

MINUTES
RURAL MN ENERGY BOARD MEETING
MONDAY March 22, 2010, 9:30 A.M.
CRD, SLAYTON, MN

MEMBERS PRESENT:

Blue Earth County	Will Purvis	Murray County	Absent
Chippewa County	Jeffrey Lopez	Nobles County	David Benson
Cottonwood County....	John Oletjenbruns	Diane Thier
Faribault County	Tom Warmka	Pipestone County	Excused
Jackson County.....	Absent	Redwood County.....	John Schueller
Lincoln County	Larry Hansen	Renville County.....	Robert Fox
Lyon.....	Steven Ritter	Rock County	Excused
Martin County	Absent	Watsonwan County ...	Absent
Mower County	Absent	Yellow Medicine Co .	Jane Remiger

ALSO PRESENT: Jeffrey Vetsch (CERT), Yvonne Simon (Center for Rural Policy & Development), Douglas Tiffany (U of M), Brian Kletscher (Highwater Ethanol, LLC), Tracey L. Olson (Granite Falls Energy, LLC), Julie Rath (Redwood Area Dev. Corp./Redwood EDA), Eric Woodford (Woodford Custom Inc.), Conrad Schardine (CWN, Lake Benton), Wayne Hess (CWN Tyler), Vince Robinson (CWN) and Annette Bair (Staff).

CALL TO ORDER: Chairman Fox called the meeting to order at 9:32 a.m.

ANNOUNCEMENTS: There is a revised agenda adding Community Wind North at 11:30.

INTRODUCTIONS: Everyone was asked to introduce themselves.

MINUTES:

M/S/P Warmka, Oletjenbruns to approve the Rural Minnesota Energy Board minutes of February 22, 2010.

FINANCIAL REPORT: Treasurer Hansen reviewed the financial report and identified three bills for payment. \$500 to AMC for website maintenance, \$270 to SRDC for February staff services, and \$149 to Commissioner Fox for per diem.

M/S/P Benson, Ritter to approve the financial report and payment of the three bills as identified.

SUBCOMMITTEE REPORTS:

- Fox reported on the Rural Metro/LCCMR subcommittee and the consultant HGA is completing a final report. Subcommittee members Warmka, Benson and Fox will be meeting with the Metro counties to review that report and will review and approve that report which will subsequently be submitted to LCCMR.

Fox also reported he had met with Tom Eagen of the Metro counties and the Metro counties would be interested in being invited to a summer tour that was discussed at the last RMEB meeting.

- **Legislative:** Benson reported that Nobles County Wind Production Taxes for 2010 was less than estimated. Some history: at the time the legislation for the production tax was put into place, the name plate capacity was approximately 30 - 35%, and a 40% cap was put into place to encourage developers to submit their reports for the production tax. Due to better technology, the name plate capacity of wind turbine is over 40% and the legislation serves as a ceiling, and producers are choosing not to submit their reports. The RMEB should consider for the next legislation session a technical correction to delete the paragraph that was originally intended to be an incentive for developer to report. Minnesota Statutes 277.029 Wind Production, Tax Subpart 4-Reports.

Warmka and Remiger reported that they had attended an AMC Environmental Policy Meeting that discussed the impact of the Falk Legislation. The proposed changes the definition of small wind and large wind energy conversion system and would have an impact on County Zoning.

- **Harvest Logistics and Utilization of Corn Residues:** Guest speakers, Eric Woodford, owner of Woodford Custom Inc., and Doug Tiffany, Assistant Extension Professor at the U of M, gave presentations on how a business can use local biomass as a source of process heat and to generate reliable, renewable, distributed power. Woodford reviewed removal rates and costs of corn cobs as they are harvested. His business, in Redwood County, harvests corn cobs. As a feed stock, they are naturally dense, have very little nutrients for the following year's crop and they could be used, for example, ethanol plants. He identified B-CAP as a federally funded program through the FSA office. If certified, a certified bio-refinery can obtain matching dollars for the feed stock. An ethanol plant using corn cobs at, for example \$65 a ton, could get a B-CAP Grant match at \$45 a ton. These grants are good for two years. While cobs are low in nutrients they are high in BTU's. The BTU value of a ton of cobs is 7911 pounds. For stover, it is 7768 per pound. Woodford was asked if cobs lost their value in a pile with rain and snow. He indicated that there is some lost but not a lot. There is more research being done on drying and storing. The cob quality is 10% wetter than corn when harvested. Stover produces 6300 per acre and Woodford indicated that the rural of thumb for removal of stover is every other year of corn crop. Woodford uses Vermeer for the corn cob harvesting. Purchase price of that unit is \$120,000. A combine must be class 7 or higher with 340 horsepower.

