

Minutes of the
**RENEWABLE ENERGY
COUNCIL**

Wednesday, February 18, 2015 – 1:00 p.m. CT
Icelandic Room
North Dakota Department of Commerce,
Bismarck, ND

CALL TO ORDER

Members Present: Al Anderson, Rod Holth,
Randy Schneider, Mark Nisbet, Kyle Bahls, Al
Christianson

Members Absent: Terry Goerger

Others Present:

Joel Gilbertson, BioND
Jacek Chmielewski, Biomass Solution
Keshan Rajpaz, Biomass Solution
Dr. Nancy Hodur, NDSU
Bernie Steele, MBI
Andrea Pfennig, Department of Commerce
Karlene Fine, Industrial Commission
Denise Faber, Department of Commerce

Al Anderson, Chairman, called the Renewable
Energy Council meeting to order.

WELCOME AND OPENING COMMENTS

Anderson welcomed everyone.

APPROVAL OF MINUTES

The October 21, 2014, meeting minutes were
reviewed.

Nisbet moved to approve the minutes as
presented. Holth seconded the motion. Motion
carried.

**PRESENTATION OF FINANCIAL
SUMMARY**

Fine presented the financial summary, which
was also posted on the website. Uncommitted
dollars available for projects as of December
31, 2014 is \$2,683,995.63.

**CONSIDERATION OF ROUND 24
GRANT APPLICATIONS**

Pfennig stated the program four applications
for this round, which were sent on for technical
review. We did have one project withdraw
their application, and they may be resubmitting
in the next round.

**R024-C: “Growing the Bioscience Industry
in North Dakota”; Submitted by Bioscience
Association of North Dakota (BioND);
Principal Investigator: Bruce Gjovig;
Project Duration: 18 months; Total Project
Costs: \$120,000; Request for: \$60,000.**

Pfennig gave an overview of the project. The
request is for \$60,000, with a total project cost
of \$120,000, which includes \$33,000 cash and
\$27,000 in-kind. The project’s objectives
include providing a voice for the bio industry,
focusing on biofuels and biomaterials utilizing
new technologies; providing networking and
educational opportunities; and promoting
value-added market opportunities. The overall
reviewers’ recommendations follow: Fund
(212) and Fund (181). Average Weighted
Score was 197 out of 250. Both reviewers felt
that the objectives were achievable, and
methodology and budget were appropriate.
Commerce’s recommendation is to fund the
project. For a small amount of funds, the
Renewable Energy Program has the
opportunity to help provide the education
necessary to meet this need. There are no
suggested contingencies.

Joel Gilbertson presented the project. He is on
the board of Bioscience Association of ND. He
is filling in for Bruce Gjovig. BioND is
affiliated with the national Biotechnology
Industry Association (BIO), which is the largest

biotech organization in the world. They have 11 members on their board of directors, who are also in the industry. They would like to develop an 18-month membership campaign to secure as many of the bio-related entrepreneurs and firms as they can, and they expect there are about 400 out there. They would like to ultimately build on that and bring on staff.

Schneider stated that they are looking at being able to sustain themselves and this is that push that they need to be able to do that.

Anderson asked if it was a one-time expenditure in order to become self-sustaining. Gilbertson replied that it is their goal. Anderson asked if this has been done the past. Pfennig replied no. This project is for marketing and education, and it is eligible.

R024-A: “Sugar Beet Tailings to Advanced Ethanol”; Submitted by Biomass Solution; Principal Investigator: Jacek Chmielewski; Project Duration: 5 months; Total Project Costs: \$1,000,000; Request for: \$500,000.

