

GOVERNOR PAWLENTY ANNOUNCES NEXT GENERATION ENERGY GRANTS TO ACCELERATE BIOFUEL DEVELOPMENT -- November 6, 2008

Saint Paul – Eight projects that will accelerate the development of renewable energy projects and advanced biofuels in Minnesota will receive nearly \$3 million in state grants awarded by the Next Generation Energy Board. The projects include cellulosic ethanol production, an anaerobic digester technology for hog manure, and using turfgrass to produce electricity.

Governor Tim Pawlenty made the announcement today at the University of Minnesota – St. Paul Campus. The U of M Department of Forestry was awarded \$100,000 to study the sustainability of the state's approximately 16 million acres of forests that will supply wood for biomass energy.

"Emerging technologies are dramatically changing the way we produce and use energy," Governor Pawlenty said. "These grants are part of our broader effort to Americanize and improve our energy sources and position Minnesota for economic growth."

The Next Generation Energy Board was established by Governor Pawlenty as part of the Next Generation Energy Act of 2007. The board develops next generation energy and biofuels policy, and makes recommendations to the Governor and Legislature about how the state can invest its resources to most efficiently achieve energy independence, agricultural and natural resources sustainability, and rural economic vitality.

A total of 28 proposals were submitted to a technical review committee comprised of staff from the Departments of Agriculture, Natural Resources, Commerce, Employment and Economic Development and the Pollution Control Agency. After ranking the projects, eight were selected for funding. The eight projects are:

Central Minnesota Ethanol Partnership, Little Falls - \$910,000

The development of Minnesota's first commercial scale cellulosic ethanol plant is closer to reality because of this joint venture between the Central Minnesota Ethanol Cooperative, SunOpta BioProcess, and Bell Independent Power Corporation. The grant will fund the final stage of a study to determine the feasibility of building a commercial scale cellulosic ethanol plant that would be co-located with the existing Central Minnesota corn ethanol plant.

Chippewa Valley Ethanol Company, Benson - \$700,000

This project will introduce new technology that will allow the Chippewa Valley Ethanol Company facility to use farm or woodland biomass to power plant operations, replacing up to 90 percent of its current dependence on natural gas. The technology will also allow the facility to eventually transition from corn-based ethanol production to cellulosic ethanol production. Demonstrating the feasibility of this technology is a critical step in making biomass gasification a commercial reality.

Rick Neuvirth Farm, Elkton - \$220,000

Anaerobic digester technology uses methane gas produced from manure or other waste materials to generate electricity. This technology helps livestock facilities meet their energy needs and reduce operating costs while improving air quality and reducing odors. Anaerobic digester technology has proven to be very successful on dairy farms, but it has yet to be implemented in swine operations in Minnesota. Mr. Neuvirth, a hog producer, plans to use anaerobic digester technology on his swine operation, generating electricity to meet nearly 100 percent of his farm's energy needs.

Northern Excellence Seed, Williams - \$200,000

This seed company's project will demonstrate the viability of burning waste biomass such as grasses to produce electricity, which will bring the state closer to commercializing small-scale gasification technology and use of turfgrass biomass to produce electricity.

Minnesota Valley Alfalfa Producers, Raymond - \$400,000

One of the challenges facing biomass-to-energy technology is how to efficiently store and transport various raw materials such as crop waste, grasses and woodland biomass. This farmer-owned cooperative will demonstrate a promising approach called "pelletizing," in which a variety of biomass materials are processed into uniform sized pellets that can be more easily stored and transported.

University of Minnesota Department of Forestry, St. Paul - \$100,000

The U of M will study the sustainability of the state's approximately 16 million acres of forests. As the demand for woody biomass increases, the study will provide key information for public officials and private investors about the supply of woody biomass in order to ensure sound policy and investment decisions.

Central Lakes College Ag Center, Wadena - \$100,000

The project will provide significant insight into the production feasibility and energy content of five perennial energy crops, including four native prairie plants. The project is a partnership between a MnSCU campus, local farmers and University of Minnesota faculty

in evaluating switchgrass, intermediate wheatgrass, Survivor false indigo, prairie cordgrass and miscanthus. The project will demonstrate best-management practices for growing and harvesting the grasses for use as cellulosic energy crops.

University of Minnesota, Morris - \$50,000

The University of Minnesota, Morris is in the process of installing a biomass gasifier to serve as the campus heating plant and help reduce campus energy costs. This project will lead to the development of a contract with a biomass producer and establish a model for biomass production.