



# INDUSTRIAL COMMISSION OF NORTH DAKOTA

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## RENEWABLE ENERGY PROGRAM

Governor  
**Jack Dalrymple**  
Attorney General  
**Wayne Stenehjem**  
Agriculture Commissioner  
**Doug Goehring**

### Memorandum

TO: Renewable Energy Council  
FR: Karlene Fine/Andrea Holl Pfennig  
DT: August 12, 2013  
RE: Renewable Energy Program Discussion Points

Since the conclusion of the legislative session and over the past few months we have spent some time talking about the Renewable Energy Program (Program), how we might encourage more participation and how it might be improved with the receipt of a more "permanent" source of funding. Here are some of the questions we discussed:

- Is there a lack of awareness of the Program?
- Is it the limited funding--is the amount of \$500,000 too low?
- Are the eligibility requirements too restrictive?
- In particular, are the match requirements too limiting?
- Is there a lack of match funding from private industry?
- Do we need to provide more assistance in writing a grant proposal?

In discussions with Chairman Anderson we have identified some areas where we hope to improve the visibility of the Program:

- a) Within the Department of Commerce – more coordination between the various entities within Commerce such as APUC –For example, look at every project that gets APUC funding and see if there is potential for Program funding if the project looks viable after APUC funding.; Innovate; Economic Development & Finance, etc.
- b) Attendance at workshops and conferences; annual meetings of the commodity groups; Farm Bureau; Farmers Union; (Council members may be able to help us if you are already attending these meetings by becoming advocates for the Program while you are there or even get a spot on the agenda to talk about the Program.)
- c) Reach out to the commodity groups—Corn Growers; Soybeans; Wheat Commission; Barley; Canola; Grain Growers; etc.
- d) Research Universities especially on the commercialization side – perhaps identify some contacts on each campus that we can make contact with on a regular basis;
- e) Do more news media—news stories of our successes; plan events that Council or Industrial Commission members could generate visibility, etc.
- f) Are there other entities that you can identify we should contact?

The next question was looking at the law and the policies. The law (a copy of 54-53-03 is attached) says in part:

The Industrial Commission may:

- a) Make grants or loans, and provide other forms of financial assistance as necessary or appropriate, to qualified persons for funding research, development, marketing, and educational projects or activities, feasibility studies, applied research and demonstrations, venture capital investments,

and low-interest loans and loan buydowns to foster the development of renewable energy, including wind, biofuels, biomass, solar, hydroelectric, geothermal, and hydrogen, that is produced from the foregoing renewable energy sources. Any financial assistance that the commission awards to a project must not be the project's sole support. Any financial assistance the commission awards must be conditioned on the assurance that the applicant or a third party will support the project by either monetary or nonmonetary means. The amount of this additional support is at the commission's discretion.

- b) Provide incentives for multifeed facilities to process corn ethanol, cellulosic ethanol, canola biodiesel and soy biodiesel.
- c) Provide incentives for scaleable technologies.
- d) Provide incentives to increase research and utilization of renewable energy coproduct utilization for livestock feed, human food products, and industrial use technologies.
- .....
- h) Fund technical assistance from the university system and private entities to producers.
- i) Establish incentive programs that have as their purpose demonstrating to the agriculture community the commercial feasibility of producing, harvesting, storing, and delivering biomass feedstock. The program may include providing funds to producers of perennial biomass crops, including native grasses, so that such producers have an income during the time needed for these plants to mature and become ready for harvest.
- j) Provide incentives to support research and demonstration projects and obtain matching grants for projects involving advanced biofuels and sugar-based biofuels.

Should the Council consider recommending to the Commission some other financing method other than a grant—a low-interest loan or a loan buydown? Should the Council look at venture capital investments with a portion of its dollars?

Also attached are the policies. We would ask the Council to provide some input specifically on Section 02 Eligibility.

- The Council has suggested that we add some language stating that “the project must have significant involvement from a North Dakota private entity”.
- We have reached out to the research universities and have had some comments regarding “In all cases, projects must demonstrate a high probability of advancing to a commercially viable stage supported by a road map to commercialization.....” The point has been made that this eliminates participation in projects that are in the very early stages. Suggestion is that perhaps a portion of the funding be set aside for the projects that are still at the bench study level—perhaps \$500,000 to \$1,000,000 per biennium. It is thought that this may stimulate new cutting-edge technology generation right here in North Dakota as researchers see a worthwhile pool of funding available to prove out a new technology.
- Indirect costs continue to be a concern. Currently the policy states “indirect costs in excess of the federal rate may be granted on a case by case basis”. There is some discussion that this should be changed and perhaps an indication that the lower the indirect costs the higher the ranking of the proposals. It appears the current wording has set a floor of the federal rate always being included.

