

Storage certificate of need (CON) modification

Adjusting this statute updates a threshold set in 1974 and can enable additional methods to provide cost-effective energy solutions to Minnesotans.

Meeting Minnesotans' energy needs requires flexibility to deliver reliable and resilient strategies. Increasing the liquefied natural gas (LNG) storage certificate of need (CON) threshold maintains all local, state, and federal permits while reducing cost and timeline for implementation. Storage is a vital tool used by utilities to manage supply risk during the coldest days and can be used to provide customer benefits including increased resiliency, lower system costs, and more opportunities to leverage made-in-Minnesota renewable natural gas (RNG).

Requiring a CON for LNG or synthetic gas storage tank of more than 100,000 gallons is costly and reduces system options to serve Minnesota utility customers.

- A CON is a valuable tool governed by the Minnesota Public Utilities Commission (PUC) for large and costly energy projects. This process helps determine the need for an investment and whether a project is in the public interest.
- **A storage tank of 100,000 gallons is approximately \$2.5 million – less than 10% of the cost of many other projects that require a CON.¹**
- The added cost and lengthened timeline of the CON process limit the feasibility of this option to meet current and future energy needs of Minnesotans.

Updating this statute to remove the requirement for a CON for tanks less than one million gallons:

- **Continues to have PUC oversight** through rate case prudence review of infrastructure investments.
- **Maintains existing federal, state, and local permit processes.**
- Increases flexibility for natural gas utilities and provides a **valuable tool for upcoming IRP processes.**
- Provides a **more streamlined process** that could help with **advancing Minnesota's RNG economy.**
- **Enables a strategic procurement plan** to meet Minnesotans' energy needs, especially during winter.
- **Increases energy capacity** through availability of additional energy storage strategies.

¹ (1) 50kW+ electric generating site with transmission = \$50M to \$100M+

(2) HVDC transmission lines is approximately \$3M/mile, projects range = \$30M to more than \$1B

(3) Pipelines over 50 miles long with 200+ psi = \$15M to \$25M

(4) Nuclear fuel or waste storage

12,000,000 gallons

CenterPoint Energy's existing Dakota Station LNG storage tank in Burnsville, MN.

Certificate of Need is, and would continue to be, required for a project of this size



1,000,000 gallons

SF 1455 would not require a Certificate of Need for any storage projects below this size



350,000 gallons

The type of project CenterPoint Energy could pursue without a Certificate of Need if SF 1455 were enacted



99,000 gallons

Largest possibly storage that currently does not require a Certificate of Need

A likely scenario for CenterPoint Energy would be to use three-to-five 70,000-gallon tanks in a configuration that would be equivalent to approximately 210,000-350,000 gallons of storage. One 70,000-gallon tank is approximately 103 feet long and 12.5 feet in diameter. This is slightly smaller than the size of two semi-truck trailers.

