

In the Matter of the Joint Application of Crane Energy Storage LLC and Sandhill Energy Storage LLC for their respective Site Permits for an up to 200 MW Battery Energy Storage System each in Olmsted County, Minnesota.

**ENVIRONMENTAL ASSESSMENT
SCOPING DECISION**

**DOCKET NOS. IP-7148/ESS-24-406,
IP-7149/ESS-24-407**

The above matter has come before the Executive Secretary of the Minnesota Public Utilities Commission (Commission) for a decision on the scope of the environmental assessment (EA) to be prepared for the Crane battery energy storage system (BESS) project (Crane project) and the Sandhill BESS project (Sandhill project) in Olmsted County, Minnesota. The Commission is reviewing this application under [Minnesota Statute 216E \(2023\)](#).

Project Description

On March 5, 2025, Crane Energy Storage, LLC, and Sandhill Energy Storage, LLC, (applicants) submitted a joint site permit application to the Commission to construct the Crane project and the Sandhill project – independent BESSs, each with a maximum capacity of up to 200 megawatts (MW) alternating current (AC) and a storage capacity of approximately 800 megawatt-hours (MWh) of electricity.¹ The application was accepted by the Commission as substantially complete on April 29, 2025.²

The two projects will be located on adjacent parcels in Kalmart Township, Olmsted County, Minnesota. The Crane project will be on a site of approximately 36.3 acres and the Sandhill project will be on a site of approximately 42.7 acres.³ Because the two projects will share the primary access road, collector substation, and gen-tie line, there is about 19.2 acres of overlap between the two sites and this area is accounted for in each project description.⁴

In addition to the battery energy storage enclosures, the facilities will also include their respective inverters, transformers, stormwater drainage basins, storage and parking areas, perimeter fencing, emergency management system, battery management system, a collector substation, underground electrical collection and communication lines, and a gen-tie line.⁵ These facilities will be connected to the electric grid through a 161 kilovolt (kV) gen-tie line of approximately 700 feet between the shared project substation and the Bryon Substation owned and operated by the Southern Minnesota Municipal Power Agency (SMMPA).

The applicants filed a generator interconnection agreement (GIA) application for the project with the Midcontinent Independent System Operator (MISO) in 2022 and anticipate signing a GIA in the first

¹ Crane Energy Storage, LLC, and Sandhill Energy Storage, LLC, *Joint Site Permits Application*, March 5, 2025, herein (SPA), eDockets No. [20253-216062-02](#).

² Public Utilities Commission, *Order accepting Crane Energy Storage, LLC, and Sandhill Energy Storage LLC, Joint Site Permits Application as Substantially Complete*, April 29, 2025, eDockets No. [20254-218258-01](#).

³ SPA, p. 13 & p. 17

⁴ SPA p. 17 & p. 66

⁵ SPA, p.23

quarter of 2026.⁶ The applicants anticipate that construction for the Crane project will begin first quarter 2027 and construction for the Sandhill project will begin third quarter 2027.⁷ The Crane project and the Sandhill Project are being marketed separately to potential off-takers and may/or may not be constructed within the same twelve-month period.⁸ Estimated cost for development and construction of the Crane project is \$340-440 million with estimated annual operating costs of \$2-3 million.⁹ Estimated cost for development and construction of the Sandhill project is \$340-440 million with estimated annual operating costs \$2-3 million.¹⁰

Project Purpose

The applicants indicate that the Crane and Sandhill projects will assist Minnesota in reaching its renewable energy objectives by bringing emission-free firm energy to the electric grid and allowing wind and solar resources to continue producing energy during unserviceable weather conditions.

According to the American Clean Power Association, general key benefits associated with battery energy storage systems (BESS) include enhancing grid stability and reliability, decreasing grid interruptions during influx power demands, reducing costs for consumers, and supporting the shift to renewable energy generation.¹¹ Locally, the applicants indicate that the projects will aid the region's ongoing transition to renewables, ensure reliable electric service in the area, and provide significant economic benefits to residents.¹²

Regulatory Background

In Minnesota, no person may construct an energy storage system (ESS), defined as a facility capable of operating at a capacity of 10 MW or more,¹³ without a site permit from the Commission.¹⁴ The Crane and Sandhill projects will be capable of producing up to 200 MW AC each and therefore require a site permit from the Commission. The joint site permit application qualifies for Commission review under the alternative permitting process described in Minnesota Statute 216E.04.¹⁵ The project does not require a certification of need from the Commission because the project is exempt under Minnesota Statute 216B.243, subd.8(9).