We understand that there is considerable difficulty in obtaining private matching dollars. A suggestion has been made that a lower cash match requirement for one or two rounds might spur some innovative ideas coming before the Council. The Matching Fund provision is found in Policy 3.02.

These are some issues we would like the Council to discuss and give us direction in preparing amendments to the policies. We look forward to hearing your suggestions!!!

Karlene and Andrea

## **CHAPTER 54-63 RENEWABLE ENERGY COUNCIL**

### **54-63-00.1. Definitions.**

As used in this chapter, "advanced biofuel" means fuel derived from renewable biomass and includes:

1. Biofuel derived from cellulose, hemicellulose, or lignin;
2. Biofuel derived from sugar and starch other than ethanol derived from corn kernel starch;
3. Biofuel derived from waste material, including crop residue, other vegetative waste material, animal waste, food waste, and yard waste;
4. Diesel-equivalent fuel derived from renewable biomass, including vegetable oil and animal fat;
5. Biogas, including landfill gas and sewage waste treatment gas, produced through the conversion of organic matter from renewable biomass;
6. Butanol or other alcohols produced through the conversion of organic matter from renewable biomass; and
7. Other fuel derived from cellulosic biomass.

### **54-63-01. Renewable energy council - Composition.**

The industrial commission shall consult with the renewable energy council in matters of policy affecting the administration of the renewable energy development fund.

1. The renewable energy council consists of:
  - a. The commissioner of commerce or the commissioner's designee.
  - b. A member with a substantial interest in the agriculture industry appointed by the governor.
  - c. A member with a substantial interest in the biodiesel industry appointed by the governor representing biodiesel interests.
  - d. A member with a substantial interest in the biomass industry appointed by the governor representing biomass interests.
  - e. A member with a substantial interest in the wind industry appointed by the governor representing wind interests.
  - f. A member with a substantial interest in the ethanol industry appointed by the governor representing ethanol interests.
  - g. A member with a substantial interest in advanced biofuel and sugar-based biofuel, appointed by the governor.
2. Subject to subsection 6, the terms of office for members of the council are three years but of those first appointed, two serve for one year, two serve for two years, and two serve for three years.
3. The commissioner of commerce shall serve as chairman.
4. The council shall have at least one regular meeting each year and such additional meetings as the chairman determines necessary at a time and place to be fixed by the chairman. Special meetings must be called by the chairman on written request of any three members. Four members constitute a quorum.
5. The council shall recommend to the industrial commission the approval of grants, loans, or other financial assistance necessary or appropriate for funding, research, development, marketing, and educational projects or activities and any other matters related to this chapter.
6. Members of the council serve at the pleasure of the governor.

### **54-63-02. Access to council records.**

1. Materials and data submitted to, or made or received by, the council or industrial commission, to the extent that the council or industrial commission determines the materials or data consist of trade secrets or commercial, financial, or proprietary information of individuals or entities applying to or contracting with the commission or

receiving council or industrial commission services under this chapter, are subject to section 44-04-18.4.

2. a. A person or entity must file a request with the council or industrial commission to have material designated as confidential under subsection 1. The request must contain any information required by the council or industrial commission and must include at least:
  - (1) A general description of the nature of the information sought to be protected.
  - (2) An explanation of why the information derives independent economic value, actual or potential, from not being generally known to other persons.
  - (3) An explanation of why the information is not readily ascertainable by proper means by other persons.
  - (4) A general description of a person or entity that may obtain economic value from disclosure or use of the information, and how the person or entity may obtain this value.
  - (5) A description of the efforts used to maintain the secrecy of the information.
- b. The fact that a request has been made is exempt.
3. The information submitted pursuant to subsection 2 is confidential. The council or industrial commission shall examine the request and determine whether the information is relevant to the matter at hand and is a trade secret under the definition in section 47-25.1-01 or 44-04-18.4. If the council or industrial commission determines the information is either not relevant or not a trade secret, the council or industrial commission shall notify the requester and the requester may ask for the return of the information and request within ten days of the notice. If no return is sought, the information and request are a public record.
4. The names or identities of independent technical reviewers on a project or program and the names of council members making recommendations are confidential, may not be disclosed by the council, and are not public records subject to section 44-04-18 or section 6 of article XI of the Constitution of North Dakota.

