

Comments from the Center for Earth, Energy and Democracy at IATP

Re: Issues to Include in the Minnesota Department of Commerce Office of Energy Security's Environmental Impact Statement regarding Xcel Energy's Proposed Hiawatha Transmission Expansion (PUC Docket No. E002/TL-09-38)

July 10, 2009

To:

Bill Storm, Project Manager
Minnesota Department of Commerce
85 7th Place East, Suite 500
Saint Paul, MN 55101-2198
Bill.storm@state.mn.us

Dear Mr. Storm,

Thank you for the opportunity to comment on topics to be included in the Environmental Impact Statement (EIS) for the proposed Xcel Energy Hiawatha substation and high voltage transmission line project (the Project). Below are points of analysis the Center for Earth, Energy and Democracy at IATP feels should be included within the upcoming EIS. Please feel free to contact us at anytime with questions.

I. The Project is Located in an Environmental Justice Neighborhood and an Environmental Justice analysis of disproportionate impacts from the Project should be conducted.

All of the preferred and alternative routes and substation locations proposed for the Project are located in the South Minneapolis Phillips neighborhood. Based on latest census information, there are over 75 percent people of color in the Minneapolis Phillips neighborhood, compared to a state average of 4 percent. In addition, nearly 33 percent of the residents in Phillips belong to a sensitive population (over the age of 65 or under the age of 5). Contaminated sites in Phillips are over two times that of Minneapolis as a whole. This unequal spatial distribution of environmental risk and Not In My Back Yard (NIMBY) industries in Phillips is at the heart of environmental justice issues surrounding this project.

II. The Need for the Project should be assessed - Assumptions used for Projecting Demand-side Growth in the Project Area should be made Transparent, Incorporate Latest Policy Information, and have Community Input.

Based on information provided on Xcel Energy's website¹, we understand the project will *increase* current capacity to the South Minneapolis neighborhoods to meet "projected demand for the area" and that the plan is based on Xcel's study for a "20-year long-range electric delivery system."¹

The assumptions that the demand scenarios for the Project Area were developed under must be made clear to community members in the Project area. The demand modeling must also take into consideration latest policy developments, including the impact of implementing the 2007 state mandated efficiency targets and Conservation Improvement Program (CIP) efficiency investments

¹ <http://xcelenergy.com/Company/Transmission/Transmission%20Projects/Pages/HiawathaProject.aspx>

specifically in the Project Area.² The EIS should evaluate: What the historical and current rate of investment of CIP dollars/kwH saved is in the Project area and how that compares with other Minneapolis neighborhoods and like communities in Xcel's service area and across Minnesota utilities? Additionally, modeling must incorporate the projected increased investment in energy efficiency and on-site renewable potential in the Project area as promoted by the Department of Energy and Minnesota Office of Energy Security (OES) through upcoming 2009 Federal American Recovery and Reinvestment Act (ARRA) funds and priorities.³ What is the planned investment by OES of the expected \$54.1 million energy stimulus dollars in the Project Area and how does that compare with other Minneapolis neighborhoods and like communities in Xcel's service area and across Minnesota utilities? The demand expectations by consumer class must also be made clear – who within the Project area is benefitting from the increased electricity usage and who is bearing the burden of cost. For instance, if demand projections are based on commercial and industrial growth in Phillips and South Minneapolis, are these growth assumptions in line with community vision for the neighborhood long-term? Additionally, how will smaller consumers, such as renters and other residents, be benefitting in a real way? Considering the higher than average renter rate of Phillips, when compared to other neighborhoods of Minneapolis or the state, it is important that this Project does not result in low income renters/residents bearing the cost of the project with minimal or no benefits. Although a Certificate of Need is not needed for this scale of project under current Minnesota statutes, we still question the assumptions that went into the projected estimation of future load growth, and ask that the EIS make transparent the projected demand scenario assumptions and ratepayer impact based on the conditions outlined above. Additionally, any future documentation should allow for community input into assumptions for load growth in the given Project Area.

III. The EIS Must Consider the Impact of any Increased Greenhouse Gas Emissions Resulting from the Project.

Xcel Energy has stated that 40% of the new energy load to be delivered into South Minneapolis is proposed to come from “new and renewable” energy sources. The EIS should make clear what constitutes “new” or “clean” as it unclear whether nuclear energy is included within this categorization. What specific fuels are being designated as “renewable” under this project should also be clear, considering the broad definition of “renewable” under state statute. Furthermore, if 40% is “new and renewable”, this would mean that 60% of the additional electricity coming into the City on the new transmission lines will likely be coming from conventional electricity generation sources. Thus, in addition to already existing coal burning and greenhouse-gas emitting

² CHAPTER 136–S.F.No. 145. <https://www.revisor.leg.state.mn.us/data/revisor/slaws/2007/0/136.pdf>

The Next Generation Energy Act passed by the Minnesota Legislature in 2007 and signed by Governor Tim Pawlenty sets an energy conservation goal to achieve annual energy savings equal to 1.5 percent of annual retail energy sales of electricity and natural gas; strengthens Minnesota's commitment to the development of locally owned renewable energy projects; and sets a global warming mitigation target of cutting the state's greenhouse gas emissions to 15 percent below 2005 base levels by 2015, 30 percent by 2025 and 80 percent by 2050.

