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**In the Matter of the Application of
Paynesville Wind, LLC for a
Certificate of Need for the 95 MW
Wind Project in Stearns County**

**ENVIRONMENTAL REPORT
SCOPING DECISION
PUC Docket No. IP-6830/CN-09-1110**

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 to be prepared in consideration of the Paynesville Wind, LLC Application for a Certificate of Need for the proposed 95 Megawatt (MW) Paynesville Wind Farm (Project) in Stearns County.

A final decision on turbine selection and design has not been made, but the Project will consist of turbines with a rated output of 1.5, 1.8, or 2.3 MW in such number and combination as to yield 95 MW. Facilities associated with the Project include gravel access roads, an electrical collection system, one project substation, one transmission line, one permanent meteorological tower, a Sonic Detection and Ranging (SODAR) unit or Light Detection and Ranging (LIDAR) unit, and an operations and maintenance building.

The Project is located in Stearns County in Zion, Paynesville, Spring Hill, and Lake Henry townships. The Project area is located north of Paynesville and south and east of Lake Henry. The Project area encompasses approximately 15,000 acres, of which more than 11,500 acres are under site control. The electricity from a group of turbines totaling 50 MW will be transported via the collection system, operating at 34.5 kV, to a new substation, which will step up the voltage to 69 kV and be transported on a new 69 kV line of less than one mile in length to the Paynesville substation. The electricity from the remaining turbines will be transported via the collection system and delivered to a new metering yard adjacent to the Paynesville substation where it will connect to the Paynesville substation.

The Project requires a Certificate of Need (CN) and a site permit from the Minnesota Public Utilities Commission (Commission). The CN (CN-09-1110) and site permit (WS-10-49) are under consideration by the Commission in separate dockets.

On December 8, 2009, Paynesville Wind, LLC (Applicant) filed a CN application with the Commission for the Paynesville Wind Farm. On February 5, 2010, the Commission issued an order accepting the application as complete and authorizing an informal review process. The proposed Project is a large energy facility under Minnesota Statutes section 216B.2421. As such, it requires the Minnesota Department of Commerce to prepare an Environmental Report for the Project under Minnesota Rule 7849.1200.

On April 19, 2010, a meeting was held in Lake Henry, Minnesota, to receive comments on the scope of the Environmental Report and issues to be considered in developing the draft site permit. Approximately 115 people attended the meeting.

A public comment period followed the meeting, which closed on May 10, 2010. Thirty-two written comments were received from 26 individuals during the comment period. Five comments were received after the comment period closed, but were included in the comment period. Concerns that were raised at the public meeting and in written comments included potential impacts to property values, aesthetics, livestock, pets, wildlife, wildlife habitat, population density, TV and cell phone reception, GPS interference, emergency medical services, and aerial crop applications. Impacts from noise, shadow flicker, stray voltage, and electric and magnetic fields are a concern to area residents. A number of commenters expressed concerns regarding the terms of the wind easements and leases between landowners and the Applicant.

The proposed Project is intended to produce renewable energy in furtherance of Minnesota's renewable energy standard. Accordingly, alternatives examined in the Environmental Report will be limited to renewable energy technologies as defined in Minnesota Statutes section 216B.1691. These alternatives include: (1) a generic 95 MW wind generation project sited elsewhere in Minnesota, (2) a 35.6 MW biomass plant, and (3) a "no-build" option. An Environmental Report 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 OES investigation of the CN application. The OES in its overall review will address in detail all the issues and alternatives required by rule.

Having reviewed the matter, consulted with the OES Energy Facility Permitting staff, and in accordance with Minnesota Rules 7849.1400 and 7849.1500, I hereby make the following scoping decision:

MATTERS TO BE ADDRESSED

The Environmental Report for the Paynesville Wind Farm will address and provide information on the following matters:

1.0 Description of the Pleasant Valley Wind Project

Project description and location
Sources of information

2.0 Regulatory Framework

3.0 Description of Alternatives

3.1 Generic 95 MW wind project
3.2 A 35.6 MW biomass plant
3.3 No-build option

4.0 Feasibility and Availability of Alternatives

4.1 Paynesville Wind Farm
4.2 Generic 95 MW wind project
4.3 A 35.6 MW biomass plant
4.4 No-build option

5.0 Human and Environmental Impacts and Mitigation

- 5.1 Emissions – pollutants
- 5.2 Emissions – hazardous air pollutants
- 5.3 Aesthetic impact and visibility impairment, including shadow flicker and viewshed
- 5.4 Ozone formation
- 5.5 Fuel availability
- 5.6 Associated transmission facilities
- 5.7 Water appropriations
- 5.8 Wastewater
- 5.9 Solid and hazardous wastes
- 5.10 Noise
- 5.11 Property values
- 5.12 Communication signals
- 5.13 Wildlife and domestic animals, including wildlife habitat
- 5.14 Aviation

6.0 Required Permits

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 July 2010. A public hearing will be held in or near the Project area before an Administrative Law Judge after the Environmental Report has been issued and notice served.

Signed this 26th day of May, 2010

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
OFFICE OF ENERGY SECURITY



William Glahn, Director