** These comments and recommendations address the proposed transfer of the site permit for the Mankato Energy Center to the Northern State's Power Company.

Additional documents and information can be found on eDockets:  
<https://www.edockets.state.mn.us/EFiling/search.jsp> (18-702, 15-620)

This document can be made available in alternative formats (i.e., large print or audio) by calling 651-296-0391 (voice).

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**Introduction and Background**

On September 16, 2004, the Minnesota Environmental Quality Board issued a site permit for the Mankato Energy Center (MEC) – a two unit, 655 megawatt, natural gas-fired electric power generating plant.<sup>1</sup> Only one unit of the plant was constructed; this unit, MEC I, has been in operation since May 2006. On June 23, 2016, the Commission issued a site permit for the second unit, MEC II.<sup>2</sup> Subsequently, MEC I and MEC II and their associated site permits were purchased by Southern Power Company.

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<sup>1</sup> Site Permit for Construction of a Large Electric Power Generating Plant in Blue Earth County, Minnesota Issued to Mankato Energy Center, LLC, MEQB Docket No. 04-76-PPS-Calpine, September 14, 2004, eDockets Number [201611-126916-01](#) [hereinafter MEC I Site Permit].

<sup>2</sup> Order Issuing a Site Permit with Conditions, IP6949/GS-15-620, June 23, 2016, eDockets Number [20166-122535-01](#) [hereinafter MEC II Site Permit].

On November 27, 2018, Northern State's Power Company, d.b.a. Xcel Energy (Xcel Energy) petitioned the Commission for approval to acquire MEC I and MEC II from Southern Power Company.<sup>3</sup> On April 3, 2019, after an initial comment period, the Commission issued notice of a supplemental comment period soliciting comments on whether the Commission should approve the sale of the Mankato Energy Center (MEC I and MEC II) and the transfer of the associated site permits.<sup>4</sup>

## Regulatory Process and Procedures

To transfer a site permit, a permittee must provide the "name and description of the entity to which the permit is to be transferred, the reasons for the transfer, a description of the facilities affected, and the proposed effective date of the transfer."<sup>5</sup> The entity to which the permit is to be transferred must provide "such information as the [Commission] shall require to determine whether the new permittee can comply with the conditions of the permit."<sup>6</sup>

The Commission must approve the permit transfer "if the Commission determines that the new permittee will comply with the conditions of the permit."<sup>7</sup> The Commission may impose reasonable conditions on the permit transfer.<sup>8</sup>

## EERA Staff Analysis and Comments

The MEC I and MEC II site permits contain on-going operational obligations for permittees. For example, the MEC I permit requires on-going compliance with state statutes and rules and all necessary permits for the plant.<sup>9</sup> Further, the permit requires on-going treatment and handling of cooling water and monitoring of operational and meteorological conditions that could result in fogging or icing on local roads.<sup>10</sup>

Similarly, the MEC II site permit requires on-going compliance with state statutes and rules and all necessary permits for the plant.<sup>11</sup>

Xcel Energy has indicated that they will comply with all conditions in the MEC I and MEC II site permits.<sup>12</sup> Based on the record to date and EERA staff's experience with permits for other Xcel Energy projects, EERA staff has no reason to believe that Xcel Energy will not comply with the conditions in the MEC permits.

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<sup>3</sup> Northern State's Power Company, Petition for Approval of the Acquisition of the Mankato Energy Center (MEC), November 27, 2018, eDockets Numbers [201811-148065-01](#), [201811-148065-03](#), [201811-148067-02](#) [hereinafter Petition for Approval].

<sup>4</sup> Notice of Supplemental Comment Period, April 3, 2019, eDockets Number [20194-151673-01](#).

<sup>5</sup> Minnesota Rule 7850.5000; MEC I Site Permit, Section VI; MEC II Site Permit, Section 11.0.

<sup>6</sup> Id.

<sup>7</sup> Minnesota Rule 7850.5000.

<sup>8</sup> Id.

<sup>9</sup> MEC I Site Permit, Section IV.C.

<sup>10</sup> MEC I Site Permit, Section IV.E.

<sup>11</sup> MEC II Site Permit, Section 4.3.2.

<sup>12</sup> Petition for Approval, Section VIII.C.

## **EERA Staff Recommendation**

If the Commission determines that Xcel Energy will comply with the conditions of the MEC permits, EERA staff recommends that the Commission approve transfer of the MEC I and MEC II site permits to Xcel Energy.