#### **54-63-03. Industrial commission powers.**

1. The industrial commission may:
  - a. Make grants or loans, and provide other forms of financial assistance as necessary or appropriate, to qualified persons for funding research, development, marketing, and educational projects or activities, feasibility studies, applied research and demonstrations, venture capital investments, and low-interest loans and loan buydowns to foster the development of renewable energy, including wind, biofuels, biomass, solar, hydroelectric, geothermal, and hydrogen, that is produced from the foregoing renewable energy sources. Any financial assistance that the commission awards to a project must not be the project's sole support. Any financial assistance the commission awards must be conditioned on the assurance that the applicant or a third party will support the project by either monetary or nonmonetary means. The amount of this additional support is at the commission's discretion.
  - b. Provide incentives for multifeed facilities to process corn ethanol, cellulosic ethanol, canola biodiesel, and soy biodiesel.
  - c. Provide incentives for scaleable technologies.
  - d. Provide incentives to increase research and utilization of renewable energy coproduct utilization for livestock feed, human food products, and industrial use technologies.
  - e. Execute contracts and all other instruments necessary or convenient for the performance of its powers and functions under this chapter.
  - f. Accept aid, grants, or contributions of money or other things of value from any source, to be held, used, and applied to carry out this chapter, subject to the conditions upon which the aid, grants, or contributions are made, including aid, grants, or contributions from any department, agency, or instrumentality of the United States for any purpose consistent with this chapter.

- g. Establish interest buydown programs for equipment needed for production, harvest, storage, and transport under the special private lands open to sportsmen pilot program for native grass stands.
  - h. Fund technical assistance from the university system and private entities to producers.
  - i. Establish incentive programs that have as their purpose demonstrating to the agriculture community the commercial feasibility of producing, harvesting, storing, and delivering biomass feedstock. The program may include providing funds to producers of perennial biomass crops, including native grasses, so that such producers have an income during the time needed for these plants to mature and become ready for harvest.
  - j. Provide incentives to support research and demonstration projects and obtain matching grants for projects involving advanced biofuels and sugar-based biofuels.
2. The industrial commission shall contract with the department of commerce to provide technical assistance to the renewable energy council and the industrial commission to carry out and effectuate the purposes of this chapter, including pursuit of aid, grants, or contributions of money or other things of value from any source for any purpose consistent with this chapter. The department may contract with a public or private third party to provide any or all of the technical assistance necessary to implement the purposes of this chapter.

**54-63-04. Renewable energy development fund - Continuing appropriation.**

The renewable energy development fund is a special fund in the state treasury. All funds in the renewable energy development fund are appropriated to the industrial commission on a continuing basis for the purpose of carrying out and effectuating this chapter. Interest earned by the fund must be credited to the fund.

## **North Dakota Industrial Commission Renewable Energy Development Program Policies**

### Table of Contents:

- REC – 1 General Provisions
- REC – 2 Eligibility
- REC – 3 Maximum Grant Amount and Matching Fund Requirement
- REC – 4 Application Requirements
- REC – 5 Review and Award Contracts and Contract Terms
- REC – 6 Public Information – Patent and New Technologies Policies

### **REC – 01 GENERAL PROVISIONS**

- REC – 1.01 History – Administration
- REC – 1.02 Definitions
- REC – 1.03 Costs of Application Preparation
- REC – 1.04 Acceptance and Rejection of Applications
- REC – 1.05 Reservation of Funds

**REC – 1.01 History – Administration.** Beginning July 1, 2007, the North Dakota Industrial Commission has been authorized to make funds available from the Renewable Energy Development Fund to provide financial assistance for contracts for renewable energy education, research, development, and marketing. The Renewable Energy Council, established by NDCC 54-63 (Senate Bill 2288, 2007 Legislative Session), will review and make recommendations to the Commission on all applications for financial assistance under this Program. The 2009 Legislative Assembly combined the Biomass Incentive and Research Fund and the Renewable Energy Development Fund and by passage of Senate Bill 2129 combined the two programs.