Pfennig gave an overview of the project. The request is for \$500,000, with a total project cost of \$1,000,000, which includes \$250,000 in cash and \$250,000 in-kind. The project objective is to develop a small-scale, distributed advanced ethanol plant in Grand Forks, North Dakota. The plant will utilize sugar beet tailings for four American Crystal Sugar (ACS) plants as feedstock for the production of fuel grade ethanol. Will also produce a high-quality animal feed as a by-product. This project includes front end engineering and design; detail design and engineering; environmental permitting property surveying, and insurance reviews; and, development work associated with the project. Renewable Energy Program funds will only be used for engineering. The overall reviewers’ recommendations follow: Fund (208) and Funding May Be Considered (152 and 158). Average Weighted Score was 173 out of 250. All three of the reviewers felt

the proposal did not demonstrate awareness of current research. One reviewer felt the objectives were achievable, and two reviewers were not as confident. All reviewers thought the methodology was appropriate, the contribution would be significant, and the background of the project team was adequate. Commerce’s recommendation is to fund the project. A suggested contingency is that funding be provided for FEL-1 tasks first, with subsequent funding released if FEL-1 tasks find the project feasible.

Schneider made a motion to close the meeting pursuant to N.D.C.C. §54-53-02. Anderson seconded the motion. The motion carried. Meeting was closed at 1:25 p.m.

A break was taken at 2:35.

Anderson opened the meeting at 2:53 p.m.

R024-D: “Developing a Biomass Industry in North Dakota”; Submitted by NDSU; Principal Investigator: Nancy Hodur; Project Duration: 12 months; Total Project Costs: \$728,316; Request for: \$364,158.

Pfennig gave an overview of the project. The request is for \$364,158, with a total project cost of \$728,316, which includes matching funds provided by MBI of \$251,056 in cash and \$113,102 in-kind. The project’s objectives are to complete a front end engineering design for a commercial scale AFEX processing depot; evaluate and identify suitable locations and market potential for AFEX depots in North Dakota, and to provide outreach and education and conduct an evaluation of agriculture producer’s willingness to supply biomass, and livestock operator’s willingness to feed AFEX-treated biomass in North Dakota. The overall reviewers’ recommendations are to Fund (199, 205 and 217). The average weighted score was 207 out of 250. All three reviewer’s felt the objectives were achievable, the methodology was appropriate, and scientific contribution has

potential to be very significant. One reviewer would like more information about the qualifications of the project's team and percentage of time allocated to each individual. One reviewer had concerns about the willingness of ranchers to adopt APEX-treated corn stover, and one reviewer felt focus groups and interviews should be conducted on the front end of the project. Commerce's recommendation is to fund the project. This project would be strengthened by support from the industry groups, as appropriate. Suggested contingencies, if funded, include funding is provided for focus group work regarding producer's willingness to sell residues and utilize treated pellets first, with subsequent funding released if focus groups indicate a willingness to move forward with the project. Also letters of support from ND Stockmen's Association, ND Corn Growers Association, or other appropriate industry organizations.

Schneider made a motion to close the meeting pursuant to N.D.C.C. §54-53-02. Anderson seconded the motion. The motion carried. Meeting was closed at 2:57 p.m.

Anderson opened the meeting at 3:40 p.m.

ADMINISTRATIVE BUSINESS

Other Business

No other business.

Discussion on Applications

R024-C

It was agreed that this was a good project to fund.

R024-A

Holth had concerns with numbers presented, and felt that they did not have a good understanding of what was involved. Schneider agreed.

Holth thought the numbers were highly dependent on either the RIN's and the blender credits. Their LCA Pathway was also weak. Schneider agreed with Holth, and he also didn't like the fact that there were no proformas. He felt there was nothing new presented for research.

Anderson asked if there was anything that could be done from them that could move the project forward. Schneider replied no. He doesn't believe the numbers work.

R024-D

Schneider felt that building a cellulosic ethanol plant does not work. Holth commented that he felt the livestock people were the only market for this. Schneider had a lot of concerns with the CapX. If we do this project, we need to have contingencies. Bahls was concerned with their ability to find raw materials. Christensen, Holth and Schneider agreed. Christensen had concerns with the costs involved, and felt this wasn't addressed very clearly. He also felt contingencies were needed.

Contingencies were discussed. The Council agreed to recommend funding \$57,000 with NDSU providing match, and they must meet contingencies for a Phase I. NDSU must come back with additional data and support, and REC will revote on Phase II. A report is to be provided on their focus groups and comparing CapX on an ethanol plant using their feedstock as compared to an ethanol plant that uses corn as a feedstock.

