

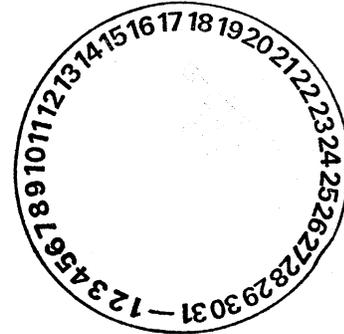


MINNESOTA
DEPARTMENT OF
COMMERCE

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October 19, 2004

Mark Lindquist
The Minnesota Project
1026 North Washington
New Ulm, Minnesota 56073



RE: Comments of the Minnesota Department of Commerce
MPUC Docket No. E002/M-04-1426

Dear Mr. Lindquist:

On October 1, 2004, the Minnesota Project submitted a letter to the Minnesota Environmental Quality Board (EQB). The Minnesota Project was suggesting an issue for the EQB's Environmental Assessment (EA) in the proposed Invenergy-Cannon Falls generating facility. As it had in the Certificate of Need proceeding for the Mankato Energy Center (IP6345/CN-03-1884), the Minnesota Project stated that the Invenergy-Cannon Falls facility should use a blended biodiesel fuel as the facility's backup fuel.

The Minnesota Department of Commerce (Department) notes that the Minnesota Project's letter to the EQB would be appropriately targeted to the power purchase agreement (PPA) review before the Minnesota Public Utilities Commission (Commission). The Minnesota Project's recommendation would be more appropriate for the Commission to consider given the Commission's authority over size, type and timing of energy facilities. Further, the Minnesota Project's recommendation would require an amendment to the PPA between Northern States Power Company d/b/a Xcel Energy (Xcel) and Invenergy. Thus, the Commission's forum, rather than the EQB's forum, is an appropriate venue for discussion of issues that would materially affect the PPA over which the Commission has jurisdiction to approve or deny. Therefore, if it chooses to raise this issue, the Minnesota Project should do so in the appropriate forum by submitting comments to the Commission to make its case and demonstrate, quantitatively, the costs and benefits of a biodiesel blend backup fuel.

The Department note that comments on the Invenergy-Xcel PPA are due October 27, 2004.

Sincerely,

KATE O'CONNELL
Supervisor, Electric Planning and Advocacy

KO/ja

c: Burl Haar, Minnesota Public Utilities Commission
Bill Storm, Minnesota Environmental Quality Board
Mark Lindquist, The Minnesota Project