

Minutes of the
RENEWABLE ENERGY COUNCIL
Thursday, December 16, 2010 – 10:00 am (CST)
Dept. of Commerce, Century Center – Icelandic Room
1600 East Century Avenue, Bismarck

CALL TO ORDER

Shane Goettle, Chairman, called the Renewable Energy Council meeting to order at 10:05 am.

Members Present: Shane Goettle, Rod Holth, Al Christianson, Terry Goerger (phone), and Eric Mack (phone).

Members Absent: Randy Schneider and Mark Nisbet.

Others Present:

Andrea Pfennig, Department of Commerce
Karlene Fine, Industrial Commission
Joleen Leier, Department of Commerce
Paul Govig, Department of Commerce
Bruce Folkedahl, EERC (phone)
Larry Leistriz, NDSU
Nancy Hodur, NDSU
Bernie Steele, MBI
Ted Aulich, EERC (phone)
Jeff Zuger, Blue Flint

APPROVAL OF MINUTES

August 6, 2010 meeting minutes were reviewed.

Al Christianson moved to approve the minutes as presented. Rod Holth seconded the motion. Motion passed.

November 30, 2010 conference call minutes were reviewed.

Rod Holth moved to approve the minutes as presented. Al Christianson seconded the motion. Motion passed.

PRESENTATION OF FINANCIAL SUMMARIES

Fine gave a financial update. There is approximately \$4 million available for funding. There is \$30,000 of outstanding administrative

commitments and \$2.7 million outstanding project commitments. As of November 30, 2010, uncommitted dollars available for this grant round and subsequent grant rounds are just under \$1.4 million.

WELCOME

Chairman Shane Goettle welcomed everyone to the Renewable Energy Council meeting. Goettle asked everyone to introduce themselves. Goettle explained that Paul Govig will be the Interim Commissioner for the Department of Commerce, thus will be the Interim Chairman of the Renewable Energy Council until a new Commissioner is appointed to Commerce.

**CONSIDERATION OF GRANT
ROUND 9 APPLICATIONS**

R010-A: “Developing a Biomass Industry in North Dakota”; Submitted by North Dakota State University; Principal Investigator: Larry Leistriz; Project Duration: 15 months; Total Project Costs: \$812,240; Request for: \$406,120.

Pfennig gave an overview of the project. The overall reviewers’ recommendations follow: Funding May Be Considered (169) and Fund (218 and 239). Average Weighted Score was 209 out of 250. Commerce’s recommendation is to fund this project. Proposed Contingencies: Verification of match from MBI prior to contract.

Larry Leistriz, Nancy Hodur and Bernie Steele presented.

Goettle asked him to walk him through pretreatment process and how it enhances the lignin. Response, it moves the lignin to the surface of the cells, it allows the enzyme hydrolysis to convert the sugars for fermentation. Allows you to densify the material and ship it cheaply with very low energy.

Goettle asked, what is an invetro study? Response: It is done in the lab, not in the animal.

Goerger asked if this was a whole new study? Response: Other pretreatments don't use this type of system using ammonia. This is a unique system using ammonia and is not being used anywhere else.

Goettle asked what North Dakota feed stocks will be used. Response: Wheat straw or corn stover is being used.

Goettle stated that the suggested contingency is "Verification of match from MBI." Goettle asked if the contract is in place? Response: Contract with MBI for match is expected to be in place. Goettle asked what the timeline is for that. Response: Should move fairly quickly since we've had subcontracts before; once confidentiality agreements and other issues are worked out.

Al Christianson moved to adopt contingency "Verification of match from MBI prior to contract". Motion was seconded by Rod Holth. Motion passed.

Al Christianson moved to also include the following contingency: "Must use North Dakota based feedstocks". Terry Goerger seconded the motion. Motion passed.

CONFLICT OF INTEREST

R010-A: "Developing a Biomass Industry in North Dakota"

- Al Christianson

COMPLETION OF BALLOTS

R010-A: "Developing a Biomass Industry in North Dakota"; Submitted by North Dakota State University.

Fund: 5 Do Not Fund: 0

FINAL REPORTS FROM COMPLETED PROJECTS

Renewable Electrolytic Nitrogen Fertilizer Production

Ted Aulich gave update on project.

Christianson asked about load management tool – start up and shut down times? Response: There will be a bit of a time delay. Will also be a bit of a start up requirement.