**REC – 1.02 Definitions.** As used in these policies:

1. “Applicant” means any person or entity applying to the Commission for a grant from the Renewable Energy Development Fund.
2. “Application” means the written document that is submitted to the Commission by an applicant seeking a grant from the Fund.
3. “Commission” means the North Dakota Industrial Commission or its representative.
4. “Contract” means the signed agreement between the Commission and Grantee which describes the rights and duties of the Commission and Grantee with regard to the program.
5. “Council” means the Renewable Energy Council as appointed by the Governor.
6. “Fund” means the Renewable Energy Development Fund available to the Commission to provide funding for the Program and as authorized in NDCC 54-63.
7. “Grant” means the monetary award made by the Commission under the Program.
8. “Grantee” means a successful applicant for a grant from the Fund.
9. “Program” means the Program administered by the Commission to foster the development of renewable energy and related industrial use technologies including, but not limited to, wind, biofuels, advanced biofuels, biomass, biomaterials, solar, hydroelectric, geothermal, and renewable hydrogen through research, development, demonstration and commercialization, demonstrate to the general public the

importance of the state renewable energy industry, to encourage and promote the wise and efficient use of renewable energy and materials or products, to develop the state's renewable energy resources, and to support research and educational activities concerning the renewable energy and materials or products industries.

10. "Technical Advisor" means the Department of Commerce with whom the Commission will enter into a contract to provide technical assistance.
11. "Technical Reviewers" mean independent technical reviewers selected by the Commission to review the merits of applications.

**REC – 1.03 Costs of application preparation.** The Commission is not liable for any cost, including costs of preparation of applications, incurred by applicants prior to issuance of a contract. The Commission will be liable only for those costs and expenses expressly identified by contract.

**REC – 1.04 Acceptance and rejection of applications.** These policies do not commit the Commission to award funds. The Commission reserves the right to accept or reject any or all applications received as a result of the Program and to negotiate with any and all qualified applicants. An application must have received a favorable Renewable Energy Council recommendation prior to consideration by the Industrial Commission.

**REC – 1.05 Reservation of funds.** The Commission is not obligated to award the total amount of funds made available under this Program. Funds not awarded will be reserved for future grants under the Program.

## **REC – 02 ELIGIBILITY**

REC – 2.01 Eligible Applicants

REC – 2.02 Eligible and Ineligible Projects

**REC – 2.01 Eligible applicants.** Any person, corporation, partnership, cooperative, association, cooperating agricultural producers organized through a limited liability corporation or cooperative, or other appropriate entity, or consortium of such parties, may apply for funds under this Program. With regard to site-specific feasibility studies, only owners of facilities, sponsors of projects or operators having effective control of a facility or project may apply. Applicants who do not own or control or have the clear and firm commitment of ownership or control are ineligible for feasibility study assistance. Any interested person in doubt as to eligibility should contact the Commission.

**REC – 2.02 Eligible and ineligible projects.** Any project proposing education, research, and/or development of new technologies, or marketing of renewable energy resources, materials or products is eligible for a contract under this Program. In all cases, projects must demonstrate a high probability of advancing to a commercially viable stage supported by a road map to commercialization and not be duplicative of other research or demonstration projects or technology in the Upper Great Plains Region. The following are examples, in no particular order, of eligible projects.

- Generate information and knowledge that will have the highest probability of bringing or developing new renewable energy or materials companies and industry investment to North Dakota.

- Have the highest potential for preserving and creating renewable energy jobs, wealth, and tax revenues for North Dakota.
- Have high potential to create economic stability and growth and the creation of jobs related to the production and utilization of North Dakota's biomass resources.
- Most effectively educate the general public about the benefits and opportunities provided by the North Dakota renewable energy, materials and products industry including but not limited to advanced biofuels and sugar-based biofuels.
- Promote efficient, economic and environmentally sound development and use of North Dakota's renewable energy resources, materials and products.
- Identify and develop renewable energy technologies presently not used in North Dakota including but not limited to advanced biofuels and sugar-based biofuels.
- Promote research and utilization of renewable energy coproduct utilization for livestock feed, human food products and industrial use technologies.
- Establish an incentive program to assist the agricultural community to demonstrate the commercial feasibility of production, harvest, storage, and delivery of a biomass feedstock. The program may include providing funds to producers of perennial biomass crops, including but not limited to native grasses, so that such producers have an income during the time needed for these plants to mature and become ready to harvest.
- Maximize the market potential for renewable energy resources, materials and products and the associated byproducts.
- Develop baseline information that will lead to other projects, processes, ideas, and activities.