Doug Tiffany presented on biomass densification and logistics and used to produced heat and electricity. He described a system that the harvest and collection could be done on farm sites and a portable densifier could come to the field, process and load onto a semi the densified corn stover which would then take it to a biomass plant. Fifteen pound per cubic foot is what is needed to load out a semi truck. The maximum radius is estimated to be about 30 miles from farm sites to the final destination of a biomass plant. The storage of bales should be on a north/south direction. The total cost per ton of corn stover delivered to local storage is \$77 per ton. Trucking is about \$6.40 per ton. Approximately 93% of corn stover going into a boiler is energy. The carbon dioxide ratio is pretty much a wash - corn uses carbon dioxide to grow and when it is burned, about the same amount is in the output. If an ethanol plant used bio-mass to produce energy and that energy had sufficient electricity to go back to the grid, would the ethanol facility need to go through a politic process to become an electricity permitting facility?

MEMBER UPDATES ON ENERGY PROJECTS AND ISSUES:

Bair identified that Murray County has been approached by a solar developer regarding the potential of a commercial solar farm to be located in Murray, Yellow Medicine or Renville Counties. Counties may want to look into updating their zoning ordinances in relation to solar energy.

COMMUNITY WIND NORTH INTERCONNECTION ISSUES AND CLARIFICATION OF THE CON FOR XCEL ENERGY POWER LINES:

Vince Robinson, CWN Treasurer, Conrad Schardine and Wayne Hess (Southwest Wind Consulting) were present for the Community Wind North request and discussion. Robinson outlined that in 2003 Excel went through a Certificate of Need Order for four high voltage transmission lines through SW Minnesota. On page 24 of the PUC Certificate Order, item 5, 6 and 7 identified issues for the SW Minnesota and Community Wind to access those lines. Two years ago Community Wind North asked the RMEB to sign a petition to clarify the CON. The document was not used because it appeared that Community Wind North and Xcel were progressing with the information they needed to move the project forward. However, there has been no interconnection agreement. Currently, Community Wind North is in jeopardy in losing \$3.8 million in USDA Energy Grants, there are 150 investors who have \$7,000 each at risk. Also, MISO brought a temporary interconnection agreement for CON for the CAPX 2020, that placed the entire burden of projects in the MISO queue of \$700 million to the group five projects. The cost for Community Wind North to access the electricity grid went from \$2 million to \$15 million, essentially bringing their \$60 million project to nearly \$80 million.

Benson reported on Community Wind South, now has a joint venture with Minwind. They are looking at offering it to 400 people and they are currently working out options. Their original interconnect was estimated to be \$645,000, it went to \$42 million and is now at \$52 million. Because Big Stone II was calculated into the study, MISO said it will take 18 months to study the transmission system again. Community Wind North has already paid for two studies.

Bair asked Robinson to describe what Group Five is. MISO evaluates electrical projects and studies the impacts of projects what the projects would be. MISO was created to look at large scale projects and had not anticipated small scale wind. They were inundated with the number of small scale wind projects, so they put them into groups. When there are 20 to 40 projects submitted, they get studied together. Community Wind North and Community Wind South are in group five. Currently the queue has Group 14 so until group 5 has been sited and these issues resolved there will be no more projects implemented through the MISO queue.

M/S/P: Warmka, Hansen to approve the petition for clarification of the CON for Community Wind North and expenses regarding this petition would be those of Community Wind North.

CERTS UPDATES: Jeff Vetsch gave a brief overview of the Vendermizer Campaign as well as the project Green Sleet which can be found on the Clean Energy Resource Team web page. He also identified briefly the Green Step Cities Initiative. Bair outlined the two Wind Energy Workshops, one for Land Use scheduled for April 26th in Redwood Falls at the Public Health Building and May 24th in Slayton is the Wind Development Road and Bridges Workshop. Commissioners were provided the draft agendas.

OTHER BUSINESS: Yvonne Simon reported on Venture Capital, the Regional Competitiveness and a workshop in June on how you can be more engaged with Regional Competitiveness.

NEW BUSINESS: There was no new business.


Chairman Fox thanked Doug Tiffany and Eric Woodford for coming to the meeting to explain about biomass and cob collection.

MEETING DATES: The next meeting will be May 24, 2010.

ADJOURN: The meeting was adjourned by Chairman Fox at 12:02 p.m.

Minutes Prepared By Annette Bair, Staff.

Minutes Reviewed By:


Energy Board Secretary

Minutes Approved By:


Energy Board Chairperson