

MINUTES
RURAL MN ENERGY BOARD MEETING
MONDAY March 26, 2007, 9:30 A.M.
CRD
SLAYTON, MN

MEMBERS PRESENT:

Blue Earth County	Katy Wortel	Mower County	Absent
.....	Will Purvis	Murray County.....	Absent
Chippewa County.....	Jeffrey Lopez	Nobles County.....	Diane Thier
Cottonwood County	John Oeltjenbruns	David Benson
Faribault County	Tom Warmka	Pipestone County	Marv Tinklenberg
.....	Butch Erichsrud	Jim Keys
Jackson County.....	Bob Ferguson	Redwood County	Brian Kletscher
Lincoln County.....	Larry Hansen	Renville County.....	Bob Fox
Lyon County.....	Bob Fenske	Rock County	Ken Hoime
Martin County.....	Jack Potter	Watonwan County	Scott Sanders
		Yellow Medicine Co...	Ron Antony

ALSO PRESENT: Arlene Vee (MN Pollution Control Agency), Gerald Woodley (Sen. Coleman's Office), George Crocker (NAWO), Dennis Timmerman (AURI), Jack Keers (Advisor RMEB), Gary Sieve (Nobles Coop Electric), Jon Mitchell (Redwood Co.), Dan Juhl (DanMar), Randy Fordice (Great River Energy/CAPX 2020), Jay Trusty (Staff), Annette Bair (Staff)

CALL TO ORDER: The meeting was called to order at 9:33 am by Chairman Kletscher

ANNOUNCEMENTS: There were no announcements to be made.

INTRODUCTIONS: Everyone present was to introduce themselves.

CHANGES TO THE AGENDA: Chairman Kletscher moved the Wind Energy Handbook to just after the Treasurers Report.

M/S/P Warmka, Thier to approve the agenda as amended.

MINUTES:

M/S/P Hansen, Tinklenberg to approve the minutes of January 29, 2007 as presented.

TREASURER'S REPORT: Treasurer Hansen presented the Treasurer's Report and bills from January and February. There were seven bills presented to the Energy Board. Metro-Rural time and travel for Jay in the amount of \$2,200 and \$257.81, Annette's time for Rural-Metro at \$525 and related travel expenses at \$6.00, Annette's time for the general RMEB at \$1,687.50, and Finance time for general RMEB at \$312.50. The last bill was Campbell Knutson for legal fees at \$150 for a total in bills of \$5,138.81. Two checks in the amount of \$20,000 each were received by the RMEB from the Minnesota Department of Commerce and Hennepin County (on behalf of the MCETF). Commissioners requested a further breakdown of the Rural Metro expenses on the Financial Report.

M/S/P Keyes, Warmka to approve the Treasurer's Report and payment of bills as presented with the change to the Treasurer's Report for future meetings.

Community Wind Handbook: Denny Timmerman from AURI presented the draft Community Wind Handbook. The Rural Minnesota Energy Board sponsored the application for funding for the Community Wind Development Handbook. Funding participation from the Energy Board came from the Southwest CERT and from the state-wide CERT through LCMR; other funding resources were the Minnesota Corn Growers, AURI, USDA Grant, the Southwest Minnesota Foundation, the MN Project, and Windustry. The handbook provides an overview of most of the major aspects of Community Wind Development processes and information from managing a project to its developing and decommissioning. It essentially is a primer on wind resource assessment bases on current technology and industry standards, financing, business structures, sighting and permitting, tax incentives and liabilities, the interconnection of a project and acquiring a power purchase agreement, and selecting and purchasing turbines and associated equipment. It is intended to provide prospective developers with tools for each of the steps, cost estimates, and guidance on where and when to involve outside expertise.

Timmerman requested the Energy Board to review the document over the next week and if there are changes or errors in the document to provide them to Annette by April 2nd. Energy Board Commissioners identified a potential error on page 63 regarding the taxation. When finalized, the Handbook will be located on several Web-sites including the Energy Board, Windustry, AURI, and it is intended to be in the public domain.

