

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE PUBLIC UTILITIES COMMISSION

**In the Matter of Certificate of Need
Notice Plan Approval Request for CapX 2020
Twin Cities – Rochester – La Crosse 345kV.
Transmission Line Proposal**

**OAH Docket: 15-2500-19350-2
MPUC: E002/CN-06-1115
(and 06-857; 06-979)**

ENVIRONMENTAL SCOPING COMMENT OF NO CAPX 2020

I. INTRODUCTORY HOUSEKEEPING DETAIL

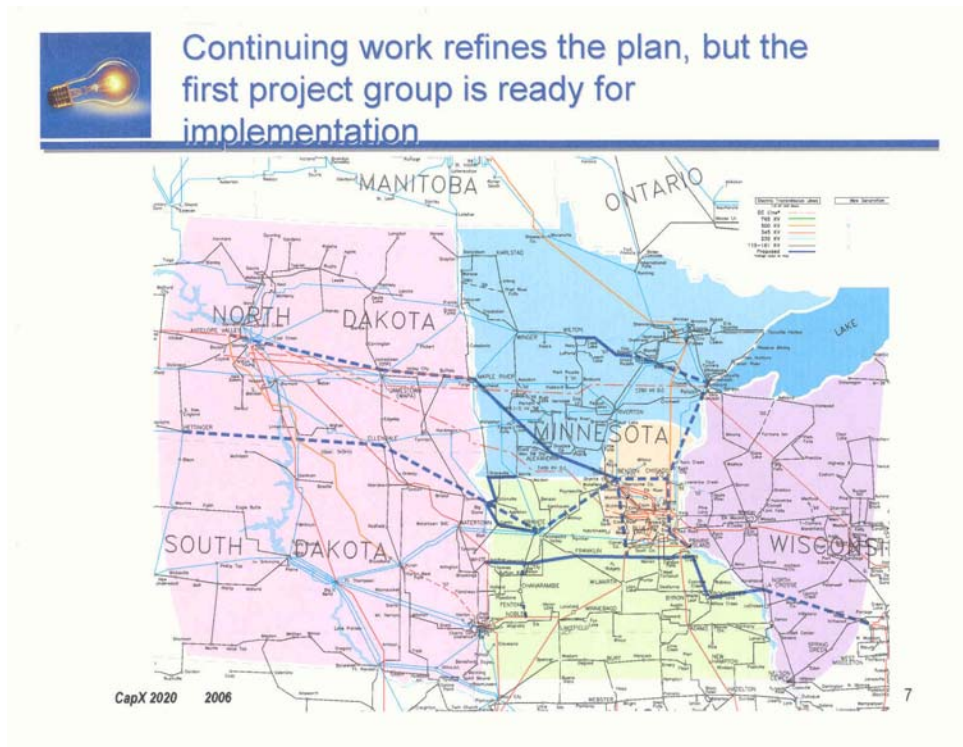
This project initially was assigned three docket numbers, one for each of the large lines proposed. The PUC subsequently ordered the dockets “combined” but that has not occurred – although since that Order the three lines have proceeded under one docket number, 06-1115, the early filings in those dockets remain unincorporated into the new docket. These dockets should be fully consolidated.

II. INTRODUCTION

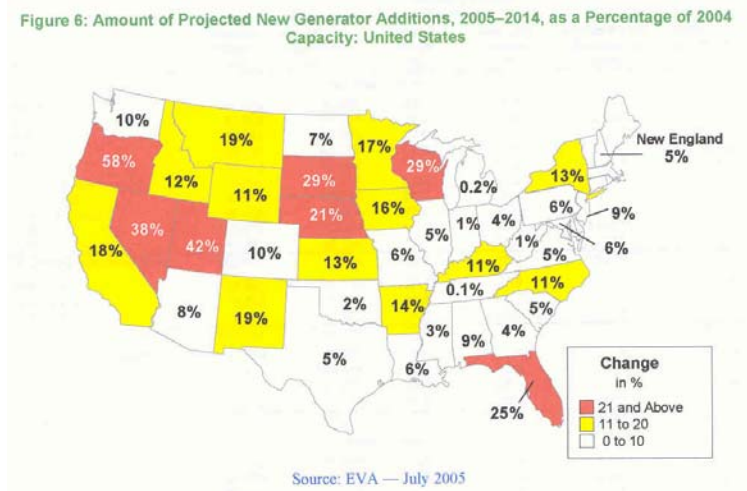
The CapX2020¹ transmission proposal is based on a claimed need of 4,500MW to 6,300MW or up to 8,000MW by 2020. This three phase project is the largest transmission infrastructure construction project in the history of Minnesota, as noted in the Commission order, more than 500 miles of 345kV transmission line and 1,630 miles – it would have an impact on roughly 200,000 landowners in all of its phases, and for Phase I, Xcel’s Notice list is comprised of approximately 73,000. This construction project is a massive irretrievable investment with over a \$1.4-1.7 billion dollar price tag, would shape our energy future because it is an investment in central station power, irretrievable once constructed and limiting our electricity options by its hardware for decades to come.

¹ Xcel now claims CapX means “Capacity Expansion Needed by 2020” but in previous descriptions, it was “Capital Expenditure” ... search Otter Tail for CapX and the rest of the story

The nature of the CapX2020 proposal, the extreme size, cost and impact beyond anything ever inflicted on Minnesota in utility history, demands the most rigorous environmental review. No CapX 2020 has been tracking this project for years. The big picture² shows the start of the lines in the coal fields of the Dakotas extending into Wisconsin – transmission is connecting the dots:



A quick look at the NERC report³ shows that there is much new generation proposed:



² From CapX 2020 presentation to MAPP, p. 7.

