

Request for Committee Action

To: Intergovernmental Relations
Date: 8/13/2015
From: Community Planning & Economic Development
Prepared by: Haila Maze, CPED
Presented by: Haila Maze, CPED
File type: Action
Subcategory: Staff Direction

Subject:

Response to FERC Request for Comments on the License Amendment Application for Crown Mill Hydroelectric Project

Description:

1. Receive and File the draft comments in response to the Federal Energy Regulatory Commission's (FERC) request for comments on the License Amendment Application for the Crown Mill Hydroelectric Project.
2. Authorize the Community Planning and Economic Development Department's Executive Director or the Director's designee or the City Attorney to submit comments on behalf of the City on the License Amendment Application for Crown Mill Hydroelectric Project that are generally consistent with the draft comments filed with the City Council.
3. Authorize the Community Planning and Economic Development Department's Executive Director or the Director's designee or the City Attorney to submit a new Motion to Intervene on behalf of the City on the License Amendment Application for Crown Mill Hydroelectric Project if needed.

Previous Actions:

None. See background section for past City actions on previous versions of this application.

Ward/Neighborhood/Address:

Ward 3
Downtown East

Background/Analysis:

The Federal Energy Regulatory Commission (FERC) currently is soliciting public comments on the License Amendment Application for Crown Mill Hydroelectric Project.

This is intended to be just a summary of the project scope and issues. More information, including the full text of all the documents released, is available on the FERC website under the project docket number P-11175: http://elibrary.ferc.gov/idmws/docket_search.asp. (For brevity, the application documents are not included as part of this packet.)

Background

Crown Hydro, LLC, licensee for the Crown Mill Hydroelectric Mill Hydroelectric Project, has submitted an application for amendment of the unconstructed Crown Project. The Crown Mill Hydroelectric Project license was issued on March 19, 1999, for the development, to be located in the basement of the Crown Roller Mill Building on West River Parkway in downtown Minneapolis. Difficulty in obtaining the necessary property rights to break ground at the proposed site led to Crown Hydro's investigation of alternative sites. Ultimately, Crown Hydro identified an alternative location for the project on U.S. Army Corps of Engineers lands within the campus of the Upper St. Anthony Falls Lock and Dam.

The current proposal reflects this new location. While retaining elements of the as-licensed project design, the project site is moving north approximately 250 feet to property owned by the Corps that is adjacent to the as-licensed site. As detailed in the attached application, the most significant difference will be that the Crown Mill Hydroelectric Project will be using a new tunnel tailrace as opposed to connecting to an old existing tunnel.

This project has gone through a number of iterations since it initially started to pursue a license in 1991. This has reflected consideration of several alternative sites and designs, as well as other changes in response to comments from FERC and from other stakeholders, including the City of Minneapolis. This includes a previous unsuccessful amendment application in 2002, when Crown Hydro requested an amendment of license to relocate the powerhouse to the east side of the West River Parkway to a site located within Minneapolis Mill Ruins Park, owned by the City of Minneapolis Park and Recreation Board (MPRB). MPRB opposed this, and the project did not proceed in that location.

In 2012, Crown Hydro identified an alternative location for the project within the currently proposed project boundary on U.S. Army Corps of Engineers lands within the campus of the Upper St. Anthony Falls Lock and Dam. Since 2012, Crown Hydro has been working with the Corps' St. Paul District Office in consultations, and a General Licensee Agreement was entered into with Corps on May 15, 2012, for site access for testing and analysis.

Crown Hydro informed the Commission of its intent to pursue an amendment to its license in order to pursue development of this new configuration of the Crown Project. On April 15, 2013, FERC staff provided Crown Hydro with guidance on the material and issues that any amendment application should address. The current application package provides this additional material in response to the specific requests made by FERC, as well as in response to comments from some outreach and discussions from 2013 through early 2015.

Project Description

The project purpose is to provide clean, renewable energy. The Crown Mill Hydroelectric Project is a 3.4 megawatt (MW) hydropower facility located at the Upper St. Anthony Falls Lock and Dam. Attached is a map of the project area.

The proposed project would generate an estimated 21,200 megawatt-hours (MWh) of electric energy per year, which could power approximately 2,300 homes. Through an agreement with Xcel Energy, Crown Hydro intends to sell the electricity produced by the proposed project to Xcel Energy.

