

Minutes of the
RENEWABLE ENERGY COUNCIL

Tuesday, September 18, 2007
Harvest Room, State Capitol
Bismarck, North Dakota

CALL TO ORDER

The Renewable Energy Council meeting was called to order at 1:12 p.m.

Members Present: Shane Goettle, Al Christianson, Terry Goerger, Eric Mack, Mark Nisbet, Randy Schneider

Others Present:

Kim Christianson, Department of Commerce
Bull Huether, Department of Commerce
Justin Dever, Department of Commerce
Lynelle Kraft, Department of Commerce
Karlene Fine, ND Industrial Commission

WELCOME

Shane Goettle welcomed the council members and stated that this is the first organizational meeting of the Renewable Energy Council. This council operates as an advisory body to the state Industrial Commission; it's modeled in statute and in procedures after the Lignite Research Council and the Oil and Gas Research Council.

Goettle asked each member to introduce him or herself and thanked them for participating to represent their particular industries.

Council members were present for lunch, during which Mary Kay Kelsch from the Attorney General's Office presented on open meetings and open records requirements.

OVERVIEW OF STATUTE

Goettle outlined the legislative statute (Appendix A) and asked for questions.

In response to a question from Goerger, Goettle stated that in addition to the state dollars that were appropriated, there is \$17 million in special fund authority, and there is no current source for that. If legislation were to pass Congress that would match up with the funds that we have available, this body could have some say over how those other funds would also be spent, if we applied for those funds under the special authority. Goettle said that funds from other trusts are also acceptable.

PROPOSED MISSION STATEMENT

Goettle (Appendix B) outlined the Mission Statement; this boils down on one page what the activities of the council represent. This is a proposal for adoption.

Goerger asked if for clarification on "Identify and develop renewable energy technologies presently not used in North Dakota". Is that taking technologies from the bench to commercialization? Goettle stated that is correct.

In response to a question from Nisbet, Goettle stated that the council's mission is limited to the renewable energy sector.

It was moved by Goerger, and seconded by Schneider, and carried unanimously on a roll call vote that the Council adopts the Mission Statement. Goettle, Christianson, Goerger, Mack, Nisbet, and Schneider voted "aye." No negative votes were cast.

PROGRAM FINANCIAL SUMMARY

Karlene Fine outlined the Financial Statement (Appendix C). The report shows the general fund appropriation of \$3 million for the biennium; there are no other revenues or expenditures at this point. This is a continuing appropriation fund so it does not have to be re appropriated every legislative session. There is also \$17 million in special fund authority.

In response to questions from Goerger, Fine stated that any carryover after the biennium stays within the fund; the council has the ability to accept funds from any source, including other state funds.

In response to Goerger, Goettle stated that it is everyone's job to identify other sources of money, and Department of Commerce state can assist if the Council decides to pursue a certain fund.

PROPOSED POLICIES

Karlene Fine walked through the proposed Renewable Energy Council Policies (Appendix D). These were mirrored after Lignite Research Council and Oil & Gas Research Program policies.

Fine pointed out the Technical Reviewer definition. When an application comes in, it is sent out to an independent technical reviewer; and that name is kept confidential. The independent technical reviewer is selected by staff, people in the Department of Commerce and Fine herself; it is someone with expertise in that particular energy field. The reviewers are paid \$300 for their work; depending on the size of the application, there are typically three reviewers for every application, so it will most likely cost \$900. Technical reviewers do not necessarily have to be in state. Applications must receive a favorable Renewable Council

CHAPTER 54-63
RENEWABLE ENERGY COUNCIL

Appendix A

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.
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 three 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. Any grants, loans, or other financial assistance must be matched on a dollar-for-dollar basis.
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 feasibility studies, applied research and demonstrations, venture capital investments, grants and matching grants, 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.
 - 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 efficiencies such as coproduct utilization 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.
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 COUNCIL**

Mission Statement

The mission of the Renewable Energy Council is to promote the growth of North Dakota's renewable energy industries through research, development, marketing, and education.