The following activities or uses are ineligible for funding under this Program:

- a. Business startup capital.
- b. Business working capital.
- c. Business advertising or promotional expenses pertaining to a specific company or entity.
- d. Unallowable expenses include i) food and beverages unless a) the express purpose of the project is to educate individuals outside of the grantee's agency and the costs are being used during those educational meetings for individuals outside of the grantee's agency and b) unless the meetings include an individual(s) outside the grantee's entity and are incurred for the furtherance of the project or for the express purpose of disseminating project information and ii) travel unless directly related to the achievement of the project. Costs incurred for travel to conferences not in furtherance of the project may not be considered as match funding.
- e. Indirect costs in excess of the federal rate may be granted on a case by case basis.
- f. Sponsorship of conferences

### **REC – 3 MAXIMUM GRANT AMOUNT AND MATCHING FUND REQUIREMENT**

REC – 3.01 Maximum Grant Amount

REC – 3.02 Matching Funds

**REC – 3.01 Maximum grant amount.** Grants may be of any amount up to a maximum of \$500,000.

**REC – 3.02 Matching funds.** A grant may not exceed fifty percent of the total project cost. Commission funding must be matched with industry or other sources (e.g., various federal government agencies, non-profit organizations) of cash or in-kind services (contributed equipment, materials, or services). In-kind services may not exceed fifty percent of the total Commission funding amount. The value of in-kind match funding must be verified with appropriate documentation. Documentation demonstrating the matching funds, including letters of commitment from other funding sources, must be submitted to the Commission within sixty days of the approval of an application by the Commission, or within any additional time granted by the Commission. The Commission’s approval is contingent upon receiving this documentation. If it is not received, the approval lapses and no grant may be made. Any grants, loans, or other financial assistance must be matched on a dollar-for-dollar basis. A higher priority will be given to those applications having private industry investment equal to at least 50% or more of total cost.

#### **REC – 4 APPLICATION REQUIREMENTS**

REC – 4.01 Application Format

REC – 4.02 Application Deadline

REC – 4.03 Application Contribution

**REC – 4.01 Application format.** An application must be direct, concise, and informative. The application form to be completed is available on the Commission’s website or can be obtained from the Industrial Commission at the address noted below. It must be accompanied with the application contribution of \$100. It must be typed and double spaced on eight and one-half-inch by eleven-inch paper. Each page shall be numbered and the application shall not exceed 15 pages in length (including the transmittal letter). A copy of the application should be submitted electronically to [kfine@nd.gov](mailto:kfine@nd.gov) and two paper copies of the application are to be submitted to the following address.

North Dakota Industrial Commission  
ATTN: Renewable Energy Development Program  
State Capitol – Fourteenth Floor  
600 East Boulevard  
Bismarck, North Dakota 58505

The application must contain the following as outlined in the application form:

1. Transmittal letter. A transmittal letter setting forth a binding commitment on behalf of the applicant to complete the project as described in the application if the Commission makes the grant requested. The letter must be signed by someone authorized to contract on behalf of the applicant.
2. Title Page. A title page setting forth the project title, applicant, principal investigator, date of application, and amount of the request.
3. Table of contents.
4. Abstract. A one-page abstract of the project stating its objective, expected results, duration, total project cost, and participants.
5. Project description. A detailed description of the project, including its objectives; its methodology; its anticipated results; the facilities, resources, and techniques to be used and their availability and capability; the environmental and economic impacts of

the project while it is underway; its ultimate technological and economic impacts; and why the project is needed.

6. Standards of success. The standards by which the success of the project is to be measured. This should include the value to North Dakota. An explanation of what parts of the public and private sector will likely make use of the project's results, and when and in what way; of the potential that commercial use will be made of the project's results; how the project will enhance the education, research, development and marketing of North Dakota's renewable energy resources; how it will preserve existing jobs and create new ones; and how it will otherwise satisfy the purposes established in the mission of the Program.
7. Background/Qualifications. A summary of prior work related to the project conducted by the applicant and other participants as well as by other organizations. This should also include summary of the experience and qualifications pertinent to the project of the applicant, principal investigator, and other participants in the project.
8. Management. A description of how the applicant will manage and oversee the project to ensure it is being carried out on schedule and in a manner that best ensures its objectives will be met, and a description of the evaluation points to be used during the course of the project.
9. Timetable. A project schedule setting forth the starting and completion dates, dates for completing major project activities, and proposed dates upon which the interim reports will be submitted.
10. Budget. An itemized list of the project's capital costs; direct operating costs, including salaries; and indirect costs; and an explanation of which of these costs will be supported by the grant and in what amount. Identification of all other committed and prospective funding sources and the amount of funding from each source, differentiating between cash, indirect costs and in-kind services. An explanation why the funding requested is necessary to achieve the project's objectives and, if less funding is available than that requested, whether the project's objectives will be unattainable or delayed. The budget should identify all other committed and prospective funding sources and the amount of funding from each source. Higher priority will be given to those projects have matching private industry investment equal to at least 50% or more of total cost. (Note ineligible activities or uses and unallowable expenses listed under REC 2-02.)
11. Tax liability. An affidavit stating that the applicant does not have an outstanding tax liability owed to the State of North Dakota or any of its political subdivisions.
12. Confidential information. Any information in the application that is entitled to confidentiality and which the applicant wants to be kept confidential should, if possible, be placed in an appendix to allow for administrative ease in protecting the information from public disclosure while allowing public access to the rest of the application. Such information must be clearly labeled as confidential and the applicant must explain why the information is entitled to confidentiality as described in North Dakota Century Code 54-63-02.
13. Patents and Rights to Technical Data. Any patents or rights that the applicant wishes to reserve must be identified in the application.
14. Appendices. Any necessary supporting documentation.

