Appendix A
Environmental Report Scoping Decision

In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Competitive Resources Acquisition Proposal and Certificate of Need Docket

ENVIRONMENTAL REPORT SCOPING DECISION
PUC DOCKET NO. E002/CN-12-1240

The above matter has come before the deputy commissioner of the Department of Commerce (Department) for a decision on the scope of the environmental report (ER) to be prepared for the Xcel Energy's Competitive Resource Acquisition Process.

Project Description
The Minnesota Public Utilities Commission (Commission) has initiated a Competitive Resource Acquisition Process through which it will select resources to meet the need identified in Xcel Energy's 2010 Integrated Resource Plan (IRP). Because Xcel Energy submitted a bid, the Commission has determined that the proposals will be evaluated through a Certificate of Need-like proceeding.

In its order of June 21, 2013, the Commission accepted proposals from Xcel Energy, Calpine, Corporation, Invenergy, Geronimo Energy, and Great River Energy (GRE).

In its review the Commission will consider the following alternatives:

- Xcel Energy's proposed three 215 MW combustion turbine gas generators with a total capacity of 645 MW. One of the proposed locations would be located at Xcel Energy's existing Black Dog plant in Burnsville. The two additional turbines would be built near Hankinson, North Dakota;

- Calpine Corporation's proposed natural gas combustion turbine and a heat recovery steam generator with a total capacity of 345 MW in Mankato;

- Invenergy's proposed three 178.5 MW natural gas combustion turbines, one in Cannon Falls and two in Dakota County or Scott County, for a combined capacity of 535.5 MW;

- Geronimo Energy's proposed up to 100 MW of solar generation distributed at up to 31 sites across Minnesota; and

- GRE's proposed MISO Zone 1 Resource Credits for capacity only.

The proposals will be weighed against each other in a formal evidentiary proceeding based on the certificate of need statute and rules. The Commission has referred this matter to an Administrative Law Judge (ALJ) for contested case proceedings. At the conclusion of the process, the Commission is expected to select one or some combination of the proposed

alternatives to meet Xcel Energy's identified need. This proceeding is the only proceeding in which the no-build alternative and the size, type, timing, and system configuration will be considered.

Environmental Review
As part of the review process the Commission has requested the Department of Commerce to prepare an ER evaluating the proposals under consideration. An ER examines the potential human and environmental impacts of a proposed project, alternatives to the project, and potential mitigating measures for anticipated adverse impacts.

ER Scoping Process
The resource acquisition process required the solicitation of actual proposed alternatives to Xcel Energy's proposed project. The Commission has determined that due to the nature of the bidding process, combined with the analysis completed in the IRP docket, the proposed alternatives and a no-build alternative for each should comprise the scope of alternatives to be evaluated in the ER for this docket.

A comment period, ending on July 10, 2013, provided the public an opportunity to submit comments to Department staff on issues for consideration in the scope of the ER. Four comment letters were received by the close of the comment period.

- Dakota County commented on issues related to existing and potential soil contamination, waste disposal, and groundwater contamination at the existing Black Dog site identified in Xcel Energy's proposal. The comments also indicated that there is insufficient environmental information on the proposal for the Hampton Energy Center contained in Invenergy's proposal.

- The Minnesota Center for Environmental Advocacy, Fresh Energy, Izaak Walton League of America – Midwest Office, and Sierra Club (collectively "Environmental Intervenors"), a party to the proceeding, requested that the environmental report address emissions resulting from GRE's proposal.

- The Minnesota Chamber of Commerce questioned the need for the acquisition process in the timeframe anticipated.

- Mr. Bob Messrich indicated a preference for a more distributed solar than the one proposed by Geronimo Energy. Mr. Messerich also expressed a preference for solar development in the "built environment," rather than on agricultural or other commercially viable land.

Scoping comments are available for viewing on the Department's energy facilities permitting website at: http://mn.gov/commerce/energyfacilities/Docket.html?Id=33228 and on the eDockets website at: https://edockets.state.mn.us/EFiling/search.jsp (enter "12" for year and "1240" for number).

HAVING REVIEWED THE MATTER, consulted with Department staff, and in accordance with Minnesota Rule 7849.1400 and 7849.1500, I hereby make the following scoping decision:

MATTERS TO BE ADDRESSED

1.0 Project Description - Xcel Energy Competitive Resource Acquisition Process

- 1.1 Description of process
- 1.2 Sources of information

2.0 Alternatives to be Evaluated

- 2.1 Xcel Energy's proposed three 215 MW combustion turbine gas generators and the no-build alternative to Xcel Energy's proposal
  - 2.1.1 Description of proposed project including proposed facilities and general construction and reclamation processes.
  - 2.1.2 Description of no-build alternative to Xcel Energy's proposal.
- 2.2 Calpine Corporation's proposed 345 MW natural gas combustion turbine and a heat recovery steam generator and the no-build alternative to Calpine's proposal
  - 2.2.1 Description of proposed project including proposed facilities and general construction and reclamation processes.
  - 2.2.2 Description of no-build alternative to Calpine's proposal.
- 2.3 Invenergy's proposed three 178.5 MW natural gas combustion turbines and the no-build alternative to Invenergy's proposal
  - 2.3.1 Description of proposed project including proposed facilities and general construction and reclamation processes.
  - 2.3.2 Description of no-build alternative to Invenergy's proposal.
- 2.4 Geronimo Energy's proposed up to 100 MW of solar generation and the no-build alternative to Geronimo's proposal
  - 2.4.1 Description of proposed project including proposed facilities and general construction and reclamation processes.
  - 2.4.2 Description of no-build alternative to Geronimo Energy's proposal.
- 2.5 GRE's proposed MISO Zone 1 Resource Credits for capacity only and the no-build alternative to GRE's proposal
  - 2.5.1 Description of proposed project.
  - 2.5.2 Description of no-build alternative to GRE's proposal.

3.0 Human and Environmental Impacts and Mitigation of Project and Evaluated Alternatives

- 3.1 Land Requirements
- 3.2 Land Use and Displacement
- 3.3 Biological Resources – flora, fauna, and sensitive natural resources
- 3.4 Water Resource
- 3.5 Geology and Soils
- 3.6 Health and Safety
- 3.7 Economic Impacts – Jobs, local tax revenues

3.8 Traffic
3.9 Emissions
3.10 Hazardous air pollutants and Volatile Organic Compounds
3.11 Visibility impairment
3.12 Ozone formation
3.13 Fuel availability and delivery
3.14 Associated transmission facilities
3.15 Water appropriations
3.16 Wastewater
3.17 Solid and hazardous wastes
3.18 Noise

4.0 Feasibility and availability of alternatives

4.1 Xcel Energy's proposal for three 215 MW combustion turbine gas generators
4.2 Calpine Corporation proposal for a 345 MW natural gas combustion turbine and heat recovery steam generator
4.3 Invenergy's proposal for three 178.5 MW natural gas combustion turbines
4.4 Geronimo Energy's proposal for up to 100 MW of solar generation
4.5 GRE's proposal for MISO Zone 1 Resource Credits for capacity only

5.0 Required permits

ISSUES OUTSIDE OF THE ENVIRONMENTAL REPORT

The environmental report will not consider the following matters:

1. Impacts or mitigative measures associated with specific sites.
2. The negotiation and content of easement agreements by which land owners are paid for property rights.
3. Any alternatives not specifically described in this scoping decision

SCHEDULE

The environmental report is anticipated to be completed and available in October 2013. A public hearing will be held after the report has been issued and notice served.

Signed this 17th day of July, 2013

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE

William Grant, Deputy Commissioner