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Bill Storm
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Subject: Mesaba Energy Project (DOE/EIS-0382D)

Dear Mr. Hargis and Mr. Storm:

Thank you for the opportunity to provide comment on the joint state/federal Draft Environmental Impact Statement (EIS) for the Mesaba Energy Project being proposed by Excelsior Energy, Inc. The Mesaba Energy Project involves the design, construction, demonstration, and operation of a two-phased Integrated Gasification Combined Cycle (IGCC) coal-fired power plant with 1,212 MWe of total estimated electricity production. Two proposed project locations have been identified and evaluated within the Iron Range of northeast Minnesota: (1) West Range site consisting of ~1,260 acres north of Taconite in Itasca County and (2) East Range site consisting of ~825 acres near Hoyt Lakes in St. Louis County. After thorough review and analysis of the draft EIS and many other technical documents, reports, and comment letters from a variety of sources (U. S. Environmental Protection Agency (EPA); U. S. Department of Agriculture/Forest Service; U. S. Army Corps of Engineers; Minnesota Pollution Control Agency (MPCA); Minnesota Department of Natural Resources (DNR); Minnesota Public Utilities Commission (MPUC); and others), there are many serious risks and concerns and **general widespread opposition to the Mesaba Energy Project**.

Native American Indian Tribes are sovereign governments with unique and special rights reserved under treaties with the U. S. government. Tribal members regularly exercise their rights to hunt, fish, and gather natural resources and depend on clean land, air, and water to insure that those rights and the resources are adequately protected. We offer the following comments regarding the Mesaba Energy Project and strongly encourage you to evaluate and incorporate tribal comments into the EIS process as specifically required under federal laws and executive orders on government to government consultation.

Purpose and Need for the Project

Although there is a great deal of federal interest and incentives for promoting "Clean Coal Power", northern Minnesota is one of the worst places in the United States to propose an IGCC demonstration power plant. First, the coal fuel source must be transported considerable distance to the plant which is costly, inefficient, and has other associated environmental and economic risks. A demonstration IGCC plant would be much better suited closer to the fuel source. Second, northern Minnesota's geology is not well-suited for carbon capture and sequestration, purportedly one of the primary benefits of IGCC technology. Mesaba Energy Project proposes to emit 10 million tons of carbon dioxide per year, potentially one of the largest pollution sources in Minnesota. Minnesota has aggressive plans for reducing greenhouse gas emissions and goals of increasing the use of truly clean and renewable energy such as wind, solar, and biomass. If carbon sequestration is not feasible or economically viable at this demonstration site, then the project should not be considered based on the merits of "clean coal" technology.

Finally, although the Minnesota Legislature exempted the Mesaba Energy Project from meeting "Certificate of Need" requirements, Excelsior Energy has yet to prove there is even a need or demand for this power plant. The fact that the MPUC denied the Power Purchase Agreement between Excelsior Energy and Xcel Energy is a clear indication that the even the highest utility regulatory authority in Minnesota has serious concerns about long-term environmental, economic, and financial risks. Minnesota Power and Xcel Energy have each expressed their own similar concerns regarding financial and business risks associated with the Mesaba Energy Project. The lack of properly describing and documenting the "Purpose and Need" is a serious flaw in the EIS process and should be one of the major fundamental reasons for pursuing this type of demonstration plant. The financial interests of the developers and the federal interests in promoting "clean coal power" should not be pursued at the expense of the pristine quality and character of northern Minnesota. Furthermore, Mesaba Energy should not be granted special exemptions from demonstrating need or any other due diligence requirements.

Economic and Financial Impacts and Infrastructure Costs

Promoting jobs and economic growth in the region are also touted as some of the primary benefits of the Mesaba Energy Project. However, numerous discrepancies have been reported with exactly how many jobs may be created as well as conflicting information about the true economic benefits and impacts to the region. In fact, some sources indicate that much of the proposed revenue from the Mesaba Project would flow out of the region and even out of Minnesota for such things as coal and natural gas fuel supplies, rail transportation, and specialized contractors and vendors for parts and servicing of the IGCC plant. To date, the financial burden of the project has been with millions of dollars in public funding including Iron Range Resources, State of Minnesota, and the U.S. Department of Energy. In addition, tens of millions of dollars of public infrastructure will be needed in order for the project to proceed including highway and railroad extensions, gas pipelines, power transmission lines, and water and sewer treatment plant expansions.

