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# Biofuel Infrastructure Grant

Fiscal Year 2022 Legislative Report

1/15/2023

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## Introduction

This report is required by the Minnesota Legislature (M.L. 2021, 1st Special Session, Ch. 3, Art. 1, Sec. 2, subd. 4b, paragraph 1):

The commissioner, in cooperation with any economic or community development financial institution and any other entity with which it contracts, must submit a report on the biofuels infrastructure financial assistance program by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agricultural policy and finance. The annual report must include but not be limited to a summary of the following metrics:

- (1) The number and types of projects financed;
- (2) The amount of dollars leveraged or matched per project;
- (3) The geographic distribution of financed projects;
- (4) Any market expansion associated with upgraded infrastructure;
- (5) The demographics of the areas served;
- (6) The costs of the program; and
- (7) The number of grants to minority-owned or female-owned businesses.

## Background

The Minnesota Legislature established the Agricultural Growth, Research, and Innovation Program (AGRI) Biofuels Infrastructure Grant Program during the 2021 session. The program invests in equipment certified as compatible with E25 or higher blends in order to increase consumer access to and sales of motor fuel blends that contain more than 10% ethanol. The program makes grants to fueling stations for replacement or installation of new fuel pumps, fuel storage tanks, and other equipment needed to dispense higher ethanol blend biofuels. This program supports the biofuel replacement goals established under the Petroleum Replacement Promotion statute (MINN. STAT. 239.7911).

Grants are awarded competitively based on recommendations made by a panel of MDA and external reviewers who have experience in the biofuels industry. Grant awards cover 65% of qualifying expenses up to a maximum of \$199,000 per project. To be eligible for grant funding, a fueling station must be located in Minnesota and have no more than 10 retail locations.

## Program Activities Completed

In early 2022, the MDA issued a single Request for Proposals for \$2.805 million of FY22 and FY23 funds and \$1 million from the Minnesota Corn Growers Association (MCGA), for a total of \$6.6 million. The MDA received 71 applications requesting nearly \$10.5 million. Grant awards totaled \$6.48 million for 44 projects, with grants ranged from \$83,000 to \$199,000. A list of awardees and a map of their locations are available in Appendices A and B. The 2022 RFP resulted in all available funds for FY22 and FY23 being awarded, therefore we will not be awarding additional grants in Spring 2023.

Evaluation criteria prioritized grants to businesses owned by women, members of the Black, Indigenous, and People of Color (BIPOC) community, and veterans, as well as projects that serve communities of color, Native American Tribal communities, socio-economically disadvantaged communities, and communities where access to biofuels is limited. Among the 44 stations awarded funds, 14 are owned by women, nine are BIPOC-owned, and eight serve tribal communities. At the time of report publication, the United States Census Bureau had not yet released demographic profiles for Minnesota's newly drawn legislative districts. Demographic data by district will be released in early 2023 and MDA will compile data for areas served by funded projects. These results will be included in the 2024 annual report to the legislature.

The 44 funded projects will be completed during the three-year grant period; all the new and upgraded equipment will be operational by the summer of 2025. This \$5.61 million investment of state funds leveraged almost \$7.8 million in private investment, including the contribution from the MGCA and nearly \$7 million in grantee matching funds. See Appendix C for dollars leveraged by individual project. These investments will increase the access and sales of motor fuel blends containing at least 15% ethanol.

The 44 projects funded through this program expand consumer market access for higher-blend ethanol fuels. According to the Minnesota Department of Commerce (DOC) Division of Energy Resources, in October 2022 there were 442 retail fuel stations selling mid-blend ethanol fuels (E15 through E50), and the 44 projects funded through this program will expand market access by 10% (source: [2022 E85 + Mid Blends Station Report \(PDF\)](https://mn.gov/commerce-stat/pdfs/e85-fuel-use-2022_3.pdf), [https://mn.gov/commerce-stat/pdfs/e85-fuel-use-2022\\_3.pdf](https://mn.gov/commerce-stat/pdfs/e85-fuel-use-2022_3.pdf)). The success of E15 sales during summer 2022 was unprecedented, in part due to President Biden's emergency summertime Reid Vapor Pressure (RVP) waiver that allowed year-round sales of E15. Instead of the historical trend of E15 sales falling during the summer driving season, summer 2022 saw a 17% increase in E15 sales June through August 2022. The jump in E15 sales is notable considering overall gasoline consumption remained stagnant. Minnesota E15 sales surpassed the 9-million-gallon mark for the first time ever in July 2022 and have remained at that level ever since. Data from DOC shows that E15 is priced on average \$0.25 per gallon lower than regular gasoline. Grantees estimate that by 2024, the equipment and infrastructure upgrades funded by this program will result in annual sales of:

- 23,592,799 gallons of E15;
- 800,530 gallons of E30;
- 365,730 gallons of E50;
- 2,589,600 gallons of E85.