Crown Hydro would use a portion of the Mississippi River flow to generate power by a natural elevation drop maintaining run-of-river conditions operating without use of upstream storage. However, the surface area of the upper pool formed by the St. Anthony Falls Project (FERC No. 2056) is approximately 360 acres. The Upper pool has no designated net or gross storage capacity for power production purposes. If river flows are inadequate, the proposed facility would be shut off and no power would be generated. Based on the flows at the site, the proposed project is expected to operate 74 percent of the time on an annual basis.

Approximately 460 million-gallons-per-day passes through the project on an annual basis. The project adds hydropower production to an existing lock and dam that currently does not produce energy, although there is other hydropower production in the general vicinity.

The proposed project would use the existing horseshoe shaped dam with a concrete spillway about 50 feet high (also known as St. Anthony Falls). The Xcel Energy (formerly Northern States Power) St. Anthony Falls Project (FERC No. 2046), located on the east side of the river, owns and maintains the horseshoe dam and concrete spillway.

The proposed project would have two 1.7 megawatt turbines, for a total of 3.4 megawatts of capacity. There are no plans or provisions for additional capacity. Operation of the proposed project would use automated equipment with the capability to be manually overridden from the powerhouse and the Upper St. Anthony Lock control room, as necessary.

The majority of the project would be underground. The above ground footprint of the proposed project totals, approximately 4200 square-feet, primarily the powerhouse structure. Crown Hydro is in the process of securing approval from the Corps for construction of the project.

Past City Involvement

The City has commented on this project several times over the 25 year history of the development of this project. These comments are all included in the project's extensive docket, found on the FERC website under the docket number P-11175. The City's past actions on this proposal include:

- April 10, 1996 – Motion of the City of Minneapolis to Intervene in regard the application at that time, raising serious concerns about the potential impacts of the project on the surrounding area.
- August 29, 1996 – City comment letter on proposed project, with City Council action, concluding that the project was a serious threat to important historic and recreational resources in the area.
- April 14, 1997 – City comment letter on draft environmental assessment, with City Council action, concluding that there were significant negative environmental impacts, particularly on the falls.
- February 14, 2003 - Motion of the City of Minneapolis to Intervene in regard the amended application at that time, with concerns around impacts on surrounding park.
- October 11, 2004 - Comments requesting that FERC deny any requests made by Crown Hydro to exercise eminent domain on any land owned by the Minneapolis Park and Recreation Board for the Crown Hydro Project (filed through the Park Board on behalf of the City)

While the current comment period is in response to an amended version of the project, this does present an opportunity to restate for the record City concerns and priorities identified earlier, to the extent they still apply and are supported.

Minneapolis Comments

For this current review, attached is a letter to be submitted to the FERC in response to the current comment period. Highlights of the comments include:

- The application currently does not address impacts to the historic resources in the St. Anthony Falls Historic District, including visual and physical impacts to historic integrity. This is a serious shortcoming, and needs to be remedied. The

City of Minneapolis requests to be added as a consulting party on the Section 106 process for this project. As these impacts may be significant, they may alter the scope of the overall project and should be fully evaluated before the project proceeds further.

- While there has been some progress on responses to questions around impacts on aesthetic flows over the falls, there is still more to be done. The application's assumptions of acceptable flow levels is likely low, based on the potential outcomes of analysis that is still underway and other existing demands.
- There is some dispute over the easement rights to this property between the applicant and the Minneapolis Park and Recreation Board. This needs to be resolved, without any action that would limit recreational use of the park area.
- Generally speaking, there needs to be more clarity regarding the full range of impacts to this historic area, including noise, vibration, visual, structural, and accessibility, among others. This is a vital natural and historic resource area, and this project is potentially disruptive to it – both during construction and operation.

As the current comment period ends August 29, 2015, it is staff's recommendation that this comment letter be submitted on behalf of the City prior to that time. If the project moves forward, there may be additional City review opportunities. Discussion of these will follow at a later date.

Financial Review:

No financial impact.

Attachments:

1. Draft City of Minneapolis comments
2. FERC Request for Comments
3. Maps of project area