

MINUTES
RURAL MN ENERGY BOARD MEETING
MONDAY July 28, 2008, 9:30 A.M.
Murray County Government Center, SLAYTON, MN

MEMBERS PRESENT:

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

ALSO PRESENT: Randy Groves (Murray Co Hwy), Angie Knish (Mower Co Zoning), John Biren (Lyon Co Zoning), Wayne Smith (Nobles Co Zoning), Bruce Blakesley (Faribault Co Zoning), Arlene Vee (MPCA), Yvonne Simon (Senator Coleman), Cheryl Glaeser (SWIF), Ken Spielman (Brown Co Zoning), Jean Christoffels (Murray Co Zoning), Adam Sokolski (MN Dept. of Commerce), Randy Fordice (CAPX2020), Dan Juhl (Juhl Wind Inc.), Kyle Krier (Pipestone Co Zoning), Eric Hartman (Rock Co LMO/SWCD), Jay Trusty (Staff), Annette Bair (Staff).

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

ANNOUNCEMENTS: Bair passed around 3 of the CERT mini grant write-ups for the 9006 Energy Efficiency Energy Audits for the RMEB review.

INTRODUCTIONS: Chairman Kletscher asked everyone present to introduce themselves.

CHANGES TO THE AGENDA:

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

MINUTES:

M/S/P Fox, Lopez to approve the June 9, 2008 minutes as written.

TREASURERS REPORT: Treasurer Hansen reviewed the Rural Minnesota Energy Board financial report and presented the bills in the amount of \$2,941.46 (\$150 to Campbell Knutson for legal fees, \$2,539.76 for the SRDC June staff expenses, and \$251.70 for David Benson in relation to the LCCMR Steering Committee expenses). Upon approval of bills, the Energy Board will have \$35,509.04.

M/S/P Hansen, Antony to approve the Treasures report and payment of the bills as presented.

JOINT POWERS BOARD OPERATIONAL BUSINESS AND SUBCOMMITTEE REPORTS

LCCMR Steering Committee. The purpose of the project is to determine the feasibility of the effort between the RMEB and the MEPC to develop distributed wind generation within the 17 county area covered by the RMEB and determine the most effective way for the MEPC counties to access this energy.

Progress to date - A request for proposals was issued for a project manager/project team in February of 2008 to implement the work program and meet project deliverables as described in the LCCMR grant.

One response was received from HGA Architect and Engineers. The Executive Committee interviewed the consultants, and members of the team presented their thoughts on the project. The Executive Committee has met with and approved the selection of HGA as project managers and their project team. The team met on June 11th to determine their ideas of priorities and how to meet the goals of the project. The Steering Committee again met on June 16th to prioritize the efforts of that project team. The next meeting for the end of August will be to receive reports on feasibility of various options for moving forward with the project.

In the meantime all RMEB counties have been requested for the following information: county owned land and facility energy usage. This information has been received by about 1/3 of the RMEB counties. It is going to be used to determine if anything can be sited near county facilities. The consultants are also looking for information from the counties from who they wish they wish to invest in the project. If they wish to invest, how much? Please get back to Trusty with this information. Commissioner Lopez suggested one potential way of investment structure is setting up investments in \$100,000 blocks. Commissioners identified the winter AMC meeting as a good time frame to pull everyone together for a report back on this joint project. Juhl provided comment that a public entity cannot use tax credits; the private sector needs to be involved to be cost effective. A public private partnership would be the best way of having a good rate of return.

Contract Status with the Consultants. There is a modification needed to the contract. Based on past experience, the contract language identifies 100% of the funds being held back until the results are satisfactory. The consultants wished to have a different percentage identified. The meeting has been pushed back to the week of August 25th; their progress according to the LCCMR grant work plan is about 30 days delayed. The consultants will be in contact with Stacy Miller at the Dept. of Commerce to discuss this.

Funding for the Project. As reported at last meeting, the project was short of funds by \$25,000. The Metro counties are providing \$12,500 to cover ½ of the shortage. A contract has been signed and needs to be approved by the Energy Board for receiving the \$12,500 from the Metropolitan counties (via Hennepin Co). This money can be used for funds that the LCCMR funds cannot be used. An additional \$7,500 is needed from the Rural Minnesota Energy Board counties because \$5,000 has been applied for and approved from the SW CERT.

M/S/P Benson, Hoime to approve the contract for \$12,500 with Hennepin County and to transfer \$7,500 from the RMEB general fund over into the LCCMR project budget.

Discussion: When the contract is received, Bair is to send it to RMEB members.

M/S/P Warmka, Fox to approve the Chairman's signature of the contract between the consultants and the Energy Board following legal counsel review.

Discussion: Bair is to e-mail a copy of the contract to the RMEB members.

