



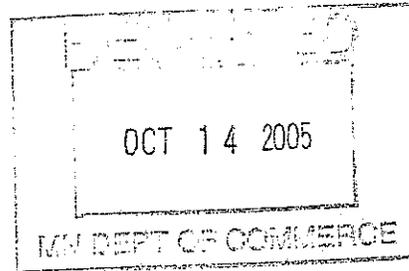
U.S. Department of Energy

National Energy Technology Laboratory



October 6, 2005

Bill Storm
Department of Commerce,
85 7th Place E Suite 500
St. Paul, MN 55101



Dear Bill Storm,

Announcement of Public Scoping Meeting for the Mesaba Energy Project

The U.S. Department of Energy (DOE) is conducting two public scoping meetings as part of the process for developing an Environmental Impact Statement (EIS) pursuant to the National Environmental Policy Act (NEPA) of 1969, as amended (42 U.S.C. 4321 et seq.), the Council on Environmental Quality NEPA regulations (40 CFR Parts 1500-1508), and the DOE NEPA regulations (10 CFR Part 1021). The EIS will evaluate the potential environmental impacts associated with the construction and operation of a project proposed by Excelsior Energy, which has been selected by DOE under the Clean Coal Power Initiative (CCPI) program. The EIS will help DOE decide whether to provide financial assistance for activities beyond project definition and preliminary design for the proposed Project through a cooperative agreement with Excelsior under CCPI. DOE may also provide a loan guarantee, pursuant to the Energy Policy Act of 2005, to guarantee a portion of the private sector financing for the Project.

The IGCC demonstration plant to be constructed under the Mesaba Energy Project would be designed for long-term commercial operation following completion of an anticipated 12-month demonstration period under a cooperative agreement with DOE, and would cost a total of approximately \$1.97 billion of which DOE's share under the CCPI Cooperative Agreement would be a total of approximately \$36 million. The Project would represent the first phase of a proposed two-phase generating station, each phase of which would nominally generate 600 MWe (net) for a nominal combined generating capacity of 1,200 MWe (net).

The scoping meetings will be held at the Taconite Community Center, 26 Haynes Street, Taconite, MN, on Tuesday, October 25, 2005, beginning at 7 p.m., and at Hoyt Lakes Arena, 106 Kennedy Memorial Drive, Hoyt Lakes, MN on Wednesday, October 26, 2005, beginning at 7 p.m. The public is also invited to an informal session at each location beginning at 4 p.m. on the date of each meeting, during which DOE personnel will be present to discuss the proposed Project and the EIS process. Displays and other forms of information about the proposed agency action and the demonstration plant will be made available to the public for review.

To ensure that all of the environmental issues related to this proposal are addressed, DOE invites your attendance at the public meeting and solicits your oral and written comments. Enclosed are the Notice of Intent, which was published in the Federal Register on October 5, 2005, and an information sheet discussing the EIS process.

