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**In the Matter of the Application of
Heartland Wind, LLC for the
150 Megawatt Elm Creek II Wind Project
for a Certificate of Need
in Jackson and Martin Counties, Minnesota**

**ENVIRONMENTAL REPORT
SCOPING DECISION
PUC Docket No. IP-6728/CN-09-471**

The above matter has come before the Director of the Office of Energy Security (OES) for a decision on the content of the Environmental Report (ER) to be prepared in consideration of the Heartland Wind, LLC, Application for a Certificate of Need for the proposed 150 Megawatt (MW) Elm Creek II Wind Project in Jackson and Martin counties.

A final decision on turbine selection and design has not be made, but the project will consist of turbines with a rated output between 1.5 and 3.0 MW in such number and combination as to yield 150 MW. Facilities associated with the project include gravel access roads, an operation and maintenance building, meteorological towers, a Sonic Detection and Ranging (SODAR) unit, and an electrical collection system.

The Project is located northeast of the city of Jackson, Minnesota on up to 12,000 acres under the Applicant's control in Enterprise and Wisconsin townships, Jackson County, and Cedar, Elm Creek and Jay townships, Martin County. Electricity from the Project would be transmitted to the existing Trimont Substation via 34.5 kilovolt electric lines. The Project is proposed to connect to the electrical grid at the Lakefield Generation Substation.

The project requires a certificate of need (CON) and a site permit for the wind farm from the Minnesota Public Utilities Commission (Commission). The CON (CN-09-471) and site permit (WS-09-553) are being considered by the Commission in separate dockets.

On June 8, 2009, Heartland Wind, LLC, filed a certificate of need application with the Commission for the Elm Creek II Wind Project. On August 4, 2009, the Commission issued an order accepting the application as complete and authorizing an informal review process. The proposed project is a large energy facility (Minn. Stat. § 216B.2421). As such, it requires the Minnesota Department of Commerce to prepare an environmental report for the project (Minn. Rules 7849.7030).

A public meeting was held on September 3, 2009, in Jackson, Minnesota, to receive comments on the scope of the environmental report. Approximately 65 persons attended the meeting.

A public comment period followed the meeting; the comment period closed on September 23, 2009. Two written comments were received during the comment period. Concerns raised included potential impacts to real estate and wireless broadband internet service.

The proposed project is intended to produce renewable energy in furtherance of Minnesota's renewable energy objectives. Accordingly, alternatives examined in the ER will be limited to "eligible energy technologies" that support these objectives (Minn. Stat. § 216B.1691). These alternatives include: (1) a generic 150 MW wind generation project sited elsewhere in Minnesota, (2) a 57.75 MW biomass plant, and (3) a "no-build" option. An ER provides a high level environmental analysis of the proposed Project and system alternatives, and reviews environmental impacts associated with named and alternative projects. It is only one part of a larger Office of Energy Security investigation of the Certificate of Need Application. The OES in its overall review will address in detail all the issues and alternatives required by rule.

The ER will address the written comments received which include Effects of Large Wind Energy Conversion Systems on Real Estate, and Effects of Large Wind Energy Conversion Systems on Wireless Broadband Internet Signals.:

Having reviewed the matter, consulted with the OES Energy Facility Permitting staff, and in accordance with Minnesota Rules 7849.7050 and 7849.7060, I hereby make the following scoping decision:

MATTERS TO BE ADDRESSED

Elm Creek II Wind Project

- 1.0 Elm Creek II Project Description [Minn. Rule 7849.7060, subp. 1, A]**
- 2.0 Alternatives to be Evaluated [Minn. Rule 7849.7060, subp. 1, B]**
 - 2.1 No-build Alternative
 - 2.2 A Generic 150 MW Wind Project
 - 2.3 A 57.75 MW Biomass Plant
- 3.0 Human and Environmental Impacts [Minn. Rule 7849.7060, subp. 1, C, D]**
 - 3.1 Emissions [Minn. Rule 7849.7060, subp. 2, A]
 - No-build alternative
 - 150 MW wind project
 - 57.75 MW biomass plant
 - Elm Creek II Wind Farm
 - 3.2 Hazardous air pollutants and VOCs [Minn. Rule 7849.7060, subp. 2, B]
 - No-build alternative
 - 150 MW wind project
 - 57.75 MW biomass plant
 - Elm Creek II Wind Farm

- 3.3 Visibility impairment [Minn. Rule 7849.7060, subp. 2, C]
 - No-build alternative
 - 150 MW wind project
 - 57.75 MW biomass plant
 - Elm Creek II Wind Farm

- 3.4 Ozone formation [Minn. Rule 7849.7060, subp. 2, D]
 - No-build alternative
 - 150 MW wind project
 - 57.75 MW biomass plant
 - Elm Creek II Wind Farm

- 3.5 Fuel availability and delivery [Minn. Rule 7849.7060, subp. 2, E]
 - No-build alternative
 - 150 MW wind project
 - 57.75 MW biomass plant
 - Elm Creek II Wind Farm

- 3.6 Associated transmission facilities [Minn. Rule 7849.7060, subp. 2, F]
 - No-build alternative
 - 150 MW wind project
 - 57.75 MW biomass plant
 - Elm Creek II Wind Farm

- 3.7 Water appropriations [Minn. Rule 7849.7060, subp. 2, G]
 - No-build alternative
 - 150 MW wind project
 - 57.75 MW biomass plant
 - Elm Creek II Wind Farm

- 3.8 Wastewater [Minn. Rule 7849.7060, subp. 2, H]
 - No-build alternative
 - 150 MW wind project
 - 57.75 MW biomass plant
 - Elm Creek II Wind Farm

- 3.9 Solid and hazardous wastes [Minn. Rule 7849.7060, subp. 2, I]
 - No-build alternative
 - 150 MW wind project
 - 57.75 MW biomass plant
 - Elm Creek II Wind Farm

- 3.10 Noise [Minn. Rule 7849.7060, subp. 2, J]
- No-build alternative
 - 150 MW wind project
 - 57.75 MW biomass plant
 - Elm Creek II Wind Farm

- 3.11 Effects on Real Estate
- No-build alternative
 - 150 MW wind project
 - 57.75 MW biomass plant
 - Elm Creek II Wind Farm

- 3.12 Effects on Wireless Broadband Internet Signal
- No-build alternative
 - 150 MW wind project
 - 57.75 MW biomass plant
 - Elm Creek II Wind Farm

4.0 Mitigation measures [Minn. Rule 7849.7060, subp. 1, E]

- 4.1 No-build alternative
- 4.2 150 MW wind project
- 4.3 57.75 MW biomass plant
- 4.4 Elm Creek II Wind Farm

5.0 Feasibility and availability of alternatives [Minn. Rule 7849.7060, subp. 1, F]

- 5.1 No-build alternative
- 5.2 150 MW wind project
- 5.3 57.75 MW biomass plant
- 5.4 Elm Creek II Wind Farm

6.0 Required permits [Minn. Rule 7849.7060, subp. 1, G]

ISSUES OUTSIDE OF THE ENVIRONMENTAL REPORT

The environmental report will not consider the following matters:

1. Impacts or mitigative measures associated with specific sites, including specific tower or road locations for the proposed project and alternatives.
2. The negotiation and content of easement agreements by which land owners are paid for property rights, including wind rights.
3. Any alternatives not specifically described in this scoping decision

SCHEDULE

The environmental report will be completed in November 2009. A public hearing will be held in the project area before an Administrative Law Judge after the environmental report has been issued and notice served.

Signed this 12th day of October, 2009

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
OFFICE OF ENERGY SECURITY



William Glahn, Director