

Minneapolis poised to scrap land sale tied to disputed power plant: Minneapolis officials canceled the land sale and two state senators seek to block the emissions permit.

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A controversial wood-burning power plant proposal for south Minneapolis suffered a double blow Tuesday when the city moved to cancel a land deal and area legislators tried to block a state permit. City officials announced that they won't sell the city-owned site in the Phillips neighborhood to Kandiyohi Development Partners because the developer hasn't made sufficient progress on making a deal to sell the electricity the plant would produce.

Meanwhile, two area senators added language to an omnibus bill at the state Capitol to prohibit a state emissions permit from being issued for the plant. They were DFLers Patricia Torres Ray and Linda Berglin. But Kandiyohi Development Partners said it's not giving up: "KDP believes it has shown its commitment to this project and the terms set forth in the agreement and is currently considering its options moving forward."

City public works staff said the city will move to cancel its option agreement for 2850 20th Av. S. Gary Schiff, the council member representing the area, said the city decision may put Kandiyohi at a disadvantage in negotiating with Xcel. "It also puts the spotlight on Xcel at this point, given the community opposition that's been voiced," he said. Under state law, Kandiyohi has 60 days to cure the reason for the default on the contract. The city said that Kandiyohi hasn't met the option's requirement that it demonstrate by March 30 a commitment from a utility for a power purchase agreement. A statement by Xcel Energy that it was negotiating with Kandiyohi to buy electricity didn't meet that threshold, city officials said.