

# **Prairie Island Net Zero Project Progress Report**

*Prepared For:*

**Minnesota Department of Commerce**

**Minnesota House of Representatives Energy Finance and Policy Committee**

**Minnesota Senate Energy, Utilities, Environment, and Climate Committee**

*Prepared By:*

**Prairie Island Indian Community**





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## 1. Executive Summary

On May 27, 2020, Minnesota Governor Tim Walz signed House File 1842. As provided in the legislation, the "Prairie Island Net Zero Project is established with the goal of the Prairie Island Indian Community developing an energy system that results in net zero emissions" (Laws of Minnesota 2020, chapter 118, section 3, subdivision 1). Further, the law states, "The Prairie Island Indian Community must file a report with the commissioner of commerce and the legislative committees with jurisdiction over energy policy on July 1, 2022, and each July 1 thereafter until the project is complete, describing the progress made in implementing the project and the uses of expended funds" (Laws of Minnesota 2020, chapter 118, section 3, subdivision 4(b)).

This *Net Zero Progress Report* is filed with Minnesota Department of Commerce Commissioner Grace Arnold, the Honorable Nick Frentz, Chair of the Minnesota Senate Energy, Utilities, Environment, and Climate Committee, and the Honorable Patty Acomb and Chris Swedzinski, Co-Chairs of Minnesota House of Representatives Energy Policy and Finance Committee. The report describes the progress made to-date in implementing the State-funded Prairie Island Net Zero Project (Project) and the uses of expended funds.

Prairie Island Indian Community (PIIC) acknowledges the immense value this ground-breaking Project presents for PIIC and as a learning opportunity for the Minnesota community more broadly. In this report, PIIC reviews the strong progress made over the last calendar year, including milestones achieved through Phase III of the Project. PIIC activities in the last year include continued implementation of the technical solutions as well ongoing community engagement, workforce development, Project management and governance, and pursuit of additional funding.

In this report, PIIC is pleased to share work accomplished over the past calendar year as well as a high-level preview of activities expected in the year ahead. Through Project efforts, PIIC continues to focus on maximizing the value of the State funds expended and to achieve strong carbon emission reductions and community benefits with the available budget. PIIC thanks the State and is willing to support any additional inquiries not addressed herein.

## 2. Project Implementation Progress

### 2.1 Summary

The Project was established through the Laws of Minnesota 2020, Chapter 118, sections 3 and 5<sup>1</sup> with the goal for PIIC to develop an energy system that results in net zero carbon emissions<sup>2</sup>. The State-funded Project contributes towards PIIC's long-term objective to become a net zero carbon emissions community. The Project comprises three phases as shown in Figure 1, from planning through procurement, design, and construction of solutions. The Project is currently in Phase III. This is PIIC's annual *Net Zero Progress Report*.

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<sup>1</sup> [Chapter 118 - MN Laws](#)

<sup>2</sup> The Prairie Island Net Zero Project aims to address Scope 1 and 2 emissions.



Figure 1. Prairie Island Net Zero Project – Three Phases

### **PHASE I: Net Zero Project Plan Development. Completed July 1, 2021**

The PIIC Net Zero Team<sup>3</sup> conducted a comprehensive assessment of source energy and end-use emissions to create an emissions baseline. Informed by the baseline assessment, technical analysis, and input from stakeholder engagement, the PIIC Tribal Council approved a comprehensive Project plan for carbon emissions reduction through energy conservation, renewable energy generation, and deployment of innovative technologies. Per the Laws of Minnesota 2020, chapter 118, section 3, PIIC filed a *Net Zero Project Plan*<sup>4</sup> with the Commissioner of Commerce and legislative committees with jurisdiction over energy policy on July 1, 2021, describing the Project elements and implementation strategy.

### **PHASE II: Net Zero Project Costing and Vendor Selection. Completed January 1, 2023**

The PIIC Net Zero Team completed preliminary engineering to confirm the technical performance of the measures in the Phase I plan and to develop technical details necessary for solution procurement. The Net Zero team conducted competitive procurement processes for the technical solutions identified in the plan. PIIC selected and negotiated with contractors and finalized agreements with contractors to design and build the projects. The results of Phase II were presented to the State in the *Certified Total Cost*, which was submitted to the State on December 26, 2022 in compliance with Amended<sup>5</sup> Laws of Minnesota 2020, chapter 118, section 3, subdivision 3.

