

**MINUTES
RURAL MN ENERGY BOARD MEETING
MONDAY July 23, 2007, 9:30 A.M.
CRD
SLAYTON, MN**

MEMBERS PRESENT:

Blue Earth County.....	Katy Wortel	Murray County.....	Kevin Vickerman
Chippewa County	Jeffrey Lopez	Nobles County.....	Diane Thier
Cottonwood County.....	John Oeltjenbruns	David Benson
Faribault County	Tom Warmka	Pipestone County.....	Marv Tinklenberg
.....	Butch Erichsrud
Jackson County.....	Bob Ferguson	Redwood County.....	Brian Kletscher
Lincoln County.....	Larry Hansen	Renville County.....	Excused
Lyon County.....	Rodney Stensrud	Rock County.....	Ken Hoime
Martin County.....	Jack Potter	Watsonwan County.....	Scott Saunders
Mower County.....	Excused	Yellow Medicine Co.....	Ron Antony

ALSO PRESENT: Arlene Vee (MN Pollution Control Agency), Jon Mitchell (Redwood Co.), Randy Fordice (Great River Energy/CAPX 2020), Kevin Lennon (GRE), George Crocker (NAWO), Dick Ruitter (Nobles Coop Electric), Wayne Hesse (Tyler MN DAJAWINC), Gerald Woodley (Senator Norm Coleman), Laurence Lafond (NAWO), Mike Michaud (NAWO), Paul Blackburn, David Morris (Institute for Local Self Reliance - Hennepin), Mark Lindquist (DNR), Paul Pierson (USDA), Jay Trusty (Staff), Annette Bair (Staff)

CALL TO ORDER: The meeting was called to order at 9:30 am by Chairman Kletscher

ANNOUNCEMENTS: Bair shared a final draft copy of the Community Wind Handbook. A few revisions are currently being made before final copy is ready for distribution.

INTRODUCTIONS: Chairman Kletscher asked everyone to introduce themselves.

CHANGES TO THE AGENDA: Commissioner Their asked to speak to the Board regarding an unrelated energy topic. This was added to the end of the agenda.

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

MINUTES:

M/S/P Hansen, Thier to approve the minutes of May 21, 2007 as written.

TREASURERS REPORT: Treasurer Hansen reviewed the RMEB finances and bills. Upon payment of expenses, the balance will be \$42,393.48. A clarification was made to the finance report for a bill that was inadvertently paid prior to Board approval. The majority of the bill was for consultant time.

M/S/P Hansen, Warmka to approve payment of \$715.69 to Jack Keers for a June 12, 2007 meeting with RMEB Rural - Metro Subcommittee Commissioner and Mike Bull at the Department of Commerce.

M/S/P Hansen, Wortel to approve Treasurers Report and payment of the following bills: \$60.00 to Campbell Knutson, May Legal fees; \$1437.50 for SRDC staff assistance to the RMEB.

RMEB RURAL-METRO SUBCOMMITTEE REPORT: Commissioners Kletscher, Warmka, and Fox met with Peter McLaughlin and Tony Hainault on July 20 in the Cities. Metro energy project concerns are for hedging future energy prices. Governance still has not been determined, and work continues with Bull to move forward with the LCCMR proposal and plan to meet again with Bull the week of August 20. The governance will also be worked on. The project has appeared to be stalled for a while and a defined scope of the total project is needed.

Currently being discussed is a Phased-in approach: Phase I up to 50 MW behind the meter; Phase II will be more MW at a slower pace and will involve more processes including MISO. Commissioners were asked to review the County Wind Project (meeting handout) and send comments to Bair by Wednesday (July 25). Legislative committee should do work on legislation where there would be obstacles to the project (passive income, ownership, etc). Passive tax discussed and Federal Legislative work on revision of passive tax.

