

Prairie Island Net Zero Project Progress Report

July 1, 2024

Prepared For:

Minnesota Department of Commerce

Minnesota House of Representatives Climate and Energy 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, Chair of Minnesota House of Representatives Climate and Energy 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 the Phase III of the Project. PIIC activities in the last year include continued design and implementations 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 5¹ with the goal for PIIC to develop an energy system that results in net zero carbon emissions². 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*.

¹ [Chapter 118 - MN Laws](#)

² The Prairie Island Net Zero Project aims to address Scope 1 and 2 emissions.

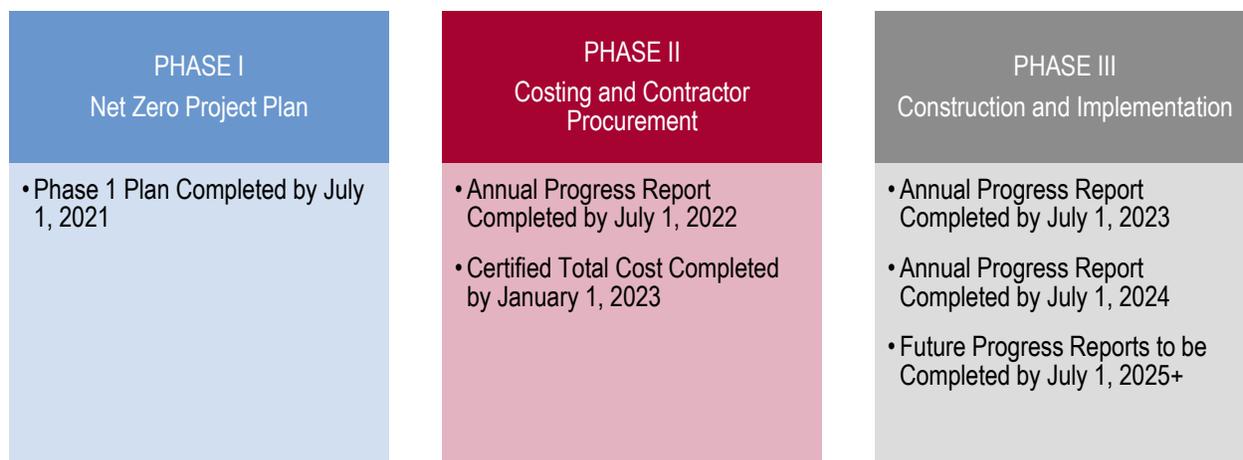


Figure 1. Prairie Island Net Zero Project – Three Phases

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

The PIIC Net Zero Team³ 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*⁴ 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, 2023 in compliance with Amended⁵ 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 design, 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 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 carbon emissions-reducing projects not funded through the State allocation.

³ Net Zero Team comprises PIIC as well as Net Zero Project consultants, contractors, and partners.

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

⁵ 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 2023 Annual Progress Report

Project Scope	Accomplishments
Overall Net Zero Project	<ul style="list-style-type: none"> July 1, 2023 – Annual Progress Report submitted by PIIC to the State September 21, 2023 – PIIC Net Zero Open House hosted on-site at PIIC to celebrate Project progress, share learnings, and thank contributors June 2024 – Grant agreement extension between PIIC and the MN Dept. of Commerce through June 30, 2025
Commercial Solar Renewable Energy Project	<ul style="list-style-type: none"> Ongoing – Project design completed and construction underway July - October, 2023 – Completed Net Zero Workforce Program, including solar classes and solar project job opportunities for PIIC community members and their families December 14, 2023 – Project Mechanical Completion milestone achieved by contractor December 15, 2023 and April 18, 2024 – Interconnection agreement updated between PIIC and Dakota Electric Association (DEA) May 9, 2024 – Commercial Operation formal notice provided by DEA for the Project
Commercial Electrification Project	<ul style="list-style-type: none"> Ongoing – Project design and construction underway February 2024 - Ongoing – Net Zero Workforce Program underway, including electrification job opportunity for PIIC community member
Commercial Monitoring-based Commissioning Platform	N/A

2.3.1. Commercial Solar Renewable Energy

PIIC is developing a 5.4MW(dc) commercial solar project on PIIC tribal land that will provide renewable energy for surrounding areas and revenue through a Power Purchase Agreement (PPA) to help financially sustain the Project over time. This past year, Phase III work has comprised ongoing project design and construction. Design documents were issued in summer 2023 and construction of the system has been ongoing. Today, the solar PV system is operational, and PIIC expects final project completion in summer 2024.

