

MINNESOTA > ENVIRONMENTAL < INITIATIVE

Reinvest in Minnesota Clean Energy Technical Review Committee September 11, 2007

AGENDA

- 10:00 a.m. Welcome, Introductions
Ron Nargang
- 11:00 a.m. Overview of Legislative charge to the Board of Water and Soil Resources
John Jaschke
- 11:30 a.m. Presentation and discussion of related clean energy activities
Dean Current
- 12:00 p.m. Break for lunch (lunch provided)
- 12:45 p.m. University of Minnesota Project Roles and Status
Dean Current
- 1:30 p.m. Technical Review Committee – Introduction to Process
Shelley Shreffler
- 2:15 p.m. Break
- 2:30 p.m. Technical Review Committee small group discussions
- 3:00 p.m. Small group report out
- 3:30 p.m. Wrap up and Next Steps
- 4:00 p.m. Adjourn
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Attendance

Committee Chair: Ron Nargang

Committee Members: Dana Allen, Wayne Anderson, Don Arnosti, George Boody, Holly Buchanan, LeAnn Buck, Wayne Edgerton, Tim Gieseke, Mary Hanks, Matt Holland, Bobby King, Paul Kramer, Mark Lindquist, Robin Martinek, Daryn McBeth, Linda Meschke, Chris Radatz, Dianne Radermacher, Jon Schneider, Warren Seykora, Clarence Turner

Board of Soil and Water Resources: John Jaschke, Kevin Lines, Greg Larson, Kristi Mack

Minnesota Environmental Initiative: Mike Harley, Shelley Shreffler, Rane Cortez

University of Minnesota: Dr. Dean Current, Raelynn Jones

Discussion Summary

Board of Water and Soil Resources

John Jaschke, Executive Director of the Board of Water and Soil Resources (BWSR), began the meeting with a brief description of the Reinvest in Minnesota Clean Energy (RIM-CE) Program, including the process, technical committee roles and responsibilities, the legislative language, and the outcomes to be included in the final report. A summary is posted at the BWSR website, <http://www.bwsr.state.mn.us/RIM-CE.html>.

Minnesota Environmental Initiative

Shelley Shreffler, of the Minnesota Environmental Initiative (MEI) presented information about how the stakeholder process will work, including the operating principles and guidelines, and laid out the work plan for the next five months. A copy of the operating principles is posted at the BWSR website, <http://www.bwsr.state.mn.us/RIM-CE.html>.

Timeline

September 11, 2007	Kick-off meeting
September-November, 2007	Work Groups meet
September-November, 2007	University of Minnesota project work and focus groups
November 14, 2007	Technical Review Committee second meeting
December 13, 2007	Technical Review Committee third meeting
January 10, 2007	Technical Review Committee fourth meeting

Technical Review Committee

Ron Nargang led a group discussion aimed at developing a list of questions or concerns about a RIM-CE program. The discussion yielded various concerns and questions that can be grouped into four main categories:

Land Management

- Will the use of chemicals be allowed on easements?
- How will grazing be integrated into the program?
- What lands can be converted, and what can they be converted to (grasses, native perennials, woody plants, etc)?
- What is the optimal length of the easements, and what are the technical standards that will apply to the easements?
- What size of easement are we aiming for? Is there a minimum/maximum size?
- The legislation identifies many specific technical items to be included in the program, such as harvesting outside of bird nesting seasons. We need specific information about each of these items.
- Why such long-term easements? Can we change the length of the easements?
 - This is related to bonding money, but the Committee should keep an open mind related to the length of easements, and include recommendations on that.
- What is the optimal mix of native plants? Where will the seed come from? What lands will be used for which mixes? Is there enough seed supply?

Potential Benefits

- There are high expectations to solve a lot of issues with this program. How do we determine the priorities among all the multiple benefits?
- What is the primary objective of the program – to build up the renewable energy industry in the state, or promote other values like water quality and habitat conservation?
 - Committee members who had helped draft the legislation commented that the spirit of the program was to create a unique opportunity to realize agricultural production in combination with those other values.
- How do we determine the value of the public benefits? How do we prioritize those benefits?

Project Areas

- How do we match easements with energy facilities' feedstock needs? What incentives are needed to match the product with the facility? From the perspective of the end user, it is important to consider the BTUs per unit of land.
- Will there be the flexibility to tailor projects to meet the needs of specific areas and make the project more economical for the landowners?