WIND, WATER, & BIOMASS: Mark Lindquist, DNR Biofuel Program Manager presented information on natural resources and renewable energy. State conservation goals can only be achieved with a significant increase in grassland cover in Minnesota's agricultural region. That is not likely to occur, in the current agricultural market if conservation strategies rely only on retiring farmland. DNR is working to establish new partnership and new strategies to support a working lands approach to conservation, he reported. The idea is to farm prairie plants for energy crops on marginal or environmentally sensitive agricultural lands. For example, energy crops can be used as part of a buffer strategy to filter water from run off. The legislature authorized a new RIM (Reinvest in Minnesota) program this year that would allow annual harvest of hay for bioenergy projects. Lindquist also provided a map of areas where the DNR would like to work with farmers to expand conservation practices on farmed lands

Groundwater. Closer scrutiny of water use (aquifer recharge, volume needed, and recycling) by renewable energy and other facilities is underway, as ground water resources sufficient to support industrial development are limited west of Mankato Minnesota. Lindquist was asked about water use and cellulosic ethanol production with ethanol from corn. He indicated about the same amount of water is needed with the fermentation process, and there appears to be significantly less water needed with gasification technologies.

"SWEET SPOT STUDY", AND HOW IT RELATES TO CAPX George Crocker, NAWO and Mike Michaud, NAWO presented information about the dispersed generation study - potential for existing substations to be used as "on-ramps" to the electrical system. Working with the CAPX2020 Engineers, the NAWO used a calculated formula to develop the computer model for various scenarios. The study found that while there is theoretically 3500 MW available in WC and 1182 MW in SW, about ½ that amount respectively (1400 and 400 to 500 MW) would be more realistic because more line upgrades / improvement would be needed as the theoretical MW increased. The Sweet Spot Study is looking at scattering 600 MW projects around the state by 2010 and another 600 MW by 2013. The analysis may aid the RMEB in locating areas for the 50MW for Phase I utilizing the existing infrastructure.

The meeting handout maps and the WC Study is located on both the C-Bed and CAPX2020 websites: <http://www.c-bed.org/transmission.html> CAPX2020 <http://www.capx2020.com> and select "documents" and the "studies". September meetings are being scheduled.

SUBSTATION BY SUBSTATION STUDY. The Initiative Foundation is working with the Substation by substation study. Aggregating 10-40 MW up to 120 MW in substation footprints. A meeting for the 1st Week in September is being scheduled - probably in Marshall. This brings energy down to a neighborhood level.

The Foundation is also working with the Prairie Wood Environmental Learning Center to hold the Youth Energy Summit September 20 and 21st. Bair was asked to send additional information to Commissioners. <http://www.prairiewoodselc.org/YES.html>

CAPX2020. Randy Fordice (GRE) indicated that it will be likely for potential for injection into of renewable energy into the substations; he cautioned wait until the study is over before deciding what can be done. C-BED and dispersed generation will not take care of the load serving and reliability. Fordice distributed a copy of the Landowner letter being sent out regarding the proposals to build new transmission lines. Meetings are anticipated to begin the week of September 10th and may also be combined with the Biennial transmission meetings.

SW CERT Bair referred members to the handouts that describe the recent legislation, the CERT statutory language and funding for the biennium. Bair asked if any of the RMEB members would be interested in serving on the steering committee who would be making recommendations to the SRDC for community wide renewable energy or energy efficiency technical assistance project funding. RMEB members within the 12 County SW CERT are to contact Bair. Bair also distributed the Phase One Analysis of the online survey of CERT Participants.

OTHER BUSINESS. Commissioner Their discussed public dollars being spent by recipients on cigarettes, which in turn public dollars are spent on health care as a result of smoking.

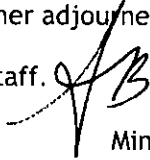
MEETING DATES:

☞ **2007 dates** - September 24 , November 26;

☞ **2008 dates** - January 28, March 24, May 19 (4th Mon is Memorial Day 26th), July 28, September 22, November 24

ADJOURNMENT: Chairman 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