Minutes of the
RENEWABLE ENERGY COUNCIL
Thursday, July 16, 2009
State Capitol - Fort Totten Room
Bismarck, North Dakota

CALL TO ORDER
Shane Goettle, Chairman, called the Renewable Energy Council meeting to order at 8:30 am.

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

Others Present: Jim Boyd, Department of Commerce
Andrea Pfennig, Department of Commerce
Karlene Fine, Industrial Commission
Joleen Leier, Department of Commerce
Dr. Cole Gustafson, NDSU
Karen Kreil, ND Natural Resources Trust
Ted Aulich, EERC
Junhua Jiang, EERC

WELCOME
Shane Goettle welcomed the members of the Renewable Energy Council. Roll call was taken.

Have $3.5 million combined funds to utilize today. Christianson spoke about Spiritwood. Applied for $35 million for combined heat and power funding through stimulus funds. The Governor and Goettle will be in Washington, DC next week to promote this project.

APPROVAL OF MINUTES
March 4, 2009 meeting minutes were reviewed.

Christianson moved to approve the minutes. Schneider seconded the motion. Motion passed.

PRESENTATION OF FINANCIAL SUMMARIES
Fine reviewed the balance of the Renewable Energy Fund. There is currently $522,714.45 available for this grant round.

If the Council and the Commission approves the one application being considered today, we will have $275,000 that can be carried forward to the next biennium. Renewable Program is a continued appropriation that can be carried over.

Fine reviewed the balance of the Biomass Incentive and Research Fund. There is currently $861,076.11 available for the projects considering today. If the council doesn't approve these projects today, the funds will be returned back to BND.

Administrative expenses during the 07-09 biennium totaled $75,000 to operate meetings.

Schneider questioned if the $300 honorarium was adequate payment for reviewers. Pfennig commented some reviewers don’t accept the money. Thus, feels payment is adequate.

Conflict of Interest forms were completed and submitted.

CONSIDERATION OF GRANT ROUND 6 APPLICATIONS
BM006-A: “Evaluation of Perennial Herbaceous Biomass Crops in North Dakota for Production of Ethanol and other Value-Added Products and for use in Coal Plant Co-Firing”; Submitted by ND Natural Resources Trust, Great River Energy, ND Farmer’s Union, ND Game and Fish Dept. and Natural Resources Conservation Services; Principal Investigator: Keith Trego; Project Duration: 3 years; Total
Project Costs: $420,000; Request for: $280,000

Pfennig reviewed project. Two reviewers recommended funding and one reviewer felt funding may be considered. The overall average weighted score was 186.67 out of 250.00.

Commerce’s recommendation is to fund this project.

Karen Kreil presented for ND Natural Resources Trust.

In response to a question from Goettle regarding ten-year study and consistency of partners, Kreil stated that partners involved have invested considerably to this project. Kreil is confident that partners will continue with project.

In response to a question from Schneider, Kreil stated that a ten-year study is necessary with all the climate changes in North Dakota. Analysis of soil is good.

Schneider commented that he heard this study is already being done, why should we do it again. Kreil explained that this project is part of Dr. Nyrand’s work. This is Phase II of Nyrand’s entrust study. His study was initiated with a ten-year plan. They previously only had two years of funding for Phase I. They are now seeking funding for the remainder of the project.

In response to a question from Schneider, Kreil explained that they tested the compactor machine with biomass in Steele.

In response to a question from Schneider, Kreil explained that if we can raise perennial crops with marginal soils, this would provide good coverage for soils, as well as income. This project is also good for wildlife.

In response to a question from Goettle, Kreil explained the timetable began in 2006. There is sufficient funding until 2015, but will continue to pursue other funding for the remainder of the project.

In response to a question from Mack, Kreil stated that Streeter, Carrington, Minot, Williston, and Hettinger are research locations being utilized.

In response to a question from Nisbet, Kreil stated there are limited scales on grasses being grown commercially. Transitioning from CRP into this project is definitely an option.

In response to a question from Goerger, Kreil clarified the funding being sought from the council the next three years of the project. They will have to continue to seek funding for the remaining four years.