Goals & Purposes

- Promote efficient, economic and environmentally sound development and use of North Dakota's vast renewable energy resources, particularly in the areas of wind energy, biofuels (ethanol & biodiesel), and biomass.
- Create jobs related to the production and utilization of North Dakota's renewable energy resources.
- Ensure economic stability, growth and opportunity in the renewable energy industry.
- Encourage and promote the use of new technologies and ideas that will have a positive economic and environmental impact on renewable energy development and production in North Dakota.
- Promote public awareness of the benefits and opportunities provided by North Dakota's renewable energy industries.
- Add wealth for landowners and agriculture producers to build and maintain a robust rural economy.

Grant priority is to be given to those projects, processes, ideas, and activities which meet the following goals and objectives:

- Generate information and knowledge that will have the highest probability of bringing new renewable energy companies and industry investment to North Dakota.
- Have the highest potential for creating new renewable energy jobs, wealth, and tax revenues for North Dakota.
- Most effectively educate the general public about the benefits and opportunities provided by the North Dakota renewable energy industry.
- Preserve existing jobs and production levels.
- Identify and develop renewable energy technologies presently not used in North Dakota.
- Maximize the market potential for renewable energy resources and the associated byproducts produced therewith.
- Encourage the development of new practices that will reduce adverse environmental impacts of renewable energy activities.
- Develop baseline information that will lead to other projects, processes, ideas, and activities.

Renewable Energy Development Fund
 Financial Statement
2007-2009 Biennium
 September 18, 2007 Renewable Energy Council Meeting

	<u>Cash Balance</u>
July 1, 2007 Balance	\$3,000,000.00
Revenues through August 31, 2007	\$ 0.00
Expenditures through May 31, 2007	<u>\$ 0.00</u>
	\$3,000,000.00
Outstanding Commitments	\$ 0.00
Outstanding Project Commitments in 2007-2009	<u>\$ 0.00</u>
Balance	\$3,000,000.00

Renewable Energy Development Fund
Continuing Appropriation Authority
 2007-2009 Biennium

Balance July 1, 2007	\$20,000,000.00
Interest Income	\$ 0.00
Income from Project Applications	\$ 0.00
Other Revenues	<u>\$ 0.00</u>
	\$20,000,000.00

Senate Bill 2288 – Appropriation. There is appropriated out of any moneys in the General Fund in the state treasury, not otherwise appropriated, the sum of \$3,000,000, or so much of the sum as may be necessary, and \$17,000,000 in special funds, or so much of the sum as may be necessary, to the Industrial Commission for the purpose of carrying out the renewable energy development functions under section 7 of this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009.

Renewable Energy Development Fund (54-63-04, N.D.C.C.) – 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 Council Policies

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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 from the Renewable Energy Development Fund available 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.

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 demonstrate to the general public the importance of the state renewable energy industry, to encourage and promote the wise and efficient use of energy, to develop the state’s renewable energy resources, and to support research and educational activities concerning the renewable energy industry.

10. “Technical Reviewers” mean independent technical reviewers selected by the Commission to review the merits of applications and to otherwise assist the Commission in administering the Program.

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, or association, 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, development, or marketing of renewable energy resources is eligible for a contract under this Program. The following are examples, in no particular order, of eligible projects.

- Generate information and knowledge that will have the highest probability of bringing new renewable energy companies and industry investment to North Dakota.
- Have the highest potential for creating new renewable energy jobs, wealth, and tax revenues for North Dakota.
- Most effectively educate the general public about the benefits and opportunities provided by the North Dakota renewable energy industry.
- Preserve existing jobs and production levels.
- Identify and develop renewable energy technologies presently not used in North Dakota.
- Maximize the market potential for renewable energy resources and the associated byproducts produced therewith
- Encourage the development of new practices that will reduce adverse environmental impacts of renewable energy activities

- 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.