**REC – 4.02 Application deadline.** Applications each calendar year must be delivered to the Industrial Commission or postmarked on or before January 1, May 1 and September 1. In addition to these three grant rounds, the Commission may establish additional grant rounds and set application deadlines for those rounds. The applicant may amend its application at any time before the application deadline. After the application deadline, the applicant may amend its application only upon the approval of the Commission.

**REC – 4.03 Application contribution.** All applications must be accompanied by a one hundred dollars nonrefundable application contribution. Checks or money orders should be made payable to the “State of North Dakota”.

### **REC – 05 REVIEW AND AWARD PROCESS**

REC – 5.01 Application Evaluation – Criteria

REC – 5.02 Application Review – Initial Review

REC – 5.03 Application Review – Technical Reviewer

REC – 5.04 Application Review – Council Recommendation and Commission Decision

REC – 5.05 Contracts

REC – 5.06 Disbursement of Funds

REC – 5.07 Project Duration

REC – 5.08 Allocations

REC – 5.09 Partially Funded or Delayed Projects

REC – 5.10 Contract Modifications

REC – 5.11 Reporting Requirements

**REC – 5.01 Application evaluation – Criteria.** All applications will be evaluated according to the criteria set forth in North Dakota Century Code chapter 54-63, and the criteria established by the Commission as stated in these policies.

General Criteria. Priority areas that have the outcome of accomplishing research, development, demonstration, commercialization and public education of the Program include, in no particular order, but are not limited to the following:

- Generate information and knowledge that will have the highest probability of bringing or developing new renewable energy or materials companies and industry investment to North Dakota.
- Have the highest potential for preserving and creating renewable energy jobs, wealth, and tax revenues for North Dakota.
- Have high potential to create economic stability and growth and the creation of jobs related to the production and utilization of North Dakota’s biomass resources.
- Most effectively educate the general public about the benefits and opportunities provided by the North Dakota renewable energy, materials and products industry including but not limited to advanced biofuels and sugar-based biofuels.
- Identify and develop renewable energy technologies presently not used in North Dakota, including but not limited to advanced biofuels and sugar-based biofuels.
- Promote research and utilization of renewable energy coproduct utilization for livestock feed, human food products and industrial use technologies.
- Establish an incentive program to assist the agricultural community to demonstrate the commercial feasibility of production, harvest, storage and delivery of a biomass

feedstock. The program may include providing funds to producers of perennial biomass crops, including but not limited to native grasses, so that such producers have an income during the time needed for these plants to mature and become ready to harvest.

- Maximize the market potential for renewable energy resources, materials and products and the associated byproducts.
- Promote efficient, economic and environmentally sound development and use of North Dakota's renewable energy resources, materials and products.
- Develop baseline information that will lead to other projects, processes, ideas, and activities.

The project's compatibility with the objectives of the Program will be considered, in particular, the following will be evaluated:

- (1) The need for the project;
- (2) The potential value to the renewable energy industry of the results to be achieved by the project;
- (3) The timeliness of the project;
- (4) The impact on the renewable energy industry and related renewable energy materials and products industries;
- (5) The level of funding requested;
- (6) The level of matching funds, with higher priority given to those projects with private industry investment;
- (7) The short-term and long-term benefits to the applicant, renewable energy industry, renewable energy developers, landowners and agricultural producers, and the counties and state of North Dakota;
- (8) The likelihood that the project will achieve its technical and market goals;
- (9) The scientific soundness and innovation of any proposed technology;
- (10) The financial feasibility of the proposed project; and
- (11) The technical qualifications and expertise of the applicant, the investigators, and the sponsors.

