



# STATE OF MINNESOTA

## Office of Governor Tim Pawlenty

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

May 23, 2003

Dear Senators:

As always, thanks for your service to Minnesota in these very challenging times.

After reviewing House File 9 regarding dry cask storage at Prairie Island, the bill as passed by the House is unacceptable to me. As I tried to make clear in recent meetings, it is essential that we not retreat on our commitment on renewable energy. The bill allows new coal technologies to be counted towards a utility's Renewable Energy Objective. That provision must be removed.

The coal-gasification technology proposed for the Excelsior Energy project will provide base-load power with clean emissions, helping pave the way for a better energy future. The project also provides economic development opportunities in a region of the state that has suffered significant job losses. The project has merit and it should be encouraged, but not at the expense of true renewable initiatives.

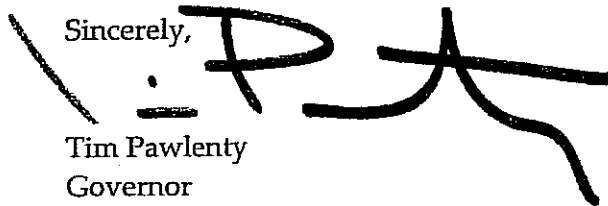
A better alternative would be to allow separate incentives for clean-energy technologies. It is my understanding an amendment will be offered by Senator Murphy that creates such an incentive, where the Public Utilities Commission is required to consider the environmental benefits of the technology and potential costs to ratepayers.

If coal is removed from the renewable energy classification, and other incentives for the Excelsior Energy project, such as Senator Murphy's amendment are included, the legislation would be acceptable.

The result would be a bill ensuring that Minnesota will continue to have reliable low-cost power. It would also lay the foundation for a clean energy future with significant increases in renewables, new commitments to environmentally-superior electric generation and hydrogen research and development.

It is imperative for the legislature to come together to solve this important need. This is a difficult and contentious issue that determines our energy and environmental future. I know it's been difficult and I appreciate all of your hard work addressing the issue.

Sincerely,

  
Tim Pawlenty  
Governor

**Michael Beard**  
State Representative

District 35A  
Scott County



# Minnesota House of Representatives

COMMITTEES: REGULATED INDUSTRIES; TRANSPORTATION FINANCE; TRANSPORTATION POLICY

October 5, 2004

Chairman Leroy Koppendraye  
Minnesota Public Utilities Commission  
121 7th Place E. Suite 350  
St. Paul, MN 55101-2147

Re: RDF Proposal of Mesaba Energy Project

Dear Chair Koppendraye and Commissioners:

We are the chief authors of the legislation passed in the 2003 legislative session with respect to an innovative energy project or "IEP." Among other things, the legislation provides that an IEP is eligible for a grant from the renewable development fund (RDF) for \$2 million per year for five years, to be used for development and engineering expenses. The purpose of the legislation was to encourage the development of an IGCC plant in Northeastern Minnesota, because of the significant benefits such a project would bring to Minnesota's consumers, economy and environment. The grant from the RDF was intended to defray the higher development costs associated with advanced technologies, a key barrier to entry of the IGCC technology into the generation mix.

We understand that Xcel recently filed a report with respect to its request for proposals for funding from the RDF and that the proposal from the Mesaba Energy Project was not included in the proposed list of projects to receive funding.

It was the legislature's intent to award development funding to an IEP based on certain criteria. The legislature provided the criteria to be applied to an IEP in the statute, which are that the project makes use of an innovative generation technology, utilizes coal as a primary fuel, incorporates a highly efficient combined-cycle configuration, significantly reduces emissions and meets certain certification requirements. We understand that Xcel has confirmed that the project meets these criteria.



The legislature believed that the grant to an IEP was in the public interest, but we wanted Xcel to perform the necessary function of screening proposals to ensure that they satisfied the criteria of the statute. Once that was accomplished, we intended the Commission to confirm that the criteria were satisfied and, if so, approve the grant.