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. 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. 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 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:

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. 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.
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 provide all required information set forth in NDCC 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 in the calendar year 2007 must be delivered to the Industrial Commission or postmarked on or before December 1. Applications for the first review and award process in subsequent calendar years must be delivered to the Industrial Commission or postmarked on or before May first, and applications for the second review and award process must be delivered to the Industrial Commission or postmarked on or before November first. In addition to these two 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 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 new renewable energy companies and industry investment to North Dakota.
- Have the highest potential for creating new renewable energy jobs, wealth, and tax revenues for North Dakota.
- Most effectively educate the general public about the benefits and opportunities provided by the North Dakota renewable energy industry.
- Preserve existing jobs and production levels.

- Identify and develop renewable energy technologies presently not used in North Dakota.
- Maximize the market potential for renewable energy resources and the associated byproducts produced therewith
- Encourage the development of new practices that will reduce adverse environmental impacts of renewable energy activities.
- 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 with regards to deadlines established by legislation;
- (4) The impact on the renewable energy industry;
- (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 Commission will determine if the application meets eligibility requirements and is complete. 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. 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 convey it to the Council. The Council may make use of technical reviewer(s) to analyze the request. The Council shall review the request and make a recommendation to the Commission. The Commission, after reviewing the recommendation, shall 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, the Commission shall determine if the requested change is substantive. If the request change is substantive the Commission shall convey the request to the Council and the Council shall review it and make a recommendation to the Commission. The Council may use Technical Reviewer(s) to analyze the request. If the requested change is not substantive, 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 Use for Governmental Purposes

REC – 6.04 Patent Rights – Manufacturing in North Dakota

REC – 6.05 Patent Fees – No Charges in North Dakota

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.

REC – 6.03 Use for governmental purposes. If a grantee copyrights and publishes material developed with Commission funding the State of North Dakota and its consultants, independent contractors, and suppliers, to the extent such are providing services to the state, shall have an 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 purchase or use, or both, 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. 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 right 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.

REC 6.04 Patent rights – Manufacturing in North Dakota. Applicants may retain the principal worldwide patent rights to any invention made with financial support under this program, except the patent holder agrees directly, or through licensing of patents, to assure that any manufacturing thereof shall substantially occur in North Dakota. Similarly, use of any new technology or other technical information derived in part from funding under this program requires that any manufacturing thereof shall substantially occur in North Dakota. For the purposes of this section, the words “substantial” or ”substantially” shall mean not that the primary manufacturing must occur in North Dakota, but rather that more than incidental manufacturing must occur in North Dakota. The grantee or licensee or assignee, as determined by the Commission, must reimburse the entire grant amount received through the Commission should such licensees or assignees relocate or be established out of the State and not continue substantial manufacturing in North Dakota. The Commission may choose not to enforce the “substantial manufacturing” requirement of this section if there is no person or entity in North Dakota capable of fulfilling the requirement and it is unlikely that in the near future a person or entity would be capable of satisfying the requirement.

REC – 6.05 Patent fees – No charges in North Dakota. Applicants, or anyone that may purchase patent rights from the applicant, cannot charge a patent fee or royalty fee to any citizen, company or corporation in North Dakota for a patent that was developed utilizing financial support from this program.

Approval dates:

Renewable Energy Council – 9-18-07

Industrial Commission of North Dakota - 10-17-07

APPLICATION RATING FORM

Reviewer's Identification Number: _____ (no name please)

Date:

Principal Investigator(s):

Proposal Number:

Application Title:

Section A. Summary of Ratings:

Please complete the questions below and then fill in this summary.

