

Duluth News Tribune

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In response: Excelsior Energy project is an important energy option for state

As co-CEOs of Excelsior Energy, we are writing to clear up inaccuracies and misconceptions about our company contained in an editorial yesterday (Our View: "Taxpayers have right to answers on Excelsior") and in recent News Tribune articles (namely Sunday's "Millions in public money spent, but power plant still just a dream," and Monday's "Project seeks lifeline in more funding, new fuel source").

By: **Julie Jorgensen and Tom Micheletti**, Duluth News Tribune

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The Mesaba Energy Project, under development by Excelsior Energy, is a unique public/

private partnership selected through competitive solicitations for state and federal funding awards due to its contribution to national and state energy security and environmental goals.

We at Excelsior Energy take our obligations under our

public/private partnerships very seriously. We provide complete transparency to our funding partners as to how we use the funds provided, complying fully with the same rules, regulations and reporting requirements that apply to all other recipients. We maintain books and records that comply with both generally accepted accounting principles and the rigorous federal contracting requirements of the U.S. Department of Energy. We participate in weekly review meetings with the Department of Energy and are subject to annual external audits and periodic routine reviews and in-depth audits by the federal government.

The Iron Range Resources and Rehabilitation Board, or IRRRB, provided a portion of the project's funding in the form of a loan to Excelsior under express conditions that the funds be used only to reimburse documented project-development costs. These conditions were complied with by Excelsior and strictly enforced by IRRRB. The project has not received funding from IRRRB for more than four years.

The funding and support from our state and federal partners has been critical to bringing the project to a very significant stage of development. The Mesaba Project is the only available alternative to provide new coal-

fueled power to meet Minnesota's needs. All other new coal resources are subject to a state ban, as are new nuclear resources. Recently, the project received the first site and route permit issued by the state of Minnesota in more than 30 years for such a base-load power plant.

Because of its advanced technology, the plant will all but eliminate the pollution normally associated with coal. It will do so by cleaning up the synthesis gas produced from coal prior to using it. The flexibility to use natural gas first, and switch to coal when market prices dictate, provides a hedge to protect Minnesota consumers and businesses.

The high costs and extraordinarily long timeline to permit a base-load power facility, as reported in the articles, are unfortunate realities in today's business climate. The costs and risks of complying with myriad regulations and requirements to obtain dozens of permits from multiple state and federal agencies in order to construct a facility are a major obstacle to building even the cleanest plant using the most state-of-the-art technology.

Proposed new coal plants around the country have spent similar amounts, and in some cases double or more the amount, cited by the News Tribune before being cancelled or put in the "too hard" pile.

The regulatory logjam on clean, new facilities does nothing to enhance our environment and harms any effort to create or maintain jobs in our state and nation. It threatens our global competitiveness in the long run.

The project is nearing the end of this complex governmental-

approval process and has much to show for it. We have certainly faced many challenges, as have many other entrepreneurial companies in this continuing recession. We believe the economy will turn the corner; and when it does, the state will need clean, domestic energy supplies to power the recovery.

Meanwhile, Minnesota's electric supply options are shrinking. The low-cost coal plants, surplus hydro and nuclear resources that have kept rates low in the past, can't be relied on for our future. Many old coal plants currently serving Minnesota are expected to be shuttered in the next five years because they can't meet new pollution-control requirements.

The hydroelectric power that Minnesota utilities have been planning to import from Canada may not come to fruition, as the costs and feasibility of the proposed new dams were brought under attack in a July report by the Manitoba Public Utilities Board. The cost of complying with nuclear regulations is on the rise after the nuclear crisis in Japan. Wishing that wind and conservation were enough is not a robust plan for the future.

We are proud to lead a small Minnesota business trying to put people back to work. We would like to thank all of the policymakers at the federal, state and local level who have afforded this project support through its ups and downs. We will continue to work to earn your trust and confidence. In addition, we will continue to advance the development of the Mesaba Energy Project and advocate for it as a clean, cost-effective, in-state option to meet Minnesota's electric power needs.

Julie Jorgensen and Tom Micheletti are co-CEOs of Excelsior Energy Inc.

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