³ NERC 2005 Long-Term Reliability Assessment, p. 16 <http://www.nerc.com/~filez/rasreports.html>

What type of generation is in the MISO queue? Lots of generation of all kinds, much wind and much coal. A copy of the MISO queue as of December 4, 2007 is attached as Exhibit A, with states divided out to sort by fuel and location. The MISO queue shows the same massive increases in new generation, and yet CapX has not superimposed the locations of need with the locations of new generation proposals in the MISO queue. That demonstrates a predetermined “solution,” and not one for satisfying any “need.” Where demand is not matched with load, and there is no claimed generation interconnection driver, what is demonstrated is that CapX2020 is bulk power transfer in the extreme, facilitating transfer of coal generated energy through Minnesota to Wisconsin and Illinois. The transmission owner will receive vast benefits, particularly that of construction at ratepayer expense. According to a study recently released, the Independent Assessment of Midwest ISO Operational Benefits⁴, the transmission market is taking shape and there is much money to be made.

III. SYSTEM ALTERNATIVES

The first question to ask is “System Alternatives to what?” The Environmental Report must evaluate all partial and complete system alternatives to the spot needs “identified” by CapX. These include claimed needs in Alexandria, Rochester, and LaCrosse. From presentations made throughout the state, the number of megawatts of claimed need is small, hardly sufficient to justify even a small percentage of a transmission system of 345kV lines with at least a 2085MVA capacity.⁵ A copy of Xcel’s Appendix 7 from the SW MN 345kV line showing different capacities for different spec’d lines is attached as Exhibit B. Assuming small local load needs, the Environmental Report must address low, moderate and high scenarios, including, but not limited to those full and partial solutions to local load needs:

- Conservation
- Efficiency
- Load Management and Peak Shaving

⁴ ICF’s Independent Assessment of MISO Operational Benefits legalelectric.org/f/2007/03/icf_miso-benefits-analysis_final_02282007.pdf

⁵ At the public meetings in December, CapX personel verified that the lines would be 345kV, with bundled 954 ACSS conductor, a capacity of 2085MVA.

Community-owned renewable generation
Distributed Generation
Transmission modifications and efficiency improvements – FACTS, phase angle control, etc.
Transmission reconductoring

On the other hand, the Environmental Report must address the consequences of any new coal generation made possible by CapX 2020. New coal generation cannot be built but for transmission of the magnitude offered by CapX 2020. This should be analyzed from a range of scenarios from low to moderate to high of capacity of CapX utilized for coal, or up to three 2,085MVA transmission lines full of coal, essentially the impacts of 4,170-6,255 MW of new coal. The impacts of new coal generation should be considered broadly in the Environmental Report, necessarily including, but not limited to:

- Per MW emissions calculations
- Air emissions generally
 - Carbon emissions
 - Regulated air pollutants
 - Regional haze
 - Mercury in lakes
- Water consumption
- Water contamination – thermal and chemical
- Impacts of coal mining and transportation
- Impacts of ash disposal
- Cost consequences of misallocated investments, coal v. wind, solar, efficiency
- Health costs attributable to coal generation
- Cumulative impacts of all of the above

The generation hierarchy established in 1994 should also be considered, and the environmental impacts of meeting a 4,500-6,300 or 8,000 MW need be considered. Minn. Stat. §216/

In addressing efficiencies, the inherent inefficiencies of transmission should be addressed. CapX 2020 admits that it needs 8,000 MW of new generation to fulfill the claimed 4,500-6,300MW. That means they assume an additional 1,700 MW of new generation, the equivalent of more than three coal plants, to account for the inefficiencies of transmission and line loss.

The environmental report must consider socio-economic impacts, and the primary cost is that of the lines themselves, borne by the ratepayers. The scheme established by the 2005 Transmission Omnibus Bill allows instant recovery for that generation claimed to be “for renewables.” CapX has stated that the lines are not for new generation interconnection, and therefore not assessed to the

connecting generator and instead the lines would be paid for by ratepayers and users of the line. One exception noted by CapX is the SW line, which it estimates would be 50% new wind generation interconnection, to be assessed to the generators. The socio-economic impact of assessing 50% of the cost of the SW line (or SE also?) to wind generators and no assessments anticipated elsewhere in the CapX network could stifle wind development and unfairly benefit others interconnecting, such as the coal plants in the miso queue. The socio-economic impact of inequitable interconnection cost apportionment must be considered. The Environmental Report should consider a low, mid and high range scenario of cost apportionment of transmission costs to wind generators.

IV. CONCLUSION

CapX 2020 requires rigorous environmental review. The policy “choice” of building large transmission lines rather than stimulate local, carefully-sited, renewable generation should not be made lightly, and should only be made after careful consideration of all attributable environmental costs.



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Minnesota needs Big Stone II to meet 25x25 renewable energy standard benchmarks

Achieving the goals of the new Minnesota renewable energy standard will require both additional generation and transmission capacity.

Big Stone II would provide both in a timely fashion. In fact, the Minnesota Wind Integration Study, which served as a basis for the new law, assumed that certain facilities — including Big Stone II — would be in place. Its conclusion, that by 2020 up to 20 percent of the state's electrical energy economically could come from wind without adverse supply or reliability impacts, assumed:

- Big Stone II as a source of baseload generation.
- Big Stone II to help ensure voltage stability between the Dakotas and Minnesota.
- Big Stone transmission upgrades to help deliver energy from Minnesota's wind-rich Buffalo Ridge.

Today, we face energy challenges far too complex and too urgent to be solved by any one entity or any one resource. Solutions that make both environmental and economic sense require careful planning and strategic collaboration from industry and government at all levels. Everybody has a role to play. Everybody has a stake in the outcome.

Working together, we can achieve a cleaner, more secure and prosperous energy future.



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