In response to a question from Goerger, Kreil explained the different harvest times. They are looking at the difference in biomass yield and chemical composition if harvesting annually versus biannually. Also looking at harvesting in different months.

Our research sites are in central and western North Dakota. However, there is information from Eastern South Dakota and Western Minnesota.

In response to a question from Schneider regarding the Sun Grant being done by South Dakota State University, Kreil stated they will follow that grant and see how it will relate to their project.

In response to question from Nisbet regarding carbon sequestration, Kreil stated it is an important part of this study. Initially they took baseline samples, will do samples at the five-year mark and again at the ten-year mark. They are still looking at this issue of how producers will be reimbursed.

Conflict: Al Christianson.
Goerger commented he feels this needs to be done if we want to be in the biomass industry. This is a three-year commitment.

Schneider commented he hopes conservation and wildlife benefit from this project. Hope that raising of crops would be equal to wildlife benefit.

Christianson moved to accept the following contingencies:

- A more detailed communication plan will be established and provided to the NDIC prior to contract.
- Applicants will provide details on how the information has been distributed to the general public in their reports.
- Industrial Commission and the Renewable Energy Program will receive recognition in all literature, and other project related public relation efforts with the following reference:
  - Funded in part by the North Dakota Industrial Commission Renewable Energy Program.
- The project data and reports shall be provided to the Department of Commerce & Renewable Energy Council in both electronic and hard-copy formats with permission for unrestricted distribution. The electronic versions shall be in a suitable format for hosting on the Department of Commerce and Renewable Energy Council web sites.

Goerger seconded the motion. Motion passed.

BM006-B: “Biomass Processing, A Mobile Demonstration and Education Program”;
Submitted by NDSU; Principal Investigator: Cole Gustafson; Project Duration: 2 years; Total Project Costs: $708,910; Request for: $580,710.

Pfennig reviewed project. One reviewer felt we should not fund, one felt funding may be considered, and one felt we should fund. Average weighted score of 168.00 out of 250.00. Our recommendation is to separate the projects and reapply next round.

Dr. Cole Gustafson presented for NDSU. This is an equipment grant request. Educational request provided by NDSU.

In response to a question from Goettle, Gustafson explained that net carbon released is printed on beer cans in Japan. Carbon footprints are utilized.

NDSU has an arrangement with Titan Machinery $1/year and provide insurance for use of 50 tractors. Requesting 51 tractors this year, intending one tractor for this project with only paying insurance.

In response to a question from Goerger, Gustafson explained the purpose of the grant is to fill the void to fill logistics and look at opportunities.

Gustafson stated he should find out from Titan in September or October if they will receive equipment. Goerger feels they should be donating equipment which would in turn promote their equipment.

In response to a question from Schneider, Gustafson stated private sector involvement curbing opportunities. There will be an array of equipment, not just one piece of equipment. Need sufficient size equipment for safety reasons. State will be creating a lot of samples.

Nisbet questioned Al about timeframe of cofiring. Will be in operation in July of 2010. Hoping to be able to co-fire something in 2011.

In response to a question from Goettle, Gustafson said pellets provide easier transfer.

This would be a responsive program to the needs of the state.
In response to a question from Nisbet, Gustafson stated they are exporting the product to the highest bidder.

Gustafson provided letters of support from ComPAKco and Great River Energy.

Conflict: Christianson

Goerger moved to accept the following contingencies:

- The NDIC will be provided with a detailed quote for all equipment prior to contract.
- The NDIC will be provided with a detailed methodology of the educational component.
- The NDIC will be provided with more details about the biomass processing lab including:
  - What methods will be employed for testing feedstocks for combustion properties and suitability for biomass densification,
  - How information will be distributed to the public,
  - How feedstocks will be accepted from the general public,
  - How long the lab will be in operation, and
  - What will happen to the equipment when the project is completed?
- Industrial Commission and the Renewable Energy Program will receive recognition in all literature, and other project related public relation efforts with the following reference:
  - Funded in part by the North Dakota Industrial Commission Renewable Energy Program.
- The project data and reports shall be provided to the Department of Commerce & Renewable Energy Council in both electronic and hard-copy formats with permission for unrestricted distribution. The electronic versions shall be in a suitable format for hosting on the Department of Commerce and Renewable Energy Council web sites.