**REC – 5.02 Application review – Initial review.** Upon receipt of an application, the Technical Advisor and/or the Commission will determine if the application meets eligibility requirements and is complete. During this initial review the Commission or the Technical Advisor may seek additional information from the applicant regarding the application including, but not limited to, clarification of budget and matching funds, feasibility of the project meeting timelines, confidentiality request, and viability of the project. Any additional information provided during the initial review shall be included as part of the application. The Commission shall complete this review within thirty days of the application deadline date, though the Commission may extend this time if needed to properly review an application. If the Commission determines that the application meets eligibility requirements and is complete, the application will be referred to Technical Reviewers selected by the Commission. The Commission may also refer any question it has about completeness and eligibility to the Technical Reviewers and such question may then be a consideration throughout the review process. The Commission may waive the independent technical review process if it determines that funding is not available for the Technical Reviewers or a project is time sensitive.

**REC – 5.03 Application review – Technical Reviewer.**

- (1) Technical Reviewers are selected by the Commission. Technical Reviewers should possess the expertise and experience necessary to adequately review the application.
- (2) No individual with a direct financial interest in a proposed project may be involved in any way in reviewing the application. If asked to review the application, the individual with the conflict of interest shall immediately inform the Commission of the conflict. Failure to so notify the Commission disqualifies the individual from serving as a Technical Reviewer unless reinstated by the Commission, and the Commission may disqualify the application from being approved during the round of grants within which the conflict occurred.
- (3) The Technical Reviewers shall assess the technical and fiscal merits of the application. Upon completion of the application review, the Technical Reviewers shall make their recommendation to the Council. The Technical Reviewers shall submit their recommendation within sixty days, though the Commission may extend this time if the Technical Reviewers need more time to properly review the application.
- (4) Notification to applicant. The Commission shall promptly notify the applicant of the recommendations made by the Technical Reviewers to the Council.

**REC – 5.04 Application review – Council recommendation and Commission decision.**

The Council shall consider, but is not bound by, a recommendation of the Technical Reviewers. The Council shall make a recommendation on each application to the Commission. The Council shall make its recommendation to the Commission within sixty days of its receipt of the Technical Reviewers' recommendations, though the Commission may extend this time if the Council needs to more properly review the application. The Commission shall consider, but is not bound by, a recommendation of the Council.

**REC – 5.05 Contracts.** A grantee must enter into a contract with the Commission and submit any supporting documentation required by the Commission. The application will form an integral part of the contract. The Commission shall provide a proposed contract to grantees within sixty days of Commission approval of the project. The grantee will then have sixty days to execute a contract. If a contract is not executed by the grantee within the sixty days, the award will be canceled unless an extension of time is granted by the Commission. The Commission may include contract provisions that require payback of a portion of the award. Work carried out under a contract is the work of the grantee and not the Commission.

**REC – 5.06 Disbursements of funds.** Funds will be disbursed only after a contract has been executed. All disbursements will be made according to the schedule in the contract. Disbursements may be withheld if the Commission deems the grantee has not complied with these policies or the contract.

**REC – 5.07 Project duration.** The project must be completed within the time specified in the contract. If the project cannot be completed within the time specified in the contract, the grantee may make a written request to the Commission for an extension of up to one year. The request must set forth the specific additional time requested and the reasons why an extension is needed. Upon receipt of the request, the Commission shall, in consultation with the Technical Advisor, decide whether or not to grant the request. Additional extensions may

be sought under the same procedure described above, but may only be granted if the grantee proves that factors beyond the grantee's control are the cause of its inability to complete the project on time and that since receiving the first extension the grantee has been diligent in all respects in trying to complete the project on time.

**REC – 5.08 Allocations.** If the work under a contract extends beyond the State's fiscal biennium in which the contract is made, any further disbursements of the grant by the Commission to the grantee cannot be guaranteed and will be made only if sufficient funds are appropriated in the new biennium to satisfy the contract.

**REC – 5.09 Partially funded or delayed projects.** If the Commission grant is less than the amount requested, the applicant may decline the award or proceed with the project as proposed, notwithstanding the reduced award. Failure of a grantee to proceed with the project in a timely manner or comply with contract terms or these rules entitles the Commission to cancel the grant and contract and to receive from the grantee full reimbursement of all funds the Commission disbursed under the contract.