³ According to the Office of Energy Security website: The federal stimulus bill has provided an additional \$54.1 million to Minnesota's State Energy Program to be used for job creation and retention, energy efficiency, and renewable energy activities. Program details have been determined by the legislature through passage of [Chapter 138 - S.F. 657 - Federal Stimulus for Energy Programs](#): www.revisor.leg.state.mn.us/laws/?id=138&doctype=chapter&year=2009&type=0

energy delivered to Minneapolis, Xcel is now proposing an *increase* in the delivery and transmission of these conventional generation sources into the Project Area.

Considering the above discussion, within the EIS the following questions should be answered using life cycle greenhouse gas assessment methodologies where appropriate:

1. How, if at all, does the Project comport with the State of Minnesota's "Next Generation Energy Act"⁴? The Next Generation Energy Act, passed in 2007, mandates that Minnesota must reduce its greenhouse gas emissions 15% by 2015, below 2005 levels; 30% by 2025; and 80% by 2050.

2. What is the increased cost to ratepayers in the Project Area if a cost to carbon is placed at the national and international levels⁵? Namely what will the cost of the project and ratepayer impact be at costs of \$20/ton, \$30/ton, and \$40/ton of carbon dioxide equivalent?

3. Is this consistent with the "Midwest Governor's Association Greenhouse Gas Reduction Accord"⁶? Does the Project demonstrate that it comports with a "Low-carbon energy transmission infrastructure that will provide a cost-effective way to supply the Midwest with sustainable and environmentally responsible energy."

4. Is the Project's increased delivery of conventional energy into Minneapolis consistent with the City's Sustainability Indicators for climate change and green jobs⁷, as well the City's goals as a signatory to the Cities for Climate Protection campaign⁸? The increase of greenhouse gases that could occur because of the Hiawatha transmission expansion would further propagate the negative effects of climate change, effects that have been well documented by the Intergovernmental Panel on Climate Change as well as the recently released White House report *Global Climate Change Impacts in the United States*.^{9,10}

⁴ CHAPTER 136--S.F.No.145.

⁵ Congress and the Obama Administration have made moving national climate policy forward a priority; the United States has agreed to participate in the international United Nations Framework Convention on Climate Change in Copenhagen in December.

⁶ <http://www.midwesternaccord.org/midwesterngreenhousegasreductionaccord.pdf>

⁷ <http://www.ci.minneapolis.mn.us/sustainability/climate-change.asp>

⁸ International Council for Local Environmental Initiatives (ICLEI: <http://www.iclei.org/abouticlei/members/member-list>). Duluth, Minneapolis, St. Paul, plus a dozen other Minnesota cities and counties are members of the Cities for Climate Protection (CCP) campaign, joining 500 local governments in the United States, and many more worldwide.

⁹ See White House Report released June 16th, 2009: "Global Climate Change Impacts in the United States" representing a consensus of 13 agencies developed over a year and a half : <http://www.globalchange.gov/publications/reports/scientific-assessments/us-impacts>

¹⁰ See Intergovernmental Panel on Climate Change Fourth Assessment Report, Working Group II: Impacts, Adaptation and Vulnerability: <http://www.ipcc.ch/ipccreports/ar4-wg2.htm>.

IV. Considering the High Cost of the Hiawatha Transmission Project, Sustainable and Alternative Energy Mechanisms must be investigated as Alternatives in the EIS

Based on the information provided by Xcel, the proposed substations are estimated to cost \$25.4 million dollars; with the transmission lines, depending on if they are buried or not, ranging from an additional \$3 million (above ground) to \$16.4 million (buried). Thus, regardless of the route chosen, this project is *at minimum* an investment into the community of \$28.4 million, likely to be transferred through cost recovery to rate payers.

The EIS should evaluate: For an investment range of \$28.4 million to \$41.8 million - how many businesses, commercial buildings and houses could be refurbished to decrease demand; what level of existing transmission line upgrades could occur; how much on-site renewable energy could be developed to green Minneapolis; and how many local jobs could be trained and created? What would the resulting greenhouse gas emissions reductions as well as other criteria air pollutant reductions be in Xcel's system and South Minneapolis accordingly? Investing in the end user needs of businesses and residents are proving across the country to increase the income of community residents, improve air quality, provide residents and businesses with meaningful jobs, and actually work to reduce energy bills rather than increase them.¹¹

Thank you and please feel free to contact us with any questions. We look forward to working with you further in the future.

Regards,
Shalini Gupta
Center for Earth, Energy and Democracy
at the Institute for Agriculture and Trade Policy
2105 First Avenue South
Minneapolis, MN 55404
Ph: 612.879.7515
www.iatp.org/ceed

¹¹ For example, the Sustainable Energy Utility model was developed by the University of Delaware Center for Energy and Environmental Policy, with a local partner being the Center for Earth, Energy, & Democracy (CEED) at the Institute of Agricultural Trade Policy, Minneapolis, MN. A Sustainable Energy Utility is a community controlled portal for organizing energy efficiency and onsite renewables across sectors (electricity, heating, transportation), tailoring programs and financial mechanisms to the specific needs of end-users. The SEU has been instated in the state of Delaware, Washington DC, and is being considered in Philadelphia, Milan, Minnesota, and the West Side Neighborhood in St. Paul among other locations. See www.seu-de.org for information.