### **PHASE III: Net Zero Project Construction and Implementation. January 2, 2023 through Completion**

The Net Zero Team is currently in Phase III of the Project, which comprises design and implementation of the projects contracted in Phase II. Annual *Net Zero Progress Reports* will be delivered to the State each July 1 through completion of the Project.

## **2.2 Reflections on Phase III Progress**

Over the past year, the Net Zero Team has continued Phase III activities and made significant progress on the construction and implementation of the projects contracted in Phase II. Additionally, PIIC has continued development and implementation of essential governance frameworks to support long-term management and operations of the Project. PIIC has also conducted community engagement and workforce development, in addition to seeking supplementary funding from various sources in order to pursue additional decarbonization and clean energy projects not funded through the State allocation.

<sup>3</sup> Net Zero Team comprises PIIC as well as Net Zero Project consultants, contractors, and partners.

<sup>4</sup> <https://prairieisland.org/uploads/Phase1ReportforPIICNetZeroProject-1.pdf>

<sup>5</sup> Amended Laws: <https://www.revisor.mn.gov/laws/2022/0/Session+Law/Chapter/41/>



## 2.3 Project Technical Solutions

This section identifies the PIIC technical solutions included in the Project *Certified Total Cost* as well as key milestones achieved in the last calendar year.

*Table 1. Accomplishments Since 2024 Annual Progress Report*

Project Scope	Accomplishments
<b>Overall Net Zero Project</b>	<ul style="list-style-type: none"> <li>July 1, 2024 – Annual Progress Report submitted by PIIC to the State</li> <li>Ongoing – Project governance and community engagement activities</li> </ul>
<b>Commercial Solar Renewable Energy Project</b>	<ul style="list-style-type: none"> <li>January 2, 2025 – Project Final Completion milestone achieved</li> <li>Ongoing – Monthly energy production through the solar PV system</li> <li>Ongoing – Monitoring and maintenance of the system</li> </ul>
<b>Commercial Electrification Project</b>	<ul style="list-style-type: none"> <li>Ongoing – Project construction and commissioning</li> <li>February 2024 - Ongoing – Net Zero workforce development job for PIIC community member</li> </ul>
<b>Commercial Monitoring-based Commissioning Platform</b>	<ul style="list-style-type: none"> <li>Ongoing – Platform configuration and procurement activities</li> </ul>

### 2.3.1. Commercial Solar Renewable Energy

PIIC has completed the construction of a 5.4MW(dc) commercial solar project on PIIC tribal land that is providing renewable energy for surrounding areas and generating revenue through a Power Purchase Agreement (PPA) to help financially sustain the Project over time. This past year, Phase III work has comprised final construction, permitting, and project close-out activities. The final turnover package, including as-build/record drawings, was delivered on November 2024. The project has been commercially operational since May 2024, with a first-year energy production of approximately 6.7 GWh. PIIC and our contracted partners continue to perform ongoing monitoring and maintenance of the system. The project also supports native prairie restoration for the 21 acres of land on which the solar PV system resides.

### 2.3.2. Commercial Electrification

PIIC is in the final stage of construction of a new, electrified heating, cooling, and domestic hot water system at the PIIC Treasure Island Resort and Casino that leverages the power of geothermal energy and enables the facility to convert much of its energy use from natural gas to cleaner electricity. This past year, Phase III work has comprised ongoing project construction, testing, permitting, and commissioning. The project is expected to be substantively complete and operation in Summer 2025, although final commissioning will continue through the heating season of 2025-26, for a final estimated project completion of Spring 2026. The project team is also currently developing operations and maintenance plans and providing training and reference materials for PIIC facility staff.

PIIC, in partnership with our contractor, has provided a full-time position and paid on-the-job training to a tribal member who has been a critical member of the project construction team for more than a year.

### 2.3.3. Commercial Monitoring-based Commissioning Platform

PIIC is currently working with our contractors to finalize the configuration, implementation plans, and purchasing of monitoring-based commissioning software to support long-term operation of Treasure Island Resort and Casino facilities. These activities align with set-up and commissioning of the new heating, cooling, and hot water system (described in Section 2.3.2) and will serve as an ongoing tool for



facility staff to support energy efficiency, effective building operations, and occupant comfort. We expect this platform to be live in the Summer of 2025.

