

**BEFORE THE MINNESOTA OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of a Petition by Excelsior Energy, Inc.
for Approval of a Power Purchase Agreement under
Minn. Stat. §216B.1694, and Determination of Least
Cost Technology and Establishment of a Clean Energy
Minimum Under Minn. Stat. §216B.1693.

MPUC Docket: E/6472/M-05-1993

OAH Docket: 12-2500-17260-2

MCGP EXCEPTIONS TO RECOMMENDATION OF ADMINISTRATIVE LAW JUDGES

- I. MCGP takes exception to the inclusion of Wind on the Wires as an intervenor in the Mesaba Project Power Purchase Agreement docket – Wind on the Wires is not an intervenor.

- II. MCGP takes exception to the characterization of the spare gasifier in Finding of Fact 7. The spare gasifier is necessary because the gasifiers are unreliable, as demonstrated at the Wabash River ConocoPhillips plant, which achieved an average of only 70% reliability over the two years prior to the report, and only as high as 77% in one 9 month period. MCGP5051, Wabash River Coal Gasification Repowering Project – Final Technical Report, p. 9-4. “Some IGCC facilities have been evaluated with a spare gasifier to increase availability factors and allow increased operational flexibility. MCGP 5052, Feasibility Study for an Integrated Gasification Combined Cycle Facility at a Texas Site, EPRI 1014510 (Oct. 2006), p. 3-4; 9-1. Higher availability requires “multiple trains at an increased capital cost...” MCGP5051, Wabash River Coal Gasification Repowering Project – Final Technical Report, p. 9-6. “It is anticipated that adding a spare gasifier train will improve the availability factor of the IGCC facility by approximately 5 percentage points. The spare gasifier is typically operated in hot-standby mode which requires natural gas (or syngas if available) to maintain the metal temperatures within the gasification system. This significantly reduces gasifier startup time in the event that one of the gasifiers is forced off-line. The benefits of the spare gasifier, however, come at a large operating and capital expense (approximately 20% capital cost increase). MCPG 5052, Feasibility Study for an Integrated Gasification Combined Cycle Facility at a Texas Site, EPRI 1014510 (Oct. 2006), p. 9-1.

Finding of Fact 7 should read:

7. Mesaba Unit I (the Project) will integrate ConocoPhillips E-Gas gasification technology with advanced F-class combustion turbines. This is an IGCC plant that will include two operating “gasification trains” or “gasification islands” (gasifier and its supporting apparatus), a standby gasification train, two combustion turbines, and a single steam turbine. The spare gasification train is included in order to increase the percent of the time the Project is available to operate, its “availability,” and allow increased flexibility. A higher availability of 5% requires multiple trains at an increased capital cost of approximately 20%. MCGP 5051; MCGP 5052 (as above).

- III. MCGP takes exception, and adopts, as if fully related here, Minnesota Power’s Exception to Finding 89, that “Excelsior Energy is capable of negotiating agreements so that fuel costs can be

hedged, albeit not at a favorable price.” MP Exceptions, p. 4. There is no evidence that Excelsior is capable of negotiating agreements, and the lack of contracts is concrete evidence of Excelsior’s inability to negotiate.

Dated: May 2, 2007



Carol A. Overland Lic. No. 254617
Attorney for mncoalgasplant.com
OVERLAND LAW OFFICE
P.O. Box 176
Red Wing, Minnesota 55066
(612) 227-8638 (c)
overland@redwing.net