Payment Structure

- How will best management practices be reflected in the payment structure?
- How can we reward existing good behavior?
- Is there a possibility that state payments can ultimately be replaced by market payments?
- How do we set this up so that it is accessible and user-friendly for landowners and end users?
- The economics of the program will be a driving factor.
- How does this program fit with other renewable energy programs? With other conservation programs? Will payments from multiple programs be allowed?

Miscellaneous

- How can this program best take advantage of the 2007 Farm Bill?
- Is there an expected tonnage or acre expectation of the program?
- How much money will there be for the program?

University of Minnesota

Dr. Dean Current, Director of the Center for Integrated Natural Resources and Agricultural Management (CINRAM) at the University of Minnesota gave a presentation on other activities that the University is involved in that are related to the RIM-CE process. His presentation is posted on the BWSR website, <http://www.bwsr.state.mn.us/RIM-CE.html>.

Dr. Current then gave a summary of the role that the University will play in the process and what components the U will provide to the Committee. The university is responsible for delivering three components of the program:

1. Develop administratively practical procedures to establish and maintain the Reinvest in Minnesota Clean Energy Program;

2. Create a web-accessible soils-based price schedule that reflects land market values and societal environmental values in a framework that the state can adjust as priorities are clarified or changed and as more data becomes available; and
3. Propose easement contract structures that reduce landowner risk and enhance public benefits over time.

Further details will be posted on the BWSR website.

As part of the U of M's work, Dr. Current will be organizing focus groups. The aim of the focus group interviews is to determine a desirable contract structure to address landowner risk, transaction costs, and landowner needs. Anyone interested in participating in a focus group or helping to identify possible participants, please contact Dr. Current.

Work Groups

As a result of the morning discussion, four work groups were created to begin to flesh out the issues in more detail:

- Land Management
 - This group will look at best management practices for easements
- Potential Benefits
 - This group will develop a list of potential benefits and identify criteria that could be used to prioritize benefits
- Project Areas
 - This group will work to identify potential project areas and criteria or a process to select project areas
- Payment Structure
 - This group will create a list of factors to consider when developing a tiered payment structure

Committee members assigned themselves to a work group and the groups then met to determine how they will meet (in person, conference calls, email), how they will keep BWSR informed of their work, what products they could produce for consideration by the larger group, what information/resources they would need to do their work, and the work group leader. The groups also began to delve into the issues more deeply to outline some questions that need to be addressed and factors to consider.

Land Management

Members:	Dana Allen	Chris Radatz	Matt Holland
	Robin Martinek	Kurt Johnson	Bobby King/George Boody
	Don Arnosti	Mary Hanks	Mike McGrath
	Larry Kramka	Wayne Edgerton	Jon Schneider
	Holly Buchanan	Dianne Radermacher	

Lead: Bobby King

Meetings logistics: The group will meet through conference calls and a meeting before the next Committee meeting

Keeping BWSR informed: Kevin Lines will be included in the group emails and invited to meetings

What the group can produce: This group will produce technical recommendations, guidelines, and uses for lands enrolled in Clean Energy easements

What they need: Assistance setting up the email list and conference calls

Next steps: To meet with BWSR and the U of M to talk about their project status

Discussion

- Bird nesting: define “bird”. What types of birds are we talking about? This will determine beginning/cutoff dates for harvesting. Should we provide an incentive for bird protection?
- What are we looking to harvest? If natives are planted, we don’t want whole easement harvested at once.
- What times are best to harvest what type of crops? How will we harvest?
- What types of plants are we looking to plant? Monotype vs. Variety.
- What about chemical usage? For example, thistle control. May need to combine mowing with spraying to help with establishment and maintenance of an easement.
- How does the upcoming program fit into existing pasture and grazing issues/rules? Every easement needs a management plan, grazing could be used as a management tool rather than fire.
- How will we engage landowners to participate in this program?
- Where does RIM/CE fit into the production system?
- Land management can be regional, system based, or outcome based. How are we looking at managing land enrolled in Clean Energy easements?
- Should we shift from bonding to general funds for this program?

Potential Benefits

Members: Linda Meschke Wayne Anderson Don Arnosti
Paul Kramer Matt Holland George Boody
Clarence Turner LeAnn Buck

Lead: Clarence Turner

Meeting logistics: They will first meet with the U of M to find out more about the SBI. They will communicate through conference calls and emails and share information on the BWSR website (?).

Keeping BWSR informed: Information sharing on the BWSR website (?)

What the group can produce: They will develop a list of potential benefits to be considered by the larger group, and identify a list of questions for the larger group to consider.