**REC – 5.10 Contract modifications.** If at any time after entering a contract the grantee desires to change any term of the contract, the grantee shall make a written request to the Commission. The request must set forth the specific change desired and the reasons why the change is needed. Upon receipt of the request, in consultation with the Technical Advisor, the Commission shall review the request. The Commission shall determine if the requested change is substantive. If the requested change is substantive the Commission may use Technical Reviewers to analyze the request. After completion of their review and consideration of any recommendation that may be provided by the Council, the Commission shall decide whether or not to grant the request.

**REC – 5.11 Reporting requirements.** A grantee has the following reporting obligations:

- (1) Interim reports. A grantee shall submit to the Commission reports summarizing the project's accomplishments and expenditures to date. The timing of the reports will be specified in the contract.
- (2) Special reports. If substantial progress on a project occurs earlier than anticipated, the grantee shall immediately submit to the Commission a report explaining the accomplishment.
- (3) Final report. A comprehensive final report must be submitted to the Commission by all grantees within the time specified in the contract. This report must include a single page project summary describing the purpose of the project, the work accomplished, the project's results, and the potential applications of the project. The rest of the report must explain these subjects in detail as well as the total costs of the project, a summary fiscal accounting of the entire project, any plans for developing or putting to commercial use the results of the project, and whether and in what manner the project met or failed to meet the standards referred to in these policies.

## **REC – 6 PUBLIC INFORMATION – PATENT AND NEW TECHNOLOGIES POLICIES**

REC – 6.01 Application Ownership

REC – 6.02 Rights to Technical Data

REC – 6.03 Invention Rights, Use for Governmental Purposes

REC – 6.04 Patent Rights – Manufacturing in North Dakota

REC – 6.05 Waiver of State’s Rights

**REC – 6.01 Application ownership.** Information contained in unsuccessful applications will remain the property of the applicant, but the Commission will retain file copies of all applications, findings, and reports. Except with regard to confidential information, applications are public information and are available to the public upon request and payment of copying charges.

**REC – 6.02 Rights to technical data.** Rights to technical data, including software developed under the terms of a grant, shall remain with the grantee. The grantee may establish claim to copyright subsisting in such technical data first produced in the performance of a grant. The State of North Dakota and its consultants, independent contractors, and suppliers, to the extent such are providing services to the State of North Dakota, shall have a nonexclusive, irrevocable, royalty-free license in such technical data to reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly by or on behalf of the State of North Dakota. However, such license does not discharge the State’s duty of confidentiality and nondisclosure with regard to the grantee’s confidential information.

**REC – 6.03 Invention rights, use for governmental purposes.** Grantee may retain the principal worldwide rights, whether in patent or otherwise, to any invention made with financial support under this program. The State of North Dakota and its consultants, independent contractors, and suppliers, to the extent such are providing services to the State, shall have a nonexclusive, irrevocable royalty-free right to practice under any patents, patent applications, or other new technology developed under this Program. The intent of this section is to enable state agencies to use new technology products or processes for governmental purposes without having to pay the imputed development costs of the products or processes twice; first in the research and development state under Commission funding and then later in the purchase of the processes or products. The State may not use this provision to enter into the private marketplace through direct manufacture or production of goods and services.

**REC - 6.04 Patent rights – Manufacturing in North Dakota.** Grantee shall utilize commercially reasonable efforts to ensure that North Dakota manufacturers will be offered a nonexclusive, fair market value, royalty-bearing license to use any technology developed with funding from the Renewable Energy Development Fund. Unless prohibited by law or conflicting State of North Dakota policy, and as referenced in Section 5.05, the Commission may include a clause within any grant provided that royalties collected from North Dakota manufacturers would be paid to the Industrial Commission until the entire amount of funding supplied by the Commission was returned in full.

**REC - 6.05 Waiver of State’s Rights.** The Commission may waive the State’s royalty-free right if any other governmental entity, state, federal, or foreign, provides matching funds and imposes conditions that do or may conflict with the rights provided for by this section. A waiver may be given only if the following are met:

- (1) The grantee has requested from the other funding source a waiver of its requirements that conflict or may conflict with this section;

- (2) The other funding source provides at least twenty percent of the project's funding;  
and
- (3) It is unlikely the State would ever seek to use the right given the State under this section.

The Commission waives the State's royalty-free right if any U.S. federal governmental entity provides matching funds and imposes conditions that do or may conflict with the right provided for by this section.

Approval dates:

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