

Commission Acts on Mesaba Plant Petition

At its meeting on August 2, 2007, the Minnesota Public Utilities Commission acted on the petition of Excelsior Energy for approval of a power purchase agreement (PPA) with Xcel involving an integrated gasification combined cycle coal-fired power plant in Northern Minnesota (PUC Docket No., E-6472/M-05-1993). The Commission acted on two threshold issues:

Is Excelsior Energy's Mesaba Unit 1 Project an Innovative Energy Project (IEP) under Minn. Stat. §216B.1694?

Should the Commission Approve, Disapprove, Amend, or Modify Excelsior's Proposed Purchase Power Agreement with Xcel Energy?

Regarding the first point, the Commission unanimously adopted a motion by Commissioner Pugh that the proposed project complied with the specific criteria spelled out in statute and, therefore, qualified as an Innovative Energy Project.

Regarding the proposed power purchase agreement, the Commission unanimously adopted a motion by Commissioner Pugh which in essential part included the following:

Find that the PPA is not in the public interest as currently drafted, but request that Excelsior, Xcel, and the Department continue to negotiate toward a final PPA. The Commission went on to identify deficiencies in the proposed PPA it wanted addressed in the negotiations. They include:

- The absence of a fixed price at a reasonable level
- The need for adequate ratepayer protections from operational risks of the proposed technology
- The need for adequate ratepayer protections from financial risks of the proposed technology
- The need for further development of plans to capture and sequester carbon

In addition, the Commission asked the parties to explore how the output of such a facility could be marketed to all Minnesota's utilities and their ratepayers.

A formal written order will be prepared and issued by the Commission in the next few weeks. For more information, call Burl Haar (651.201.2222) or Janet Gonzalez (651.201.2231)