

# Invenergy

October 22, 2004

Mr. Bill Storm  
Minnesota Environmental Quality Board  
658 Cedar Street, Room 300  
St. Paul, MN 55155

Re: Response to the Thorburn comment letter

Dear Mr. Storm:

In her September 30<sup>th</sup> email, Ms. LeAnn Thorburn raised concerns over the loss of 55 acres of farm land, the loss of land associated with the natural gas pipeline, the installation of fuel oil capability, and the limited amount of operation. In response to Ms. Thorburn's concerns expressed in her September 30<sup>th</sup> email, Invenergy offers the following information.

While it is true the project site is 55 acres, once completed, the Cannon Falls Energy Center (CFEC) will only require approximately 25 acres. Since the CFEC does not need the additional 30 acres of land, Invenergy is open to considering the sale of the additional land to other interested parties.

The CFEC will be a compact, clean, and unobtrusive facility. Considering the current light industrial character of the surrounding area and the future light industrial development proposed by the City of Cannon Falls, the CFEC will complement the area. If developed according to the City's plans, the area will have additional light industrial development in the parcels surrounding the CFEC.

Natural gas pipelines are installed underground and are very unobtrusive. During the construction period, farming operations will be restricted on the pipeline easement; however, once construction is completed in the fall of 2005, the disturbed land will be restored and cultivation can occur without restriction over and around the pipeline location. Property owners will be compensated for the temporary loss in crop production. Currently, underground pipelines exist in many areas of Minnesota without negative effects to farming operations.

Fuel oil is being installed as a requirement of the Mid-Continent Area Power Pool (MAPP). MAPP requires that the utilities maintain a safe margin of electric generating capacity. In order for the Cannon Falls Energy Center to be accredited by MAPP as a part of the state's installed electric generating capacity, it must be considered reliable. As a peaking plant which typically operates between 2 and 10 percent of the time, it is subject to gas curtailment by the natural gas pipeline operator when natural gas demand is high. Normally this occurs in the winter when heating demands are greatest. To provide a backup, fuel oil combustion capability and onsite fuel oil storage is installed. MAPP

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requires an accredited plant to install, at a minimum, 20 hours of onsite backup fuel storage.

As mentioned above, the plant's operation will likely be 2 to 10 percent of the year. Minnesota utilities maintain a mix of generating resources to provide reliable electrical generation for the citizens of Minnesota. The generating sources are generally categorized into three categories, baseload, intermediate, and peaking. With the CFEC being a peaking facility, it will generally provide power when the baseload and intermediate plants are already running and the electrical load exceeds their capacity or when a disruption occurs in the electrical system requiring power to be added to the transmission grid quickly and reliably. Peaking plants are a necessary part of Minnesota's reliable electric system. In approving Xcel's 2001 All Source Request for Proposals, the Minnesota Public Utility Commission agreed with the need for additional peaking power in Minnesota.

If you have any additional questions, please contact me at 312-224-1417.

Sincerely,



Joel Schroeder  
Project Manager  
Invenergy Cannon Falls LLC

cc: Bryan Schueler – Invenergy  
James Bertrand – Leonard, Street & Deinard