

Minutes of the
RENEWABLE ENERGY COUNCIL

Monday, July 16, 2012 – 11:30 am (CDT)
ND Dept. of Commerce, Icelandic Room
1600 E. Century Avenue, Suite 2, Bismarck, ND

CALL TO ORDER

Members Present: Al Anderson, Rod Holth, Mark Nisbet, Al Christianson, Eric Mack, Randy Schneider, and Terry Goerger (telec.)

Others Present:

Andrea Pfennig, Department of Commerce
Karlene Fine, Industrial Commission
Joleen Leier, Department of Commerce
Ted Aulich, EERC (telec.)
Rich Garman, Great River Energy
Sandra Broekema, Great River Energy
Dr. Bill Wilson, NDSU
David Ripplinger, NDSU
Katie Cusack, Department of Commerce

Karlene Fine called the Renewable Energy Council meeting to order at 11:30 am.

WELCOME AND OPENING COMMENTS

Fine welcomed everyone and expressed her appreciation for attending. She stated that Al Anderson had another meeting this morning and had asked Fine to get the meeting started.

APPROVAL OF MINUTES

April 18, 2012 meeting minutes were reviewed.

Randy Schneider moved to approve the minutes as presented. Rod Holth seconded the motion. Motion passed.

FINAL REPORTS AND DISCUSSION

Fine indicated that four companies were initially scheduled to present updates today; however, two had to cancel.

Renewable Oil Refinery Development for Commercialization – Ted Aulich from EERC presented an update.

Schneider asked, what is the probability of the plant being built in ND. Aulich stated 20-50% of chance the plant will be built in ND.

Schneider asked, what is the cost per gallon construction (per gallon of annual capacity). Aulich stated it is competitive, essentially the same as what it would cost to complete a gallon of annual production capacity for an oil refinery.

Dakota Spirit AgEnergy Cellulosic Biorefinery – Sandra Broekema gave a final report.

Mack asked how big is the railroad. Christianson stated it was 29,000 feet.

Schneider asked, do you feel good about the blessing of the EPA. Broekema stated yes.

Holth asked, are you doing over 60 billion of Blue Flint capacity. Broekema stated yes, this is guaranteed at 65 billion.

Pfennig asked, is it being considered by the EPA as an advanced ethanol. Broekema stated no, it is just the 20% which puts it on par with a D-Code renewable. So it is on par with other ethanol plants that were grandfathered in. Phase II would be advanced biofuel.

Schneider asked, looking at revenue streams and I see you are extracting corn oil, some other plants are transferring over to chemical plants, is everything here focused on ethanol production? Broekema stated yes.

Nisbet asked about the properties and market for corn oil. Broekema stated, it's a fuel grade corn oil.

It's a good feedstock for biodiesel plants and has a good heating value property. It's a higher value.

Schneider asked, Jeff at Underwood has a blending facility, are looking at doing this. Yes, not initially.

PRESENTATION OF FINANCIAL SUMMARY

Fine presented the financial summary.

At this time we have a little under \$1.9 million available for allocation for projects today as well as for our next grant round on September 1, 2012 and January 1, 2013 (two more grant rounds this biennium).

Schneider asked, Dakota Salts hadn't completed their project; do we know their status. Fine replied they have completed and filed their reports. Fine has held a back a little bit of the money until they make their presentation to the council.

Schneider asked, are there any more projects like that where we are holding back some money. Fine stated that all projects are held until reports are submitted.

Schneider asked, were we going to ask for some money back from the Com Paker project? Fine stated that since our last meeting she got a phone call from them and they will be getting back on track and they will be submitting their reports.

CONSIDERATION OF ROUND 16 GRANT APPLICATION

R016-A: "Renewable Energy Commodity Trading Educational Program"; Submitted by North Dakota State University; Principal Investigator: William Wilson; Project Duration: 2 Years; Total Project Costs: \$468,692; Request for: \$234,346.

Pfennig gave an overview of the project. The overall reviewers' recommendations follow: Fund (207), (241) and (188). Average Weighted Score was 212 out of 250. Commerce's recommendation is to fund this project with no contingencies.

Dr. Bill Wilson presented.

Mack commented that things are changing so fast, you can't wait.

Schneider asked if you make this a world class facility everything else will fall into place. Wilson stated risk management will separate the winners from the losers. You can have all these tools, are you going to teach critical thinking? He has speakers from other companies that teach this type of thing. They set up role playing as a team. Give them a week to do research and then have one minute to stand up in front of the class and convince the instructor of their decision.

Anderson asked, I saw ADM trading floors, why just biofuels and not the Tulane models? Wilson stated you need to walk before you can run.

Schneider asked about growth and if they have had conversations with RFA and ACE? Wilson stated that yes they have had conversations with them.

Anderson asked how he was going to beat his colleague, Joe. Wilson stated he took his colleagues down there and Joe Lablane (Tulane) presented to them. They work together and will learn from each other.

Schneider asked about collaborating with BSC. David Ripplinger stated they would like to work with them at the right time.

Schneider asked, there was an advisory council, can you share your vision there. Wilson stated they would like to create a council specifically for biofuels. We would want people that will give them direction.

Anderson asked, do you need to change the timeframe or dollars requested at this time based on a comment you made earlier. Wilson stated they are looking for direction from him (Anderson). Fine stated that if the project is approved today, they could do an amendment at the September meeting. You would have time to show your matching dollars. Fine advised that they wouldn't want to wait beyond that meeting. Wilson stated they will prepare an amendment by the September meeting.

Georger asked if they are running another room on commodities. Wilson stated, no and that it is under construction as we speak.

Georger suggested that the Council hold one of our meetings in Fargo so we can tour the facility.

CONFLICT OF INTEREST

R016-A: "Renewable Energy Commodity Trading Educational Program"

- Eric Mack

COMPLETION OF BALLOTS

R016-A: "Renewable Energy Commodity Trading Educational Program" Submitted by North Dakota State University.

Fund: 7 (unanimous) Do Not Fund: 0

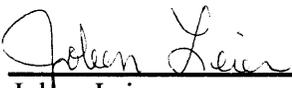
OTHER BUSINESS

No other business at this time.

ADJOURNMENT

Randy Schneider moved to adjourn the meeting. Eric Mack seconded the motion. Motion passed. The meeting was adjourned at 1:08 pm.

 11/19/12
 Alan R. Anderson Date
 Chairman

 11/16/12
 Joleen Leier Date
 Acting Recorder