Commission Energy Infrastructure Permitting (EIP) staff will prepare an environmental assessment (EA) for the project. An EA contains an overview of the resources affected by the project. It also discusses potential human and environmental impacts and possible mitigation measures.¹⁶ Under the alternative permitting process, an EA is the only required state environmental review document.

⁶ SPA, p. 16

⁷ SPA, p. 6

⁸ SPA, p. 1

⁹ SPA, p.16

¹⁰ SPA, pp.20-21

¹¹ SPA p. 5

¹² SPA, p. 1

¹³ Minnesota Statute 216.01, subd. 3a., Edition Year 2023

¹⁴ Minnesota Statute 216.03, subd. 1., Edition Year 2023

¹⁵ Minnesota Statute 216E.04, subd. 2., Edition Year 2023 (noting those projects that are eligible to proceed under an alternative permitting process). The review of site permit applications for energy storage systems submitted after July 1, 2025, will be conducted by the Commission in accordance with Minnesota Statute 216I (2024). The Crane and Sandhill joint site permit application was received prior to July 1, 2025, and thus is being reviewed in accordance with Minnesota Statute 216E (2023).

¹⁶ Minnesota Statute 216E.04, subd. 5, Edition Year 2023; Minn. Rule 7850.3700, subp. 4, Published 2024.

Scoping Process

Scoping is the first step in the environmental review process. The scoping process has two primary purposes: (1) to gather public input as to the impacts and mitigation measures to study in the EA and (2) to focus the EA on those impacts and mitigation measures that will aid in the Commission's decision on the site permit application.

Staff use the information gathered during scoping to inform the content of the EA. EIP staff gathered input on the scope of the EA through public meetings and an associated comment period. This scoping decision identifies the impacts and mitigation measures that will be analyzed in the EA.

Oral Public Comments

On June 25, 2025, staff held a public meeting in Bryon, Minnesota. Three individuals from the public attended this meeting and one attendee provided comments. Potential impacts and concerns that were raised included fire safety compliance, water contamination, and run off associated with the project. The following evening, June 26, 2025, staff held a remote-access public meeting. Three people attended this meeting, and one attendee provided comments in support of the project; no concerns with the project were raised.¹⁷

Written Public Comments

A comment period ending on July 10, 2025, provided the public with an opportunity to provide input on the scope of the EA. Four written comments received from the public – three comments from labor unions and one comment from a state agency.¹⁸

Labor Unions

Local Union #6,¹⁹ IUOE Local 49, and the North Central States Regional Council (NCSRC) of Carpenters²⁰ all expressed support for the project and recommended the EA examine local economic impacts.

Minnesota Department of Natural Resources

The Minnesota Department of Natural Resources (DNR) provided comments on the potential impacts of the proposed fencing, lighting impacts, dust control, erosion control measures, and the Vegetation Management Plan (VMP).²¹ The DNR recommended increasing the fence height to 10 feet and advises against barbed wire. The DNR also recommended the use of downlit lighting that minimizes blue hues, backlight, and glare, avoidance of dust control methods containing chlorides, and the use of wildlife-friendly erosion control as mitigation measures to minimize impacts to wildlife and the environment. Lastly, the DNR recommended the VMP for the project be consistent with the DNR's Prairie Establishment and Maintenance Technical Guidance for Solar Projects, which is applicable guidance for vegetation establishment and management for the surrounding Crane and Sandhill project boundary.

¹⁷ Crane and Sandhill BESS Projects, *Oral Comments on the Scope of Environmental Assessment*, eDockets No. [20257-221121-01](#)

¹⁸ Crane and Sandhill BESS Projects, *Written Comments on the Scope of Environmental Assessment*, eDockets No. [20257-221374-01](#)

¹⁹ Local Union #6, *Comment -- Jeremy Andrist*, March 25, 2025, eDockets No. [20253-216794-01](#)

²⁰ IUOE Local 49 and NCSRC of Carpenters, *Joint Comment*, July 10, 2025, eDockets No. [20257-220850-01](#)

²¹ DNR, *Comment*, July 10, 2025, eDockets No. [20257-220849-01](#)

The DNR also provided a Natural Heritage Review Letter²² for the project which determines if the proposed project has the potential to impact any rare species or other significant natural features. The letter identified one state-listed species, the loggerhead shrike. The review letter noted that the presence of this bird is unlikely in the project area; therefore, impacts are not anticipated.