Christianson seconded the motion. Motion passed.

After August 1 votes will be kept confidential.

It was moved by Al Christianson and seconded by Mark Nisbet that the Renewable Energy Council meeting be closed to consider the application “Renewable Electrolytic Ammonia Production from Water and Nitrogen” that includes a request for confidentiality pursuant to North Dakota Century Code 54-63-02. Roll call vote passed.

Meeting was closed at approximately 10:21 am.

Meeting opened at approximately 11:08 a.m.

ADMINISTRATIVE BUSINESS

Application Template

Pfennig distributed a hard copy of the new application. Pfennig redesigned application in Word to provide consistency in the application process.

Christianson motioned to approve new template. Schneider seconded motion. Motion passed.

Proposed Policy Changes

Karlene reviewed the proposed policy revisions based on feedback. Would like to have these in place before the next round. All three Councils are in the process of revising their policies.

Fine distributed the memo to the council from the Industrial Commission and a copy of the Policy with red lines representing what was originally proposed and the blue lines representing changes made based on feedback.

Fine discussed the memo:
Suggestion from NDSU to include renewable “materials” – Goettle reviewed legislation.

EERC and NDSU signed off on the blue lines in Section 6 pertaining to patents.

6.04 encourages manufacturing to remain in ND. The verbiage states we will make an effort to keep manufacturing in ND. Provision has been added that we can request a payback.

Christianson moved to approve the blue and red line changes, motion seconded by Schneider. Moved on to discussion before voting.

1. Amendment to include reference under materials: “to foster development of renewable energy and industrial used technologies including biomaterials” in all definitions as well as in the document with discretion given to the chairman to make the determination. Schneider moved to adopt change. Goerger seconded motion. Motion passed.

2. REC- 2.02 - Remove word “duplicative” and include the highlighted wording “supported by a road map to commercialization” and “substantially”.

Schneider moved to amend verbiage in 2.02 by adding “supported by a road map to commercialization” after verbiage “...commercially viable state”. Mack seconded the motion. Motion passed.

Schneider moved to insert word “substantially” in 2.02 after verbiage “...and not be”. No second. Motion did not pass.

REC 3.02 - Matching Funds [a]. Suggestion to not include “indirect costs in excess of the federal rate”. Discussion was held, no movements.

REC 3.02 - No more than 50% of total costs can be approved by REC. Priority will be given to those applicants that have 50% private match.

REC 3.02 – [b] – Suggestion to not require any type of match for education or public relations efforts. There was some discussion, board agreed with suggestion.

REC 3.02 – [c] Replace verbiage “private industry” with “third party”.

Discussion was held, no movements at this time on this section.

Board also discussed EERC comments regarding definitions (see attached email). They felt it was better to leave the definitions out to allow flexibility.

Roll call vote was taken for approval of the blue and red line changes. Roll call vote was taken. Motion passed.

Possible Meeting Dates
Possible meeting dates for next meeting: November 18 or December 1.

Discussed possible dates. Recommended to schedule next meeting in conjunction with Empower meeting. Goetle asked that the Board keep these two dates open until further notice. A tour was suggested as well.

OTHER BUSINESS

Goerger made a recommendation to set aside time at one of the future meetings to hear personal reports back from previously approved projects.

All Board members have been reelected to serve on the Renewable Energy Council Board. Everyone should have received a letter.
COMPLETION OF BALLOT
BM006-A: “Evaluation of Perennial Herbaceous Biomass Crops in North Dakota for Production of Ethanol and other Value-Added Products and for use in Coal Plant Co-Firing”
Fund: 6  Do Not Fund: 0

BM006-B: “Biomass Processing, A Mobile Demonstration and Education Program”
Fund: 1  Do Not Fund: 5

R006-A: “Renewable Electrolytic Ammonia Production from Water and Nitrogen”
Fund: 6  Do Not Fund: 0

ADJOURNMENT
It was moved by Christianson to adjourn the meeting. Motion was seconded by Schneider and carried on a voice vote that the meeting be adjourned. Chairman Goettle adjourned the meeting at 12:26 pm.

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Shane Goettle                  Date
Chairman

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Joleen Leier                   Date
Acting Recorder