

January 21st, 2019

The Honorable Andrew Wheeler
Acting Administrator
Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Dear Acting Administrator Wheeler:

I write to you to urge the EPA to process applications enabling biomass power to generate credits under the Renewable Fuel Standard program. My company, Koda Energy LLC, is a biomass fueled combined heat and power (CHP) facility located in downtown Shakopee, MN, that provides significant support to the rural and urban economies in the Minneapolis region.

The 23.4 – megawatt facility is jointly owned by the Shakopee Mdewakanton Sioux Community, a federally recognized Indian tribe (SMSC), and Rahr Corporation, a family-owned producer and distributor of malt and brewing products for the beer, distilling, and wine making industries.

Since 2009 Koda Energy has been offering a practical solution for processing vast amounts of wood and agricultural byproduct wastes that are accumulating in the community and surrounding areas. Due to uncertain power purchase contracts and other economic influences that are out of our control, our facility may be approaching imminent shutdown. **The ability to participate in the RFS program will help our facility remain open, continuing to provide these much needed benefits.**

Our facility is a key economic contributor to our rural Minnesota region. In addition to providing thermal energy for malting barley that is used in craft, regional, and national beer production, and helping local businesses and communities manage waste wood and grain byproducts, Koda Energy LLC currently contributes approximately \$17 million annually into the local economy in the form of jobs, fuel purchases, contractors, and equipment. The SMSC and Rahr Corporation have each invested tens of millions of private dollars into the facility for construction, capital improvements, and continuing operations expenses.

Koda Energy's sources of biomass are clean waste wood from storms, disease, tree trimmings, and recycling operations, as well as waste grain hulls and dust from grain milling and malting operations. The facility takes some of the urban wood waste created by removing trees in the region that are diseased by the emerald ash borer, a pest that particularly afflicts the State of Minnesota with its estimated one billion ash trees. The plant combusts approximately 180,000 tons of grain byproducts and wood waste annually. Over the next several years it is anticipated that there will be a rapid expansion of the number of diseased ash trees in the State of Minnesota, and Koda Energy LLC stands as a willing partner in helping to control this glut of woody waste by converting it to renewable energy. Koda Energy LLC must survive financially to be of service to the state and region in these efforts.

In the State of Minnesota, several biomass power facilities have recently been shut down, idled, repowered, or dismantled. The result of this is several hundred thousand tons of biomass waste material being left to decay without harnessing the energy, and hundreds of

career jobs with benefits being lost, all at a time when the emerald ash borer is just beginning to decimate the ash forestry in the state. The primary reason for this is financial in nature.

Biomass power does not receive a revenue stream from the production tax credit, and therefore cannot sell electricity into the public grid for less than the cost of producing the energy. The Public Utilities Commissions are focused on the cost of a watt when determining allowable rates in purchase power agreements, and often do not account for the subsidies paid that allow for the lower price delivered to the public grid by other renewables. This lends to creating financial winners in the subsidized energy source, and financial losers when no subsidy is available. **Biomass energy needs a level playing field to compete, survive, and thrive.**

Eleven years ago, Congress agreed that electricity generated from renewable sources should be eligible for incentives under the Renewable Fuel Standard (RFS) program. Four years ago, EPA approved application of this program to renewable energy sources, such as bioenergy plants. The Agency has since determined that certain solid forms of biomass fuel qualify under the RFS program. However, to date EPA has failed to act on this approval by processing formal applications from a number of renewable electricity producers seeking certification and identification numbers (Renewable Identification Number, or "RIN") under the RFS program. We understand that EPA now faces a four-year backlog of applications from power producers seeking registration, with many more requests expected to follow.

Koda Energy LLC intends to seek certification under the RFS program. At the same time that our services are increasingly needed in the state's urban and rural landscape, federal and state policy is instead bolstering other sources of energy. It is essential to the financial well-being of Koda Energy LLC that this program be extended to our plant, and it is only fair that biomass power plants be entitled to benefit from the RFS program on an equal footing with other generators of renewable energy, such as wind and solar.

We respectfully urge you to act on all outstanding registration requests as expeditiously as possible, and to issue a final conclusion on the regulatory structure for the electric RIN pathway.

Respectfully yours,



Stacy A. Cook
President, Koda Energy LLC

c. The Honorable Amy Klobuchar
The Honorable Tina Smith
The Honorable Angie Craig