Statement	Circled Number	Weighting Factor	Subrating
1. Objectives	_____ X	9	= _____
2. Achievability	_____ X	9	= _____
3. Methodology	_____ X	7	= _____
4. Contribution	_____ X	7	= _____
5. Awareness	_____ X	5	= _____
6. Background	_____ X	5	= _____
7. Project Management	_____ X	2	= _____
8. Equipment Purchase	_____ X	2	= _____
9. Facilities	_____ X	2	= _____
10. Budget	_____ X	2	= _____
		Total: 50	_____
			250 points possible

Note: While points are necessary to establish an overall rating, comments on the various criteria are critical to truly understanding the value of a proposed project. Please elaborate in the comment sections to the maximum extent possible.

Overall Recommendation: _____ Fund
 _____ Funding May Be Considered
 _____ Do Not Fund

Section B. Ratings and Comments:

Please circle your response to each statement and transfer the number circled to the column entitled "Circled Number" on the first page of this form. Also, please comment on each criteria.

1. The objectives or goals of the proposed project with respect to clarity and consistency with North Dakota Industrial Commission/Renewable Energy Council goals are: 1 – very unclear; 2 – unclear; 3 – clear; 4 – very clear; or 5 – exceptionally clear.

Please comment:

2. With the approach suggested and time and budget available, the objectives are: 1 – not achievable; 2 – possibly achievable; 3 – likely achievable; 4 – most likely achievable; or 5 – certainly achievable.

Please comment:

3. The quality of the methodology displayed in the proposal is: 1 – well below average; 2 – below average; 3 – average; 4 – above average; or 5 – well above average.

Please comment:

4. The scientific and/or technical contribution of the proposed work to specifically address North Dakota Industrial Commission/Renewable Energy Council goals will likely be: 1 – extremely small; 2 – small; 3 – significant; 4 – very significant; or 5 – extremely significant.

Please comment:

5. The principal investigator's awareness of current research activity and published literature as evidenced by literature referenced and its interpretation and by the reference to unpublished research related to the proposal is: 1 – very limited; 2 – limited; 3 – adequate; 4 – better than average; or 5 – exceptional.

Please comment:

6. The background of the investigator(s) as related to the proposed work is: 1 – very limited; 2 – limited; 3 – adequate; 4 – better than average; or 5 – exceptional.

Please comment:

7. The project management plan, including a well-defined milestone chart, schedule, financial plan, and plan for communications among the investigators and subcontractors, if any, is: 1 – very inadequate; 2 – inadequate; 3 – adequate; 4 – very good; or 5 – exceptionally good.

Please comment:

8. The proposed purchase of equipment is: 1 – extremely poorly justified; 2 – poorly justified; 3 – justified; 4 – well justified; or 5 – extremely well justified. (Circle 5 if no equipment is to be purchased.)

Please comment:

9. The facilities and equipment available and to be purchased for the proposed research are: 1 – very inadequate; 2 – inadequate; 3 – adequate; 4 – notably good; or 5 – exceptionally good.

Please comment:

10. The proposed budget “value”¹ relative to the outlined work and the financial commitment from other sources is of: 1 – very low value; 2 – low value; 3 – average value; 4 – high value; or 5 – very high value. (See below)

Please comment:

¹ “Value” – The value of the projected work and technical outcome for the budgeted amount of the project, based on your estimate of what the work might cost in research settings with which you are familiar.

Financial commitment from other sources – A minimum of 50% of the total project must come from other sources to meet the program guidelines. Higher priority is to be given if the application has private industry investment equal to or at least 50% or more of total cost.

Section C. Overall Comments and Recommendations:

Please comment in a general way about the merits and flaws of the proposed project and make a recommendation whether or not to fund.

General comments:

SAMPLE

OIL AND GAS RESEARCH COUNCIL
 CONFLICT OF INTEREST
 DISCLOSURE FORM

A conflict of interest may develop for Oil and Gas Research Council members as a result of evaluating applications for funding from the Oil and Gas Research Fund. A conflict of interest exists for a Council member if there is a monetary or material investment or interest in a project, process or activity submitted for Council consideration. A conflict of interest may exist for a member as a result of employment or individual investments. If a conflict of interest exists then the member must disclose the nature of the conflict of interest to the full Council prior to any vote by the Council in consideration of the application.