Excelsior Energy has already received substantial public funding and incentives from federal, state and local governments at the expense of tax payers. The conclusions from the MPUC and other agencies have been that the Mesaba Energy Project has significant economic and financial risks and is not in the public interest. Generalized studies (especially those commissioned by biased project proponents) used in the EIS over-emphasize the economic benefits and under-estimate the real long term costs. A more detailed Cost-Benefit Analysis conducted by a reputable non-biased agency must be conducted to properly evaluate and analyze the real costs and impacts to human health and the environment and the long-term social and economic burden to the government, future utility customers, and the general public.

Environmental Impacts to Air

Northern Minnesota is rich in aquatic and terrestrial natural resources and is the primary reason tourism is a major industry and equally important economic benefit to the region. The tourism industry depends upon clean air, clean water, and pristine undeveloped land for hunting, fishing, and recreation. The construction and operation of this large IGCC plant threatens to harm those resources by annually emitting 10 million tons of carbon dioxide (with no feasible or viable plans for carbon capture or sequestration) and over 5,000 tons of other pollutants including sulfur dioxide, nitrogen oxide, carbon monoxide, particulate matter, and volatile organic compounds. These significant air emissions are known to cause serious human health and environmental damage. Modeling results have shown that the project will cause regional haze and visibility impacts to the Class I areas of Voyageurs National Park and Boundary Waters Canoe Area Wilderness and virtually all of northeast Minnesota. We are aware that state and federal environmental regulatory agencies have similar concerns with these air emissions issues and that Best Available Control Technology (BACT) analysis is still an on-going point of contention with Excelsior Energy. The BACT issue must be more thoroughly evaluated and analyzed in the EIS. Furthermore, Excelsior Energy should be required to install the most strict and state of the art air pollution control technology available including Selexol, Selective Catalytic Reduction and others to achieve the highest reductions and removal efficiencies possible. Any arguments from the company that BACT are cost prohibitive or infeasible must be refuted, as no control cost is too great when compared with the importance of protecting human health, the environment, and negative economic impacts to the region.

Environmental Impacts to Water

The proposed discharges of cooling tower water from the IGCC plant will add increased concentrations of mercury and other metals, total dissolved solids, phosphorus, sulfate, and other pollutants to the Canisteo Mine Pit and Holman Lake. Several of these discharge parameters are expected to exceed and violate state water quality standards. The projected impacts to Canisteo Mine Pit and other downstream waters within the Mississippi River watershed are projected to be detrimental to fishery resources such that they may become unusable. Contamination of these surface water resources also threatens drinking water supplies. This is simply unacceptable and, as was mentioned above, the most start of the art pollution control equipment must be required for this facility to insure that water quality standards are complied with, fishery and other aquatic resources are protected, and human health impacts are prevented. The projected

discharge of 54 pounds per year of mercury into the environment is also of grave concern. This new source is inconsistent with Minnesota's Total Maximum Daily Load (TMDL) goal of reducing mercury and, therefore, should not be permitted. Mercury contamination of fish is a human health concern and tribal members are especially at high risk due to subsistence harvesting and increased consumption levels.

Cumulative Impacts to the Region

The Iron Range of northeast Minnesota has already experienced decades of natural resource damage from large scale industrial impacts, primarily due to the mining industry. Several mining projects are currently under various phases of expansion, revisions and reissuance of environmental permits, and even proposed construction of new facilities including Minnesota Steel and PolyMet. The cumulative impacts of all large industrial activities have had, and will continue to have, major environmental impacts and human health consequences within the region. The overlapping and long-term negative effects on air quality, water quality, wetlands, wildlife, and other resources from existing industrial sources should be more clearly understood and properly mitigated before yet another industry is approved for construction. This critical issue has been identified and echoed by many other state, federal, and tribal resource management agencies in recent years. Cumulative impacts analysis for Mesaba Energy Project in relation to the entire Iron Range is a weakness in the EIS that needs to be strengthened.

Conclusion

The proposed Mesaba Energy Project has many significant potential environmental, economic, and human health impacts which deserve further close examination and analysis. Many state and federal government agencies and public and private groups have echoed and elaborated on many of these as well as other serious concerns. We look forward to staying informed and involved regarding the review and approval of the final EIS and any state and federal permit applications and decisions. Thank you again for the opportunity to provide comment and input to the EIS process. If you have any questions regarding these comments, please feel free to contact me at the information listed below.

Sincerely,

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Cc: Corey Strong, Commissioner, Bois Forte Department of Natural Resources
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