Christianson asked about high cost of hydrogen. Have you come up with a number of hydrogen you will use – so much per cubic foot? Response: Have not done that yet, we should be able to come with that.

Christianson asked about competitive pricing. What number are you using for today's prices? Response: Today's cost \$6.50. Weighted average would be helpful.

Fischer-Tropsch Fuels Development

Bruce Folkedahl gave an update on this project.

Biomass Lignite Demonstration

Goettle stated for the record that we do have the final report on the Biomass Lignite Demonstration Project. We do not have a verbal presentation on the project. Goettle recommended we accept written report as the final.

Corn Oil Extraction

Jeff Zuger gave an update on this project.

Zuger thanked the Council for the extension and for supporting this project.

Goettle asked if they had corn extraction going on, and if they looked at the economics? Response: yes.

Goettle asked if the value of the DDG is something he wouldn't give up? Response: Yes.

Holth asked who's buying DDGs? Response: Mostly beef.

Goettle asked, if the fat content goes down one percent? Response: We're probably taking two points out right now.

Christianson asked if anyone else is doing this yet? Response: I understand that Tharaldson may have put a system in, but not certain.

Goettle asked if corn oil production issues were local or wide spread. Response: Yes, it was pretty wide spread.

Christianson expressed that he likes funding projects that pertain to real life and seeing results. Goettle and Holth expressed their agreement.

Zuger stated they would be happy to share their experiences with other companies.

Mack asked if calculating payback was \$.06 on DDGs and \$.30 on corn oil? Response: Yes, we're picking up the difference, not the total.

STATUS REPORT ON CURRENT PROJECTS

Pfennig gave an update on the following projects:

- Lake Region Project
- ComPAKer project
- Small Wind Turbine Training Center
- Promoting Ethanol in ND
- Resources Trust Switchgrass Project
- Renewable Electrolytic Ammonia Production from Water and Nitrogen
- Dakota Turbines
- Dakota Salts
- Energy Beet Research (Rod Holth gave update)
- Biomass Testing Lab

ADMINISTRATIVE BUSINESS

Legislative Update

Fine gave update. Renewable Energy Program brochure is what they will be using when they go before the Legislature.

Governor's Executive Budget

Fine stated she had requested \$5 million. The Governor included funding at the same level of \$3 million.

No need for changes to statutory requirements. The Governor did highlight in his Budget Address that they are proposing this program be continued.

Empower will support renewable funding.

Goettle stated that the renewable energy related - green diesel project, if gets to commercial scale, will need to be defined.

In regards to ethanol, Goettle stated the amount of capacity around the nation is so tremendous that additional plants within this country are probably not something at this time is viable to pursue. It is really more important on the consumption side at this time. There was an attempt made try and show some support for both production and consumption.

In regards to wind, there was a informal proposal with the interim committee with the PSC to come up with a proposal for reducing the threshold jurisdiction to PSC down to much lower mark, probably a 1-2 megawatts for siting purposes for a variety of reasons. The Empower Commission will take up at meeting on December 17.

Sales and new tax should be made permanent for wind too.

Goettle explained that Governor Dalrymple proposed the creation of an Energy Division within Commerce. This will create two new FTEs; senior level division director and manager. This is not for new work; this is for work that is already being done.

This creates another Division within Commerce. Pfennig will move to this Division.

Christianson suggested that if project is successful, the project should pay back grant at a certain percentage per year, since we have limited funds. After discussion, it was suggested that it could be added as a condition at the discretion of the Council. The Council has the authority to do this; would have to develop some sort of process.

Fine suggested that if receiving more than \$500,000 then there would be a payback clause. Goettle suggested putting in the contingencies that if the business is successful, payback options may be considered.

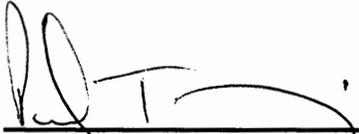
Other Business

The Council thanked Shane for his contribution to the Committee.

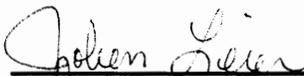
The next meeting will be will be in March or April 2011.

ADJOURNMENT

It was moved by Al Christianson to adjourn the meeting. The motion was seconded by Rod Holth. Motion passed. The meeting was adjourned at 1:10 pm.

 4/11/11

Paul Govig, Acting Chairman Date
on behalf of Shane Goettle, Chairman

 3-24-11

Joleen Leier Date
Acting Recorder