Grant Round Applications:

Conflict of Interest

Yes No

“Identification of a Shallow Gas Source System in Southwestern Steele County, ND”

“Surface Microseismic Study of a Bakken Fracture Stimulation”

“North Dakota Petroleum Council Teacher Education Seminar”

“Innovative Practices for Managing Oilfield Wastes in the Williston Basin of ND”

 Signature of the OGRC Member

SAMPLE

OIL & GAS RESEARCH COUNCIL

Ballot for June 26, 2007
Round 013 Grant Applications

RECOMMEND
FUNDING

DO *NOT*
FUND

_____ **G013-A: "Identification of a Shallow Gas Source System in Southwestern Steele County, North Dakota"**; Submitted by Fischer Oil & Gas, Inc.; Principal Investigators: George Shurr and David Fischer; Project Duration: 6+ months

Total Project Cost: \$30,200
Request for: \$15,100

_____ **G013-B: "Surface Microseismic Study of a Bakken Fracture Stimulation"**; Submitted by Marathon Oil Company; Principal Investigators: Ken Dunek and Chuck Meeder; Project Duration: 12 months

Total Project Cost: \$310,000
Request for: \$155,000

_____ **G013-C: "North Dakota Petroleum Council Teacher Education Seminar"**; Submitted by North Dakota Petroleum Council; Principal Investigators: Ron Ness; Project Duration: 2 years

Total Project Cost: \$35,800
Request for: \$17,900

_____ **G013-D: "Innovative Practices for Managing Oilfield Wastes in the Williston Basin of North Dakota"**; Submitted by ALL Consulting and PetroComp; Principal Investigator: J. Daniel Arthur; Project Duration: 12 months

Total Project Cost: \$250,000
Request for: \$100,000

Renewable Energy Program Application Process

- Step 1.** Application received by application deadline along with \$100 processing fee.
- Step 2.** Application reviewed by staff to determine if it meets the criteria for the program.
- Step 3.** If it passes initial review, it is forwarded to independent technical reviewers (ITR). (These ITRs are individuals that have been identified with expertise in that particular research area.) The names of the ITRs are only known by the Industrial Commission Executive Director, Shane Goettle and Department of Commerce (DOC) individual (to be known as the Renewable Energy Program Technical Representative) with responsibility for the Renewable Energy Program. The ITRs are provided compensation of \$300 per review for their services.
- Step 4.** Upon receipt of the ITRs' comments, the comments are forwarded to the applicant. The applicant is given an opportunity to respond to the ITRs' comments.
- Step 5.** The Renewable Energy Program Technical Representative (TR) reviews the project application, the ITRs' comments, the response from the applicant (if any) and prepares a recommendation for the Renewable Energy Council and the Industrial Commission.
- Step 6.** Renewable Energy Council actions. The TR recommendation along with the application, the ITRs' comments, and the applicant's response to the comments (if any) are forwarded to the Renewable Energy Council members for consideration at a Renewable Energy Council meeting. At the meeting a brief overview is given on the application and the applicant is given an opportunity to respond to any of the ITRs' comments and the Technical Representative's recommendation. The Renewable Energy Council then votes (confidentially) on each application. No application can be considered by the Industrial Commission unless the Renewable Energy Council gives a positive recommendation.
- Step 7.** Industrial Commission actions. The previous information is then forwarded to the Industrial Commission with the Renewable Energy Council's recommendation for the Commission's consideration.
- Step 8.** If the Industrial Commission approves the funding for the application, the Industrial Commission's Executive Director prepares and negotiates the contract.
- Step 9.** Funding is distributed as per the contract (in stages as the work is completed.) Prior to any payment being made the Renewable Energy Program Technical Representative will review the report and determine if the report meets the conditions of the contract and is in compliance with the scope of work as outlined in the application.