JOINT POWERS BOARD OPERATIONAL BUSINESS AND SUBCOMMITTEE REPORT:

- **Rural-Metro Subcommittee Report:** Committee Members and staff reported on the February 23, 2007 Subcommittee meeting in Shakopee. The meeting was with MCETF representatives without the consultants. Discussed between the MCETF Task Force and RMEB was "Agency" and "Joint Powers". An Agency does not need to work in a public setting where open meetings, purchasing, and negotiations are needed to take place with a Joint Powers. This is potentially a beneficial aspect of an Agency. However it was pointed out that an example of a Joint Powers Board that has worked well is Prime West. The Rural Minnesota Energy Board Legislative Committee has been working on legislative language to allow the formation of an Agency if that is the direction that this project takes. Information on that language is House File 2216. RMEB Commissioners had many questions and discussed several issues in relation to the Rural Metro project. Included are the following; the RES Standard that was passed and how it would effect the proposed project; C-BED Legislation and how it may open the door wider for development; under 100 MW is not regulated though FERC however, if it is > 100 MW is there a barrier?; an Agency appears to be an utility with no territory; and funding - the discussion included a potential of LCMR funding towards projects. Commissioners agreed that the major question is how will this be governed and dialog needs to be moving forward.

Consultant Fees: Treasurer Hansen distributed the cover letter from the consultants requesting Lindquist and Venum and Avant Energy for payment of the project. RMEB members agreed that the consultants did provide an answer and a model.

M/S/P Warmka, Hansen to pay the consultants the \$60,000 consultants bill utilizing \$20,000 of Rural Minnesota Energy Board funds, \$20,000 from the Department of Commerce and \$20,000 received from the Metro County Energy Task Force through Hennepin County.

The Next Steps: While the governance through a Joint Powers Board has been preferred by RMEB Counties, they recognize they need to keep options open. It was a very good thing to have the Renewable Energy Agency introduced into legislation. Governance continues to be the big question. Dialog needs to keep moving forward. The Energy Board will continue building relations with the Metro Counties. The RMEB recognizes that this is a difficult project and industry to deal with.

- **Legislative Committee:** Commissioner Fox reported that the Legislative Committee has been working with the “Agency” Legislation, as previously discussed under the Rural Metro Subcommittee Report.

He requested Crocker to describe the C-BED Legislation which entails 6 elements.

- 1) Make projects economically viable by preserving the front load and net present value. Currently there is a 2.7 cent ceiling in the language, since there is now a history of projects it is possible the market could drive the ceiling.
- 2) Redefine the definition of C-BED. The Minnesota DOC measures it to see if it contributes enough to the local economy.
- 3) Expand the C-BED family to include munies and REA’s with the direction from a local utility.
- 4) C-BED “sweet spot” language. This will redefine the industry and look at strategically where projects can be located. The utilities are working with this because it is a potential short term solution to the energy demands. CAPX 2020 is looking at demand in the future (2014 and beyond).
- 5) A series of analyses with a state transmission authority and interconnection authority and how a transmission authority could be used in the interconnection process.
- 6) Permitting. This has expanded the county authority to just under 25 MW.

Commissioner Fox distributed two resolutions.

First was a “20 by 25” partner endorsement. This is looking at a goal of “20 by 25” that is that by 2025, America’s farms, forest and ranches will provide 25% of the total energy consumed in the United States while continuing to provide safe, abundant, and affordable food, feed and fiber.

The second resolution is supporting the “20 by 25” initiative that states that there will be support of the “25 by 25” vision whereby agriculture will provide 25% of the total energy consumed in the US by the year 2025 while continuing to provide safe, abundant, and affordable food and fiber. Commissioner Fox requested the Board Members to review the resolution and asked if they would like to consider these for this meeting or for potentially a future meeting. It was a consensus by the Energy Board that they should be brought back to the next meeting and that they should be kept as separate resolutions.