Legislative Recap: Bair reported that Commissioner Wortel sent a legislative recap as requested for this meeting. Bair added that there are a couple of things that the Energy Board needed to note. The last page of the handout identified the "levy limit" language included in the production tax language. The impact of this is not yet known. The county auditors in the region have been asked to see if they can get a clarification of the impact. Commissioners from Lincoln, Nobles, Pipestone, and Murray were asked to work with Jay regarding the clarification and then share the information to the RMEB members.

Ethanol Blender Discussion. Commissioner's reported that they have heard it is illegal to put ethanol above 10% in non-flex fuel vehicles (\$2,500 fine, - related to the Clean Air Act). It appears that there are enforcement people at the blender pumps educating the people that if they do not have a flex fuel vehicle they cannot use the blender pumps. RMEB members indicated this needs to be re-looked at.

Member's asked when traveling, where can you find the E-85 stations? It is reported that if they go to www.cleanairchoice.org, it identifies the E-85 stations. Commissioner Kletscher reported that ethanol use is at 8.5 billion gallons, and anticipated to go up to 10.3 billion gallons.

WIND ENERGY CONVERSION SYSTEM COUNTY ORDINANCE. John Biren, Lyon County Zoning Administrator gave a presentation on delegation of county for under 25 MW of wind. He indicated that statutes in chapter 216F as amended but the size is still determined by the state. He also identified that once a county adopts the delegation for wind power, the Dept. of Commerce shall consider applying more strict regulations if the county has more strict regulations. One of the bigger issues is power lines and Biren recommended wherever possible the lines be buried. Definitions of substations are also

another area that need to be clarified. An area of public safety concern is guy wires for the met towers (keep them off of the right-of-ways, snowmobilers use the right-of-ways). Biren identified the need to have dust control, which can identified in the permit addressing maintenance with either calcium chloride or water. Signage has also been an issue. The last diagram of the presentation showed the 3-roter diameter by 5-roter diameter that it works well for the large projects. The small projects have the same router diameter setbacks. Juhl indicated that this is prohibitive towards the smaller projects, C-BED projects, and discussion involved the new 2008 legislation that allows projects under 25 MW to be permitted as projects that are under 5 MW. Chairman Kletscher thanked John Biren for coming to the meeting and presenting on delegation of counties.

Adam Sokolski of the Dept. of Commerce provided a short presentation that the delegation of counties means that those counties can permit for up to under 25 MW of wind power. It means they must adopt the state permit standards. Two counties are delegated at this point, Lyon and Freeborn. He understands that other counties are interested, those being Murray, Dodge, Cottonwood, and Jackson.

Microwave beam paths are an area to be aware of. MnDOT has the ARMOR which is at 800 Megahertz. They are also looking at putting in more towers. These towers are being planned at the same time as several wind development projects and they need to be aware of where each other are being located.

Juhl stated that the community based C-BED wind projects cannot be held to the same standards as the big wind projects. If they are, then it will prohibit projects from being developed.

CERT UPDATE

Bair reported that she has been working with the Engineer Work Group on looking at unification of standards between the counties and how the state DOT works with wind power development, the permitting of oversized, over dimension trucks to signage and other issues. They have a meeting scheduled for the end of August with ATS, a trucking firm, and GE Wind. Bair stays in communication with the zoning administrators as well as State Energy Permitting Staff about this project. The major issue identified is that communication needs to be enhanced so that road authorities and zoning administrators are aware of the projects as they are being planned and developed, and that all the counties are aware of the tools available to them.

OTHER BUSINESS

- Randy Fordice of CAPX2020 reported on the public meetings in June and July. The comments are due by August 22nd. The routes are going to be finalized and they plan to file an application at that time. More public meetings are being held in August on the 19th in Hendricks and Marshall and on the 20th in Marshall and Redwood Falls. Adam Sokolski indicated that if you have any questions on the CAPX2020 transmission line state permitting to please contact either him or other permitting staff at the Dept. of Commerce.

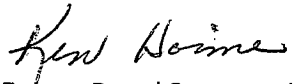
- Commissioner Fox reported that the state R C & D meeting will be held in Willmar. They have tours scheduled of the ethanol and the Benson Fibro Mill facilities as well as the 5,500 cow dairy methane digester.

MEETING DATES: The next meeting is scheduled for September 22, 2008. Bair was asked to contact the Metro staff for getting a room booked for the AMC Conference in December.

ADJOURNMENT: Chairman Kletscher adjourned the meeting at 11:25 am.

Minutes Prepared By Annette Bair, Staff.

Minutes Reviewed By:


Energy Board Secretary Hoime

Minutes Approved By:


Energy Board Chairperson Kletscher