

2008 STATE APPROPRIATION REQUEST: \$46,000,000

AGENCY PROJECT PRIORITY: 3 of 5

PROJECT LOCATION:

Project At A Glance

- The RIM Clean Energy (RIM CE) program will compensate landowners for granting RIM Clean Energy easements to create bio-energy.
- Easements will have a minimum duration of twenty years.
- RIM CE protects and enhances water quality and/or soil health, reduces chemical inputs, increases soil carbon storage, encourages biodiversity and provides wildlife habitat.

Cellulosic ethanol represents the best opportunity for replacing petroleum with a renewable fuel while improving national, economic and environmental security. In order to ensure that bio-fuels retain their "green" attributes, advanced energy crop growing, harvesting and processing should be sustainable activities. If stewardship criteria are not integrated from the beginning, the threat exists that energy crops may not provide the expected environmental and local community benefits that they have the potential to deliver.

Growing energy crops would help support the development or expansion of bio-fuel facilities for ethanol production, generating electricity or heat, or other bio-based products.

Under the RIM CE program, BWSR would designate defined project areas through input received from the CE Technical Committee. Long-term easements would be purchased from farmers for sustainable production of perennial, native bio-energy crops on agricultural lands. A tiered payment system would be developed for landowners based on the benefits of bio-energy production and the other public benefits achieved by RIM CE easements.

Other Conservation Initiatives

The 2007 Federal Farm Bill being considered by congress will likely include a significant bio-fuel element, which would provide an opportunity to leverage federal dollars for bio-energy production that would enhance Minnesota's RIM CE program. We will be closely monitoring the development of the Federal Farm Bill and its implications to Minnesota's new RIM CE program.

Impact on Agency Operating Budgets (Facilities Notes)

Six million dollars of this request is required to implement the RIM CE program. This amount is necessary to support critical realty, engineering and administrative functions associated with easement acquisition and establishment of bio-energy crops. Soil and Water Conservation Districts will receive approximately 50% of this total as a RIM CE service grant to offset their cost to secure easements

Previous Appropriations for this Project

None.

Project Description

This request is for \$46 million to provide financial and technical assistance to landowners to produce native perennial energy crops and crop mixes for bio-energy production. The request includes \$40 million for clean energy easements on 13,000 acres of agricultural land, \$3 million for RIM CE service grants to local units of government and \$3 million to fund program implementation at the Board of Water and Soil Resources (BWSR).

Technology to transform cellulosic biomass (plant fibers) into bio-fuels such as ethanol is rapidly entering the marketplace. Minnesota is uniquely positioned to be at the forefront of this emerging industry. Done correctly, advanced bio-fuels will move us toward greater energy independence, reduce global warming pollution, improve water quality, increase wildlife habitat, and drive broad-based rural economic development.

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Governor's Recommendations (To be completed by the Department of Finance at a later date)