Next steps:

- Set up a meeting with UMN staff to learn more about the Sustainable Biomass Index (SBI) and to get a status report.
 - Clarence will get background material on SBI to be distributed to work group members before the meeting and posted on the BWSR website.
- Set up a listserv for work group members
- Share list of questions generated so far
- Solicit list of potential benefits

Discussion

The group generated the following ideas:

1. It is important to identify tangible, measurable, quantifiable benefits, beyond intuitive ones often used in the past to sell a program (“marketing benefits”).
2. We need more information on SBI. The SBI may be a place to start identifying tangible benefits.
3. It is important to be clear from the outset what the easement is paying for (is it primarily paying for energy benefits or “clean” benefits – water quality, soil health, etc.)
4. What benefits do we want to maximize?
5. What criteria will be used to judge success for the program?
6. Are there economic justice or environmental justice issues or questions to consider?
7. How specific or measurable should benefits be? Generic, intuitive benefits on one end of the spectrum; very specific, measurable benefits at the other end.
8. It will be important to factor in easement and land management components when determining which benefits to use.
9. How is this program positioned strategically? Is it a pilot program that will eventually be replaced by the private market or a long-term ongoing public program?
10. At what scale will benefits be considered? Only on actual easement acres or the impact/effect on a larger region?
11. Use “Ecological Services Payment” to describe what the state pays for. Energy is paid for by the private sector.

Project Areas

Members:

Linda Meschke	Jon Schneider	Wayne Anderson
Paul Kramer	Don Arnosti	Mark Lindquist
Holly Buchanan	Bobby King	Clarence Turner

Lead: Mark Lindquist

Meeting logistics: The group will communicate through conference calls and email

What the group can produce: The group will develop a framework (methods and criteria) about how to do an RFP process to identify project areas

What they need: Time

Discussion

There are two different models for determining project areas:

1. The Committee could recommend a criteria and methodology for an RFP process
2. The Committee could create a list of recommended project areas

The main objective is to start with sites that have good potential for success so that they can be models for future areas and create momentum for the program. That means that early on we want to go to places where people are already involved in biofuel/perennial grass production and where there is an energy facility willing to buy. The RFP process would help identify those areas with strong local interest and resources.

Possible variables in choosing sites:

- Local interest in perennials
- Is there a market?

- Areas with impaired waters
- Biodiversity – where do we need more?
- Is there a threat of losing acres to row cropping?
- Efficiency

The reality is that the program may start with 2 or 3 project areas.

The group decided to look into developing an RFP process for determining project areas.

Payment Structure

<i>Members:</i>	Chris Radatz	Don Arnosti	Linda Meschke
	Mark Lindquist	Bobby King	George Boody
	Dana Allen	Matt Holland	

Lead: Matt Holland

Meeting logistics: The group will meet with Steve Taff to discuss payment structures. The group will communicate primarily through email after that initial meeting.

What the group can produce: The group will look at how to make the program competitive for landowners, and develop a list of factors that should be taken into consideration when developing the payment structure.

Discussion

The group began to discuss what the payment structure might look like. The payments would most likely be less than existing RIM rates, but must be competitive with possible land uses.

Some key factors to consider in the payment structure include:

- Duration
- Residual cover
- Diversity
- Best management practices
- Wildlife impacts
- Size
- Market Access
- SBI

Technical Review Committee Next Steps

Work groups will meet over the next two months to discuss their issue areas. If you would like to join one or more of the work groups, please contact Shelley Shreffler at 612-334-3388 ext. 107.

BWSR has set up an area on their website that will provide information and updates for the Technical Review Committee and its work groups. It can be found at <http://www.bwsr.state.mn.us/RIM-CE.html>.

MEI will set up a list serve for the larger committee as well as list serves for each work group. MEI will assist the work groups in their communications and coordination.

Future Meeting Dates

<i>Date</i>	<i>Time</i>	<i>Location</i>
Wednesday, November 14, 2007	10:00 a.m. – 4:00 p.m.	Thompson Park
Thursday, December 13, 2007	10:00 a.m. – 4:00 p.m.	Thompson Park
Thursday, January 10, 2008	10:00 a.m. – 4:00 p.m.	Thompson Park

Meeting agendas and directions to Thompson Park will be sent to Technical Review Committee members in advance of each meeting.

Meeting Follow-up

In a follow-up meeting between BWSR and MEI, BWSR suggested that an additional area for the Technical Review Committee to consider is implementation, inspection, and monitoring. These issues will be addressed during the December meeting.