HAVING REVIEWED THE MATTER, consulted with EIP staff, and in accordance with Minnesota Rule 7850.3700, I hereby make the following scoping decision:

MATTERS TO BE ADDRESSED

The EA will describe the project and the human and environmental resources of the project area. It will provide information on the potential impacts of the project as they relate to the topics outlined in this scoping decision and possible mitigation measures. It will identify impacts that cannot be avoided and irretrievable commitments of resources, as well as permits from other government entities that may be required for the project. The EA will discuss the relative merits of the proposed project site with respect to the siting factors in Minnesota Rule 7850.4100.

The issues outlined below will be analyzed in the EA for the project. This outline is not intended to serve as a table of contents for the document itself.

I. GENERAL DESCRIPTION OF THE PROJECT

- A. Project description
- B. Project purpose
- C. Project schedule
- D. Project costs

II. REGULATORY FRAMEWORK

- A. Site permit
- B. Environmental review
- C. Public hearing
- D. Site permit decision
- E. Other permits and approvals

III. PROJECT DESIGN, CONSTRUCTION, AND OPERATION

- A. Project description (batteries, enclosures, inverters, transformers, substation and transmission intertie, electrical collector system, other associated facilities)
- B. Site acquisition
- C. Construction
- D. Restoration
- E. Operation and maintenance
- F. Vegetation management
- G. Decommissioning

²² DNR, *Comment -- Natural Heritage Review Letter*, July 10, 2025, eDockets No. [20257-220849-02](#)

IV. AFFECTED ENVIRONMENT, POTENTIAL IMPACTS, AND MITIGATIVE MEASURES

The EA will include a discussion of the human and environmental resources potentially impacted by the project. Potential impacts of the project will be described and characterized. Based on the impacts identified, the EA will describe mitigation measures that could reasonably be implemented to reduce or eliminate the identified impacts. The EA will describe any unavoidable impacts resulting from implementation of the project.

Data and analyses will be commensurate with the level of impact for a given resource and the relevance of the information to consider mitigation measures. EIP staff will consider the relationship between the cost of data and analyses and the relevance and importance of the information in determining the level of detail of information to be prepared for the EA. Less important material may be summarized, consolidated, or simply referenced.

If relevant information cannot be obtained within timelines prescribed by statute and rule, the costs of obtaining such information is excessive, or the means to obtain it is unknown, EIP staff will include in the EA a statement that such information is incomplete or unavailable and the relevance of the information in evaluating potential impacts or alternatives.

A. Environmental Setting

B. Impacts on Human Settlements

1. Noise
2. Aesthetics (lighting, appearance of project components, fencing)
3. Displacement
4. Socioeconomic impacts (local revenues, taxes, employment, environmental justice)
5. Cultural values
6. Zoning and land use compatibility
7. Public services
8. Communications and electronic interference

C. Public Health and Safety

1. Electric and magnetic fields
2. Worker and public safety

D. Impacts on Land Based Economies

1. Agriculture
2. Forestry
3. Mining
4. Recreation and tourism

E. Impacts to Archaeological and Historic Resources

F. Impacts to the Natural Environment

1. Air quality
2. Vegetation
3. Wildlife

4. Geology and soils
 5. Water resources (surface water, groundwater, wetlands)
 6. Rare and unique natural resources
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- G. Greenhouse Gas Emissions
 - H. Climate Change and Climate Resilience
 - I. Electric System Reliability
 - J. Adverse impacts that Cannot be Avoided
 - K. Irreversible and Irretrievable Commitments of Resources
 - L. Cumulative Potential Impacts

ISSUES OUTSIDE THE SCOPE OF THE EA

The EA will not address following topics:

- A. The need for the project, including questions of size, type, timing, and alternative system configurations.
- B. Any impacts related to the manufacture of the elements of the project including batteries.
- C. The manner in which landowners are compensated for the project.

SCHEDULE

The EA is anticipated to be completed and available in November 2025. Upon completion, it will be noticed and made available for review. Public hearings will be held after the EA has been issued. Comments on the EA may be submitted into the hearing record.

Signed this 14th day of August ,2025

STATE OF MINNESOTA
MINNESOTA PUBLIC UTILITIES COMMISSION



Mike Bull, Acting Executive Secretary

PROJECT MAPS



