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Chair Frentz and Members of the Committee,

We are writing to express our strong support for **Senate Files 2900 and 2106**, Senator McEwen's bills to establish a geothermal heat exchange system rebate program and to provide support for waste heat recovery pilots at wastewater treatment facilities.

Minnesota is a national leader in networked heating and cooling systems. From our early adoption of district energy systems in downtown neighborhoods to our innovative uses of combined heat and power systems in industrial settings, Minnesotans have been operating and improving these systems for decades, making them more efficient, affordable, and accessible.

A 2019 report, *Mapping Thermal Grid Integration Opportunities in Minnesota*, commissioned by the Minnesota Department of Commerce and prepared by Barr Engineering Co. in partnership with Ever-Green Energy, explored one potential technological pathway, waste heat recovery. In it, they identified over **400 opportunity clusters** where waste heat from existing thermal sources could be captured to meet local needs. There is a real opportunity here because "each year, most combustion facilities burning fuel for heat or power lose between 20–70% of their fuel inputs to waste heat (the heat rejected to the surrounding environment from a building or process and not used)."

One of the leading opportunities for waste heat recovery systems are at wastewater treatment facilities near district energy systems. In the places where these are co-located, the waste heat from water treatment systems can be used as a source of heat for an existing multi-building heating and cooling network. **Senate File 2106** would invest in one of these pilots in the seven-county metropolitan area and another in Greater Minnesota. These two, when built, would be models for more communities.

There is similar potential in other technological pathways, like ground-source heat pumps and thermal energy networks. To get more of these cost-effective and carbon-free systems built, we need the program being proposed today in **Senate File 2900**. This bill would establish a grant program the Department of Commerce designed to make Minnesota a partner in financing geothermal heat exchange systems. The bill a) creates standards for projects, b) caps the cost the state may cover at 15%, or \$100,000, whichever is smaller, and, then, c) prioritizes applications from projects that could most use the support: public or nonprofit-owned low-income multifamily buildings.

We strongly support these bills and hope you will also support **Senate Files 2900 and 2106**.

Thank you for your time and consideration,

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