## 2.4 Project Governance

PIIC has undertaken activities to develop management systems and protocols that help PIIC oversee and operate the Project over the long-term. Governance structures include:

- **PIIC Project Management:** PIIC staff continue to provide on-the-ground, focused oversight for Project and cross-functional coordination between PIIC, the Net Zero Team, the State, and industry stakeholders.
- **PIIC Planning, Strategy & Reporting:** PIIC staff and consultants perform other essential Net Zero-related planning, strategy development, monitoring, measurement, and reporting activities that support PIIC's long-term goal to reduce its carbon footprint.
- **Internal PIIC Policies:** PIIC establishes and maintains tribal government policies and procedures to help sustain long-term Project success.
- **Special Purpose Vehicle:** PIIC continues maintenance of a Special Purpose Vehicle (SPV) entity to support the solar project.
- **Project Funding:** PIIC has been working to secure additional funds for the Project.

## 2.5 Community Engagement

### 2.5.1. PIIC Community Members

PIIC community participation in and support for the Project is essential to its long-term success. To this end, community member engagement has been a priority through each phase of the Project. In the last calendar year, PIIC has undertaken the following activities:

- **Project Updates:** The Net Zero Team continues to provide updates on Project progress and timelines through PIIC tribal government channels, including in-person presentations and meetings, written materials, and digital channels.
- **Workforce Program:** PIIC is providing workforce opportunities associated with our commercial electrification project as described in *Section 2.3*.
- **Other PIIC Forums:** The Net Zero Team is providing other community energy engagement opportunities, such education sessions and informational materials. Additionally, PIIC utility service providers participate in key PIIC events, sharing energy-related info with the community.

### 2.5.2. Utility Service Providers

The PIIC Net Zero Team continues to partner with Dakota Electric Association (DEA), Great River Energy (GRE), and Xcel Energy, for both solar and commercial electrification projects. Examples over the last year include grid/solar PV system testing and coordination, utility rebate and third-party grant funding development, carbon emissions accounting, among other areas. These partnerships assist PIIC in achieving its energy-related goals and maximizing the impact of MN State funding.

### 2.5.3. Other Stakeholders

PIIC is committed to sharing its experiences and lessons learned through the Project with other communities and stakeholders. As part of this effort, PIIC has hosted and participated in a number of Net Zero-related conversations. Examples include PIIC sharing its energy story and Project insights via:

- **September 2024 –** PIIC tribal leaders and community members shared their energy stories through a Canadian TV documentary series episode filmed at Prairie Island.



- **October 2024** – PIIC presented at the Minnesota Solar Energy Industry Association (MNSEIA) Gateway to Solar Conference.
- **February 2025** – PIIC presentation to the “Leadership Greater Rochester” class, hosted by the Rochester Area Chamber of Commerce.
- **April 2025** – PIIC hosted an energy justice class and tour with students from Macalester College.
- **June 2025** – PIIC co-hosted a clean energy event with the MN Clean Energy Resources Team (CERTS) and other regional climate/clean energy stakeholders.

### 3. Summary of State-Allocated Funding Use

#### 3.1. MN State Funds Received and Expended To-Date

Through the Laws of Minnesota 2020, Chapter 118, section 5, subdivision 2(c), the State allocated \$46.2M to PIIC for the Project. As noted in subdivision 2(a), all funds became available to PIIC by Fiscal Year 2023. PIIC has received the full balance of allocated funds as shown in Table 2.

*Table 2. PIIC Funds Received*

Grant Funding	Amounts
<b>MN State Allocation</b>	<b>\$46,200,000.00</b>
April 2021 Payment Request	\$2,406,000.00
May 2022 Payment Request	\$1,700,000.00
September 2022 Payment Request	\$3,000,000.00
October 2022 Payment Request	\$6,000,000.00
January 2023 Payment Request	\$33,094,000.00
<b>Remaining Balance with MN State (as of July 1, 2025)</b>	<b>\$0.00</b>

Figure 3 illustrates the Project funds that PIIC has expended to-date, including:

- **Phase I:** PIIC worked with technical and legal consultants to develop a comprehensive Project plan. This included community stakeholder research, technical analysis, development of a carbon emissions baseline, and a *Net Zero Project Plan* submitted to the State. PIIC also applied grant funds towards Owner’s Operations<sup>6</sup>, including Project management.
- **Phase II:** PIIC worked with technical and legal consultants to refine the technical solutions developed in Phase I, procure contractors to design and build the solutions, and develop tribal governance and operational structures for the Project. PIIC also applied grant funds towards Owner’s Operations. Finally, PIIC used grant funds towards contractor project agreements.
- **Phase III<sup>7</sup>:** PIIC is using the largest portion of its Phase III funds towards contractor project agreements, to design and build the Project. PIIC continues to work with technical consultants in their role as “Owners’ Engineers,” whereby they provide important independent checks and balances on ongoing contractor work, on behalf of PIIC. PIIC continues to work with legal and other consultants as needed to ensure proper Project protection, compliance, and benefits. PIIC also applies grant funds towards Owner’s Operations.

<sup>6</sup> Refer to the PIIC *Certified Total Cost* for more information on the Owner’s Operations cost category.

<sup>7</sup> The Phase III costs to-date in this report include January 2023 - May 2025 costs, based on our records and best knowledge.



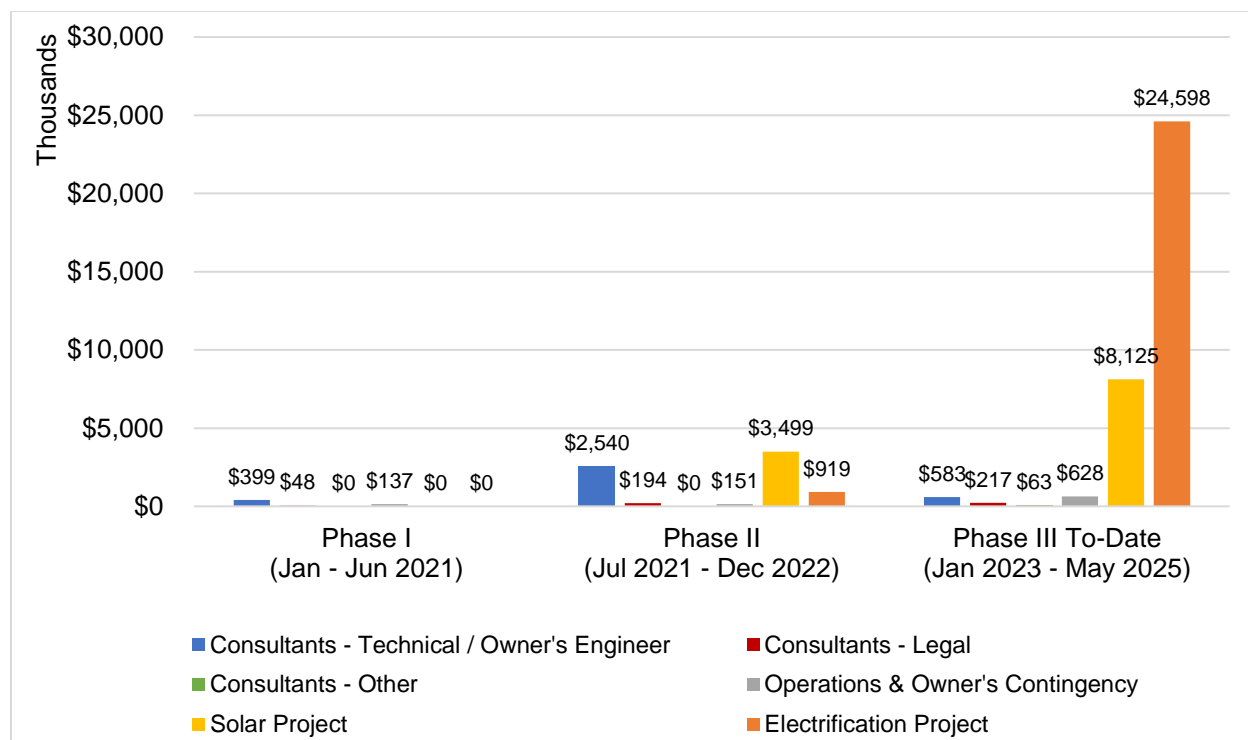


Figure 2. PIIC Expended Funds To-Date

PIIC continues to monitor its use of allocated funds through proactive PIIC-led Project management, monthly review of funds expended, forecasting of future Project costs, and negotiation with consultants and contractors to optimize prices.