PIIC, in partnership with our contractor, developed and executed a Solar Workforce Development Program. This program included hiring and providing paid on-the-job training and work to five PIIC tribal and family members over the course of several months in 2023. Additionally, the program included a series of solar / clean energy education classes offered to community members.

2.3.2. Commercial Electrification

PIIC is developing a new, electrified heating and cooling system for 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 use to cleaner electricity. This past year, Phase III work has comprised ongoing project design and construction. Design documents were issued in September 2023 and



construction of the system has been ongoing. Final project completion is estimated for late spring / early summer 2025.

PIIC, in partnership with our contractor, developed and is executing an Electrification Workforce Development Program. This program includes hiring and providing paid on-the-job training and work for one tribal member full-time currently and potentially more members starting later this year, continuing through project completion.

2.3.5. Other Solutions

While no significant implementation work has yet been completed with regard to the monitoring-based commissioning software, PIIC has plans to perform this work in the year ahead.

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:** Dedicated 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.
- **Tribal Ordinances:** PIIC has continued to evaluate and pursue tribal ordinance modifications that support the Project. For example, PIIC has been exploring the opportunity to update PIIC tribal building codes this year in alignment with the community's Net Zero goal.
- **Internal PIIC Policies:** PIIC also established new tribal government policies and procedures to help sustain long-term Project success. For example, PIIC established a policy to guide PIIC permitting of the Project this year.
- **Special Purpose Vehicle:** PIIC continues to maintain a Special Purpose Vehicle (SPV) entity to support the Commercial Solar Renewable Energy 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:

- **Net Zero Open House:** On September 21, 2023, PIIC hosted a half-day Net Zero Open House event to provide updates on Project progress, thank our many Project contributors, show the sites being developed, and share Project lessons learned to-date. The event was open to PIIC and other tribal community members, tribal government staff, State agency representatives and elected officials, regional officials and representatives, contractors, consultants, other partners, and the media. PIIC was pleased to have a great event turnout and an opportunity to celebrate accomplishments while exploring new opportunities for future Net Zero development.
- **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 a Workforce Program as describes in *Section 2.3*.
- **Energy Advice Packet:** PIIC continues to share the informational packet developed in early 2023 with community members, providing simple, no and low-cost tips to empower the PIIC community to better understand and manage their energy use.



- **Other PIIC Forums:** The Net Zero Team is also providing other community energy engagement opportunities, such as an education session with elementary and middle school students during PIIC Summer School in June 2024. Additionally, PIIC utility service providers Dakota Electric Association and Xcel Energy participated in the PIIC 2024 Public Safety Day, sharing key energy safety information with community members.

2.5.2. Utility Service Providers

Dakota Electric Association (DEA) and Great River Energy (GRE)

DEA has collaborated with PIIC and our contractors, for both solar and electrification projects, to design and plan for construction of new utility-owned infrastructure needed for the projects. Examples in the past year include DEA involvement in solar interconnection and system testing activities.

Additionally, DEA has worked with the Net Zero Team to identify and validate federal grant opportunities as well as utility rebates and incentives that PIIC is interested in leveraging to extend the value of State funds and enable PIIC to develop additional carbon emission-reducing projects, beyond what the State funds are able to cover. DEA has been a supportive partner to PIIC for the Project.

Xcel Energy

In the past year, Xcel has worked with the Net Zero Team to identify and validate federal grant opportunities as well as utility rebates and incentives that PIIC is interested in leveraging to extend the value of State funds and enable PIIC to develop additional carbon emission-reducing projects, beyond what the State funds are able to cover. Xcel has been a supportive partner to PIIC for the Project.