Congressman Waltz is holding farm bill forums throughout southern Minnesota beginning April 2nd in Slayton through April 14th with a meeting in St. James. Bair was requested to copy and send the information electronically to Rural Minnesota Energy Board Members.

There is another event with guest speaker Congressman Collin Petersen scheduled for Monday April 2nd at the Renville Community Center. This event will highlight updates on the world of agriculture.

Members discussed the production tax credits and how Congressman Petersen is drafting language that will eliminate the passive tax so that regular citizens can utilize it.

Commissioners asked what briefly they could say to the Congressman to support the change in the passive tax credit rules. The language that the Commissioners came up with is change IRS rules on passive tax credits. Commissioners commented on the support that state staff has provided in the local development of renewable energy.

M/S/P Thier, Fenske to write a letter of support thanking Mike Bull from the Department of Commerce on the assistance that he has provided.

Discussion: Commissioners requested staff, Crocker, and Keers to assist with the development of that letter. Randy Fordice of GRE CAPX 2020 reported that the utilities engineers are working with the sweet spot studies and they are reviewed by the public utilities commission and others so the information should be accurate.

Keers clarified some C-BED elements. Two years ago County Commissioners were given the authority to sign off on C-BED projects. Projects must have a resolution brought to county boards to either approve or disapprove. The new language would supersede 216F regarding the thresholds of projects to 25 MW. The permit authority language is in section 9 of House File 2253.

It was reported that a multinational company is telling farmers they have a PPA with Xcel Energy for 100 MW. That is not the case.

- **Executive Committee:** Chairman Kletscher reported that they are developing a technical assistance contract between the RMEB & Jack Keers. They have discussed \$85 an hour but are still discussing how those hours are calculated. Kletscher requested permission from the Energy Board to give the Executive Committee authority to work out the language and begin payment; the contract language finalization can be approved at the next Energy Board meeting.

M/S/P Sanders, Thier to approve providing Executive Committee authority to work out the language in the contract and initiate payments to Jack Keers, with final approval authority by the Energy Board at the May meeting.

OTHER BUSINESS:

- Crocker reported that with the C-BED initiative they are looking at energy development or needs substation by substation. They plan to work with CERT (Lissa & Joel) in moving forward with the project.
- Arlene Vee from MPCA indicated that Bill Sirks with the MPCA would like 15 minutes on the Energy Board agenda to discuss the Minnesota Central Climate Strategy.
- Randy Fordice would like to speak about CAPX 2020 for about one half hour at the May meeting. More information about CAPX is on the Web at CAPX2020.com.
- Jim Keyes referred to the handout of the newspaper clipping titled "Saving Wind for Calm Days". It is regarding a way to efficiently store wind power that they will be testing in Iowa. Chairman Kletscher requested Keys look into it further and perhaps invite people up to discuss at the July meeting.
- Commissioner Ferguson reported that the Heron Lake Project is moving along but they have experienced some delays due to weather problems over the past few weeks.
- Community Wind South. Benson reported that they have all but one land owner signed on but that is proceeding forward.
- Commissioner Fenske reported that they now have approved nine wind towers at 2.1 MW to be located south of Marshall. The power will be going directly to Marshall Municipal Utilities.
- Commissioner Fox reported that there are two wind towers to be going up at Olivia in Renville County and there is discussion of towers over by Bird Island.
- Commissioner Antony reported that there are towers going up west of Canby and has heard there is another project being discussed in Yellow Medicine County.
- Commission Kletscher reported that High Water Ethanol project is moving forward.
- Commissioner Benson reported that the Bioscience Conference is being held March 29th and 30th in Worthington.

NEXT MEETING DATES: The next meeting is scheduled for May 21st.

ADJOURNMENT: Chair Kletscher adjourned the meeting at 11:40am

Minutes Prepared By Annette Bair, Staff.



Minutes Reviewed By:

Minutes Approved By:



Energy Board Secretary Hoime



Energy Board Chairperson Kletscher