### 3.2. Additional Funds Generated through the Project

In addition to the funds provided by MN State to PIIC identified in *Section 3.1.*, PIIC has generated other funds through the Project. First, PIIC has accrued bank interest on advancement payment funds (prior to their expenditure), which per the MN State-PIIC grant agreement: “Grantee may use [...] bank interest accrued on advance payments to pay for the project.” Second, PIIC is selling the power generated through our solar project through a PPA to GRE, generating revenue for the community and Project. Funds from these categories generated to date are identified in the table below and are as yet unspent.

Table 3. Additional Funds Generated To-Date

PIIC Bank Interest	\$1,871,190.00
PIIC Solar PPA Revenue	\$470,472.79

## 4. Plans for Year Ahead

In the year ahead—until PIIC’s next annual progress report on July 1, 2026—PIIC will focus on making additional progress towards Project Phase III. This includes completing construction of planned Projects and continuing governance and community engagement activities. We may also have the opportunity to identify other, new technical projects for implementation. Planned activities for the year ahead include:

- **Commercial Electrification Project** is expected to be completed over the next year, with the system operational and substantially complete by mid-2025.





- **Monitoring-based Commissioning Platform** is expected to be implemented and operating in parallel with the commercial electrification project in 2025.
- **Progress Monitoring and Reporting** will enable PIIC to evaluate Project performance and progress towards its Net Zero goal.
- **Additional Net Zero & Sustainability Planning:** A variety of factors have changed in the four years since PIIC developed its initial Net Zero Plan in 2021. PIIC will undertake a planning effort in 2025 to reassess and refresh its Net Zero and other sustainability goals and strategies and to update its roadmap for future project development.
- **Supplementary Funding:** PIIC is actively pursuing supplementary funding to support additional decarbonization projects.
- **Governance Frameworks:** PIIC intends to develop any additional governance frameworks needed to support Project implementation and ongoing operations.
- **Community Engagement:** PIIC intends to continue its engagement efforts and provide additional knowledge-sharing opportunities as projects achieve completion over the next year.

PIIC acknowledges the benefits and challenges of this ground-breaking Project and is optimistic that with continued State and stakeholder support, PIIC will succeed in achieving its vision for a sustainable future.

## 5. Supplementary, Non-MN State Funded Activities

From the beginning, PIIC's purpose has been to expand on MN State-funded work through other initiatives and funding sources. PIIC is implementing this objective, and examples of our work, backed by other resources, include:

- **Building Codes** – PIIC is evaluating opportunities to improve and leverage tribal building codes to support our energy efficiency and decarbonization goals. We are currently reviewing our options with consultants and similar state/local initiatives and preparing recommendations.
- **Residential Energy Audit & Retrofit Program** – PIIC has developed and is delivering a program that provide no-cost home energy audits and energy efficiency / electrification upgrades for tribal members with homes on the reservation. Our goal is to reduce energy bills and carbon footprints for members while making their homes more weatherized and comfortable. The program was launched in October 2024 and will be ongoing through at least 2026.
- **Home Energy Career Training** – PIIC has partnered with Xcel to offer a workforce development training and internship program, focused on residential building energy performance and careers—available to PIIC tribal members and other residents in SE Minnesota. The program will be offered in Summer 2025.
- **Electric Vehicles** – PIIC has received funding and has begun efforts to secure electric shuttles to support our business and government transportation operations. We are also undertaking EV education and planning efforts to prepare for later vehicle electrification opportunities.
- **LED Lighting** – PIIC is proceeding through a phased transition of its commercial lighting systems to LED to reduce cost and improve lighting in its buildings and exterior spaces.
- **Efficient Irrigation** – In 2024, PIIC completed an efficient irrigation system project that enables PIIC to use non-potable water for tribal landscape irrigation, reducing the amount of energy and chemicals needed to generate treated water for the same purpose.

As noted earlier, PIIC planning in 2025 will likely identify new projects and funding opportunities to continue this important progress in years to come.