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 important Net Zero-related conversations. Examples include PIIC sharing its energy story and Project insights via the following:

- **July 2023** - PIIC hosted Mandela Washington Fellows through the University of Minnesota, including a presentation and tour
- **September 2023** – PIIC hosted a Net Zero Open House; comments were provided at the event by PIIC Tribal Council and staff as well as MN Department of Commerce Commissioner Arnold; the event was attended by State elected representatives
- **November 2023** – PIIC presentation to the Minnesota Renewable Energy Society
- **February 2024** – PIIC presentation to the “Leadership Greater Rochester” class, hosted by the Rochester Area Chamber of Commerce
- **April 2024** – PIIC hosted a large, multi-stakeholder group through the Native Americans in Philanthropy in association with their conference, including a presentation and tour
- **May 2024** – PIIC hosted the Minnesota Solar Energy Industry Association, including a presentation and tour
- **May 2024** – PIIC participated in a podcast series with the Institute for Local Self Reliance
- **June 2024** – PIIC plans to host the Dakota Electric Association Board of Directors, including a presentation and tour



3. Summary of State-Allocated Funding Use

3.1. Funds 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
MN State Allocation	\$46,200,000.00
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
Remaining Balance with MN State (as of July 1, 2024)	\$0.00

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 Operations⁶, 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 III⁷:** 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 consultants as needed to ensure proper Project protections and compliance. PIIC also applies grant funds towards Owner’s Operations.

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

⁷ The Phase III costs to-date presented in this report include January 2023 - May 2024 costs.