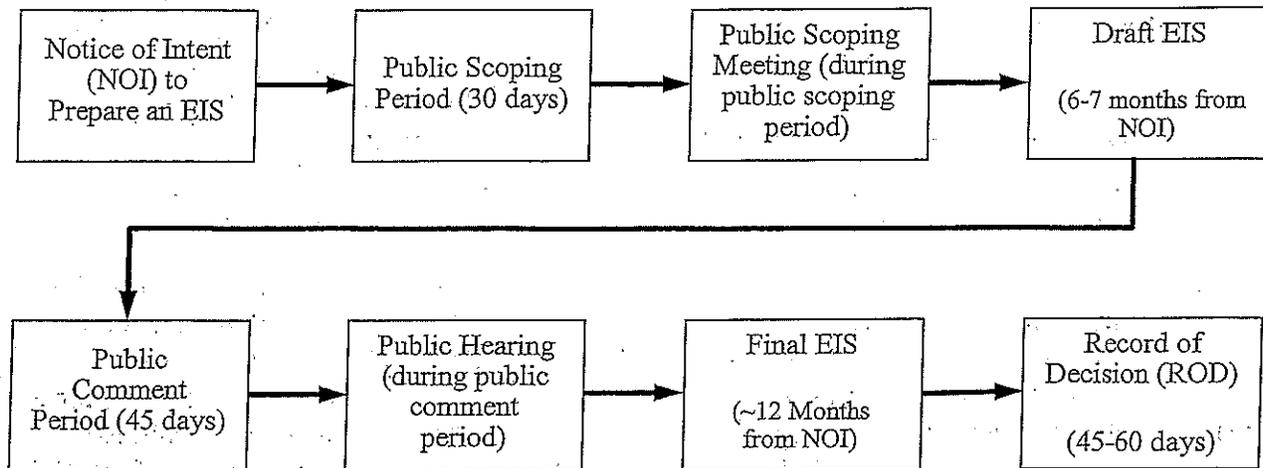
Sincerely,

Richard A. Hargis
NEPA Document Manager
Office of Major Demonstration Projects

Enclosure

NATIONAL ENVIRONMENTAL POLICY ACT (NEPA)

Environmental Impact Statement (EIS) Process



What is NEPA?

In 1969, the U.S. Congress passed the National Environmental Policy Act (NEPA), which was signed into law on January 1, 1970. The main purpose of NEPA is to assure that each federal agency will have available, and will carefully consider, detailed information concerning environmental impacts for proposed projects under its sponsorship, and to guarantee that relevant information will be made available to the general public to facilitate public participation in the decision-making process.

NEPA Impact Assessment for the Mesaba Energy Project

The U.S. Department of Energy (DOE) conducted an internal review and decided that an Environmental Impact Statement (EIS) is the appropriate level of NEPA

assessment for the Mesaba Energy Project. An EIS will provide the most detailed documentation available under NEPA regulations. The EIS will be developed with public input and contain a complete and unbiased discussion of all potential environmental impacts. The EIS will include reasonable alternatives as part of the evaluation.

Preliminary Identification of Environmental Issues

The following issues have tentatively been identified for analysis in the EIS. This list is neither intended to be all-inclusive nor a predetermined set of potential impacts, but is presented to facilitate public comment on the scope of the EIS. Additions to or deletions from this list may occur as a result of the scoping process. Issues will be

addressed in the EIS at a level appropriate to their importance. The issues include:

- (1) **Atmospheric Resources:** Potential air quality impacts resulting from emissions during construction and operation of the Project, including potential impacts on Class I areas in the vicinity (Voyageurs National Park and Boundary Waters Canoe Area Wilderness) and local odor impacts.
- (2) **Water Resources:** Potential impacts on surface and groundwater resources and water quality, including effects of water usage, wastewater management, storm water management, and soil erosion and sedimentation in the Mississippi River and Great Lakes Basins.
- (3) **Cultural Resources:** Potential effects on historic and archaeological resources and Native American tribal resources.
- (4) **Ecological Resources:** Potential onsite and offsite impacts to vegetation, wildlife, protected species, and ecologically sensitive habitats, including impacts on wetlands and floodplains.
- (5) **Floodplains and Wetlands:** Potential impacts on wetlands located within the East Range and West Range sites and their associated transportation/utility corridors, and potential impacts on floodplains within the transportation/utility corridors for both sites. In accordance with DOE regulations (10 CFR Part 1022), the final EIS will include a floodplain and/or wetlands assessment and a statement of findings.
- (6) **Terrestrial resources:** Land requirements and compatibility of plant facilities and operations, access roads, rail alignments, and potential new corridors for HVTL and natural gas lines with adjacent and surrounding land uses.
- (7) **Utility and Transportation Infrastructure Requirements:** Delivery of feedstocks and process chemicals to the facility.
- (8) **Health and Safety Impacts:** Construction-related safety and process-related safety associated with handling and management of process chemicals.
- (9) **Noise:** Potential impacts resulting from construction and operation of the proposed plant and from transportation of feedstocks, process materials, and plant byproducts.
- (10) **Community Resources:** Potential impacts on local traffic patterns, socioeconomic impacts of plant construction and operation, including effects on public services and infrastructure resulting from the influx of construction personnel and plant operating staff, and environmental justice issues.
- (11) **Aesthetic and Scenic Resources:** Potential visual effects associated with plant structures and operations.
- (12) **Cumulative Effects:** Incremental impacts of the proposed plant when added to the other past, present, and reasonably foreseeable future activities in the Iron Range area.
- (13) **Connected Actions:** Effects of construction and operation of the second phase of the Mesaba Generating Station resulting in a combined, nominal 1,200 MWe (net) power generating facility on the selected site.