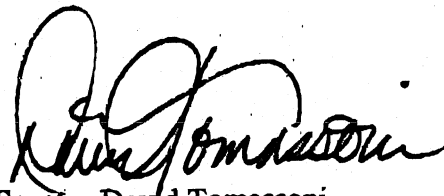
The project sponsors are working to bring the project online in 2010, in order to meet a portion of the State's significant need for new coal-fueled resources. In order to give effect to the statute, which became law over fifteen months ago, development funds must be provided promptly. We encourage the Commission to take action to ensure that the intentions of the legislature with respect to this matter are realized.

Sincerely,



Representative Mike Beard

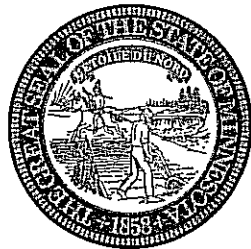
MB/cm



Senator David Tomassoni

Steven Sviggum  
Speaker of the House

District 28B  
Dodge, Goodhue, Olmsted,  
Steele and Waseca Counties



# Minnesota House of Representatives

February 2, 2005

Chairman Leroy Koppendrayer  
Minnesota Public Utilities Commission  
131 7<sup>th</sup> Place E. Suite 350  
St. Paul, MN 55101-2147

Re: RDF Proposal of Mesaba Energy Project

Dear Chair Koppendrayer and Commissioners:

I have read the letter dated October 5, 2004 submitted to the Commission by Representative Mike Beard and Senator David Tomassoni, the chief authors of the legislation passed in the 2003 session with respect to an innovative energy project or "IEP." I was involved in the process of obtaining passage of the IEP statute.

The chief authors' characterization of the purpose and intent behind the provision of the IEP statute, requiring that an IEP be made eligible for funding from the renewable development account, accurately reflects the intent of the Legislature. The Governor's office had requested that a different provision of the IEP bill that would have provided significant benefits to an IEP be removed from the bill. The chief authors agreed to remove that provision in exchange for an agreement that the provision relating to funding from the renewable development account would be included in the final version of the bill, along with the clean energy technology provision. The funding from the renewable development account was meant to be an alternative means to provide a meaningful benefit to an IEP.

Sincerely,

A handwritten signature in cursive script that reads "Steve Sviggum".

Steve Sviggum  
Speaker of the House



Charlie Weaver  
440 Rice Street  
Anoka, Minnesota 55353

February 2, 2005

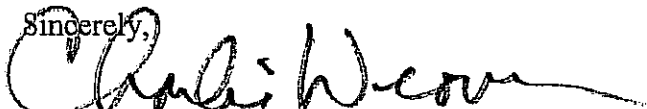
Chairman LeRoy Koppendrayer  
Minnesota Public Utilities Commission  
121 East Seventh Place East, Suite 350  
Saint Paul, MN 55101-2147

Dear Chairman Koppendrayer:

I have reviewed the letter sent to you by the authors of the 1993 Innovative Energy Project (IEP) statute and thought it might be helpful to provide some history on the part of the statute that makes an IEP eligible to receive funding of \$2 million per year for five years from the renewable development fund (RDF).

At the time of the passage of the statute, I was the Governor's Chief of Staff. The IEP language, with a provision making an IEP count towards the renewable energy objective (REO) was on its way to the House floor for passage when, on behalf of the Governor, I requested a change to the bill to eliminate the REO provision, which provided a very substantial benefit to an IEP. The authors agreed to the Governor's request, as part of an agreement between the Governor's office and the authors that the final bill would include the RDF funding incentive and a new provision regarding clean energy technologies in the final version of the bill. The House and the Senate then amended the bill to conform to our agreement and the bill passed.

In my view, the author's letter accurately reflects what Minnesota's policymakers intended by the RDF funding language.

Sincerely,  
  
Charlie Weaver