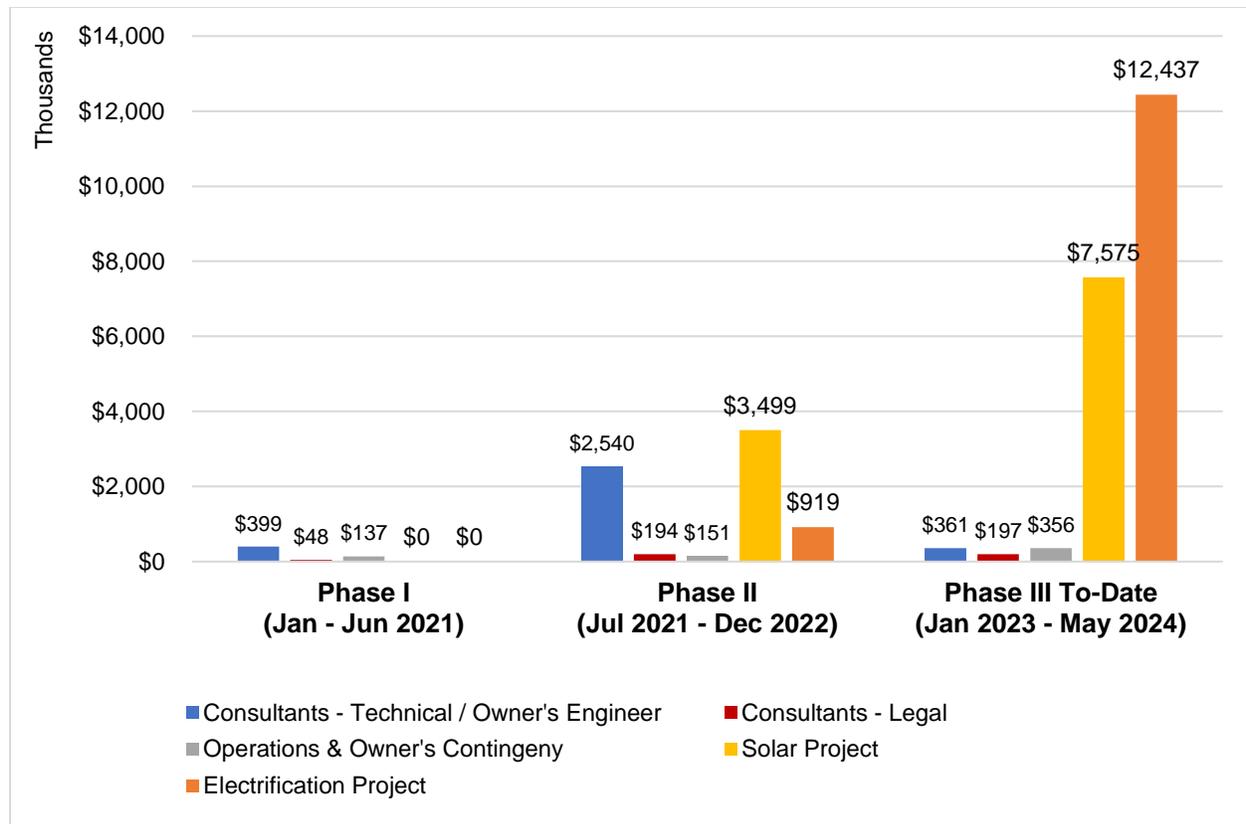


Figure 2. PIIC Expended Funds To-Date

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. Certified Total Cost

PIIC manages the total \$46.2M Project funds with the intention of directing as much of the funding as possible towards the engineering, construction, and implementation of technical solutions for carbon emission reduction. As identified in the *Certified Total Cost* submitted to the State on December 26, 2022 and as shown in Figure 4, PIIC will direct 86% of the total MN State allocated funding towards Project implementation. PIIC believes that greater funds spent on Project implementation translates to greater carbon reduction benefits for the community.

To preserve significant funds for Project implementation, PIIC takes active steps to manage consulting costs and operational expenses. PIIC will direct 11% of total Project funds towards consultants who provide technical and legal expertise. 4% of funds will support PIIC management and operations for the Project and contingency funds needed for potential future change orders to the PIIC-contractor agreements.

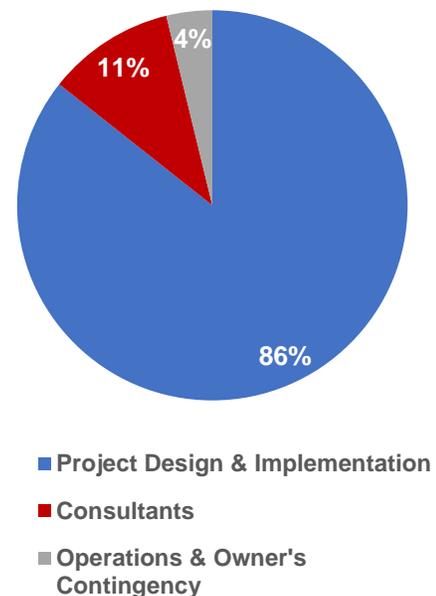


Figure 3. Certified Total Cost Breakdown



PIIC is actively pursuing additional carbon emission-reduction projects beyond those included in the Project and *Certified Total Cost*, and PIIC is actively seeking supplementary funding from public and private sources to support these future endeavors.

4. Plans for Year Ahead

In the year ahead—until PIIC’s next annual progress report on July 1, 2025—PIIC will focus on making additional progress towards completing Project Phase III. This includes Project construction and implementation as well as needed governance activities, community engagement, and workforce development. The Net Zero Team continues to focus on maximizing the value for funds expended in terms of achieving the greatest emission reductions and community benefits with the available budget.

Planned activities for the year ahead include:

- **Commercial Solar Renewable Energy** project construction is ongoing. The system is operational today, and PIIC expects final project completion in summer 2024.
- **Commercial Electrification** project construction is ongoing. Operation/completion of the new electrification system is expected in early to mid-2025.
- **Monitoring-based Commissioning Platform** is expected to be implemented at Treasure Island Resort and Casino in parallel with the commercial electrification project.
- **Progress monitoring and reporting** will continue to help PIIC evaluate project performance and progress towards its Net Zero goal.
- **Supplementary Funding:** PIIC is actively pursuing supplementary funding to support additional carbon emission reduction projects. The Net Zero Team has secured some funding and will continue pursuing other public and private sources.
- **Other carbon emission-reduction** projects are being evaluated and pursued by PIIC on an ongoing basis, as additional funding is secured. We expect these projects will be designed and implemented, starting in the second half of 2024. Examples of priority projects for PIIC include additional commercial energy efficiency and electrification work, residential energy solutions, and vehicle electrification.
- **Governance Frameworks:** PIIC intends to develop any additional governance frameworks needed to support Project implementation and ongoing operations. Frameworks are likely to include ordinances and internal PIIC policies and procedures.
- **Community Engagement:** PIIC intends to continue its various engagement efforts, including the Workforce Development program, ongoing PIIC community member updates and education, and opportunities to participate in clean energy industry forums and share PIIC’s Project experiences.

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 for the next seven generations. To this end, PIIC is proud of the work accomplished to-date and continues to push forward with remaining activities in Project Phase III, seeking to maximize the benefits it can deliver to community members.