



# Minnesota's Bioincentive Program

Kevin Hennessy, Bioenergy Manager

March 14, 2018



# Bioeconomy Legislation, 2015

- Producer payment program established for advanced biofuel, renewable chemical, and biomass thermal energy production.
- Minimum production levels required:
  - 237,500 MMBtu of advanced biofuel/quarter (that would be 312,000 gallons of ethanol);
  - 750,000 pounds of renewable chemical/quarter;
  - 250 MMBtu of biomass thermal energy/quarter.
- And requirements for reporting and biomass sourcing . . .



Switchgrass garden, Orville L. Freeman Building, St. Paul, MN

# Payments



Corn field, Waseca, Minnesota

- Advanced biofuel:
    - \$2.1053/MMBtu cellulosic;
    - \$1.053/MMBtu starch/sugar;
    - Advanced ethanol 16¢/gal and 8 ¢/gal.
  - Renewable chemical:
    - 6¢/pound cellulosic;
    - 3¢/pound starch/sugar;
    - Numbers based on biobutanol.
  - Biomass thermal energy:
    - \$5/MMBtu
  - Caps:
    - Annual
      - Sugar/starch ~\$3 million
      - Cellulosic ~\$6 million\*
    - Lifetime in program
      - Sugar/starch ~\$30 million
      - Cellulosic ~\$60 million\*
- \*-there is a 20% bonus payment for using perennials and/or cover crops.

# Eligibility



Biomass staging facility, Koda Energy, Shakopee, MN

- Must be located in Minnesota
- Ten year period of access from entry; entry closes 2025
- Must source 80% of feedstock in MN, unless  $\leq 50$  miles from border and then . . .
- Minimum production level required for entry
- Eligibility not transferable to another facility
- If production ceases for any reason eligibility ceases until production resumes.

# Biomass Sourcing, Bonus Payments, Time Period

- Woody biomass has own sourcing requirements.
- Agricultural biomass sourcing requirements for advance biofuels including gradually increasing quantity of perennials/cover crops.
- Using perennials/cover crops allow for bonus payment for renewable chemicals/biomass thermal energy.
- Program language extends program through 2035.
- Program is funded during the odd year legislative sessions.



In the distance (but not that far away!): Project Liberty, Poet Bioenergy, Emmetsburg, Iowa

# Contact information:

[Kevin.Hennessy@state.mn.us](mailto:Kevin.Hennessy@state.mn.us)

Desk: (651) 201-6223

