

October 4, 2002

Burl W. Haar, Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East
Suite 350
St. Paul, MN 55101-2147

RE: Determination on whether a Certificate of Need is required for a proposed 87
Megawatt Large Wind Energy Conversion System

Dear Mr. Haar

The purpose of this letter is to bring to your attention a specific large wind energy project pending before the Environmental Quality Board and to request that the Public Utilities Commission determine whether a certificate of need for the project is required.

The project is an 87 megawatt project to be constructed in Pipestone and Murray Counties along Buffalo Ridge that would consist of up to 58 turbines. The permit application for the project was submitted to the EQB in August by enXco, Inc. on behalf of Power Partners Midwest, LLC. Our understanding is that enXco intends to build the project in stages or phases. One stage consists of a 24 MW project, a second stage consists of a 51 MW project, and several additional projects could be constructed in increments of less than 5 MW, for a total of up to 87 MW.

enXco stated in its application that a certificate of need from the Public Utilities Commission was not required. The following paragraph is from page 1 of enXco's application:

All power sales agreements for the Development will result from either Xcel Energy's Wind Mandate or All Source Solicitation, or are less than 50 MW in total nameplate capacity. Therefore, pursuant to Minnesota Statute 216B, a Certificate of Need will not be required prior to receiving a site permit from the MEQB.

Our understanding is that enXco has a power purchase agreement with Great River Energy to purchase the output from a 24 MW phase of the development. enXco has submitted a 51 MW project to Xcel Energy as part of Xcel's competitive source bidding process. The last three small projects, the company has informed us, have been selected and approved through the renewable development fund docket approved by the Public Utilities Commission.

The EQB's experience with wind development is that these projects may change in many ways from the time an application is filed to the start of construction. The information presented above is what we know at this time. However, a developer may bid a project to more than one party. If that bid is not accepted by the intended party, it may be developed for another party. In this event, the purchaser of the power may be different than those proposed. If this were to happen, how would the PUC address this situation?

The PUC statutes require a certificate of need for an electric power generating plant with a capacity of 50 MW or more. Minn. Stat. § 216B.2421, subd. 2(1). The EQB's wind rules provide that "The board shall not issue a site permit for a LWECs for which a certificate of need is required until the applicant obtains the certificate, although the board may process the application while the certificate of need request is pending before the Public Utilities Commission." Minn. Rules, part 4401.0450, subp.2. The EQB is unsure whether a certificate of need is required on this project and we seek your guidance on that issue.

On September 23, 2002, the EQB conditionally accepted the site permit application from enXco, Inc, pending a decision by the Public Utilities Commission on the question of the certificate of need. The staff has prepared a draft site permit and is scheduling a public meeting for October 23 in the Buffalo Ridge area so that we can keep this matter moving. However, the EQB needs a determination from the PUC on the question of the necessity for a certificate of need before this agency can make a final decision on the permit. The sooner the PUC can advise us the better, of course, but hopefully the Commission can respond by November 1, 2002.

If we can provide any more information about the project, please do not hesitate to contact me. Also, you may want to contact Mr. Joe Fahrendorf, the representative from enXco. Mr. Fahrendorf's address and phone number are P.O. Box 1043, 63-665 19th Ave., North Palm Springs, California 92258, phone (760) 329-1437.

Thank you very much for your assistance.

Sincerely,

Alan R. Mitchell
Manager, Power Plant Siting

cc: Gene Hugoson, Chair, EQB
Michael Sullivan, Executive Director, EQB
Joe Fahrendorf, enXco
Marya White, Department of Commerce

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