The budget rider allows the MDA to use up 6.5% of the allocation for administrative costs. Of the \$6 million appropriation, the MDA awarded \$5.71 million in grants to retail fuel stations. The remaining funds are used for administrative costs including staff to develop program details, administer the request for proposals and award process, and monitor grantees' expenditures and progress.

## Grantee Spotlight

Nelson Auto World, Inc. in Minneapolis was one of the first grantees to complete its biofuels infrastructure project. The family-owned business, managed and operated by Dan Nelson and his two sons, received a Biofuels Infrastructure Grant of \$134,476. The Nelsons matched the grant with more than \$156,000 from other sources. Their project involved replacing four fuel pumps so that customers can pump E15 at any one of the station's four fuel islands. E15 motor fuel, also called Unleaded 88, was previously unavailable at this station. The new equipment went into operation in October 2022, and the option for a higher ethanol blend has been popular with customers. Nelson estimates that E15 represents about one-third of his fuel sales, reflecting the community's desire for a more environmentally friendly and less expensive fuel.



**Newly installed E2- compatible fuel dispensers at Nelson Auto World in Minneapolis, Minn.**

## Appendix A. Biofuels Infrastructure Grant Recipients

Legislative District	County	Business Name	City
02A	Beltrami	My Store - Solway	Solway
02A	Beltrami	DCCM Ventures DBA Pete's Place South	Bemidji
02A	Beltrami	My Store - Waskish	Waskish
02A	Beltrami	Wilton Petroleum	Wilton
02B	Beltrami	My Store - Turtle River	Bemidji
02B	Cass	Winnibigoshish Historical Center Inc. DBA Winnie Store	Bena
02B	Clearwater	My Store - Bagley	Bagley
02B	Norman	Community Coops of Lake Park Pump 24 C-Store	Mahnomen
03A	St. Louis	Y Store-Ledge Liquor Store	Tower
05A	Hubbard	Emmaville Inn	Park Rapids
06A	Cass	My Store - Outing	Outing
07A	Aitkin	Klennert Stores DBA Sunny's	Hill City
07A	St. Louis	My Store - Hibbing	Hibbing
09A	Wilkin	Rothsay Truck Stop & Café	Rothsay
12A	Stevens	Tri County Cooperative Oil Association Cenex-Graceville	Chokio
12B	Stearns	Isaac's North Star	Sauk Centre
13A	Stearns	Paynesville Farmers Union Coop Oil Co. Cenex	Paynesville
15A	Lac qui Parle	Lac Qui Parle Coop Oil Company Dawson Station	Dawson
15A	Lyon	Ag Plus Cooperative C-Store	Marshall
15B	Brown	Farmward Cooperative-Springfield	Springfield
15B	Redwood	Farmward Cooperative Cenex-Morgan	Morgan
16A	Chippewa	Sunshine & Whiskey Filling Station	Watson
16A	Meeker	Jack's of Watkins	Watkins
21A	Murray	Chandler Cooperative Slayton Cenex Cardtrol	Chandler
23A	Faribault	NuWay K&H Cooperative	Elmore
30B	Sherburne	Alan Arnold Corporation DBA Ralphie's Minnoco	Elk River
32B	Anoka	Awad Company - Olson's Marathon	Circle Pines
39B	Anoka	Jeff's Bobby & Steve's Auto World	Columbia Heights
42B	Hennepin	Pick N Save Food & Fuel Express	Plymouth
49B	Hennepin	Bobby & Steve's Auto World Eden Prairie	Eden Prairie
50A	Hennepin	Bobby & Steve's Auto World France	Bloomington
50B	Hennepin	Bobby & Steve's Auto World West Bloomington	Bloomington
55B	Dakota	Super Gas USA	Burnsville
55B	Dakota	Twin Cities Auto Repair & Gas DBA Burnsville Auto Repair	Burnsville
58A	Rice	Lonsdale Food & Fuel Marketplace	Lonsdale
59B	Hennepin	Bobby & Steve's Auto World II	Minneapolis

<b>Legislative District</b>	<b>County</b>	<b>Business Name</b>	<b>City</b>
60A	Hennepin	Nelson Auto World - University Service	Minneapolis
61A	Hennepin	Bobby & Steve's Auto World West Minneapolis	Minneapolis
63B	Hennepin	Paul's Bobby & Steve's Auto World DBA Bobby & Steve's Auto World Nicollet	Minneapolis
65B	Ramsey	University One	Saint Paul
66A	Ramsey	Snelling One	Saint Paul
66B	Ramsey	Maryland Fuel & Auto	Saint Paul
66B	Ramsey	L&S Automotive, Inc. DBA Parkway BP	Saint Paul
67A	Ramsey	Maryland One Stop Food & Fuel Marketplace	Saint Paul



## Appendix B. Map of Grantee Locations

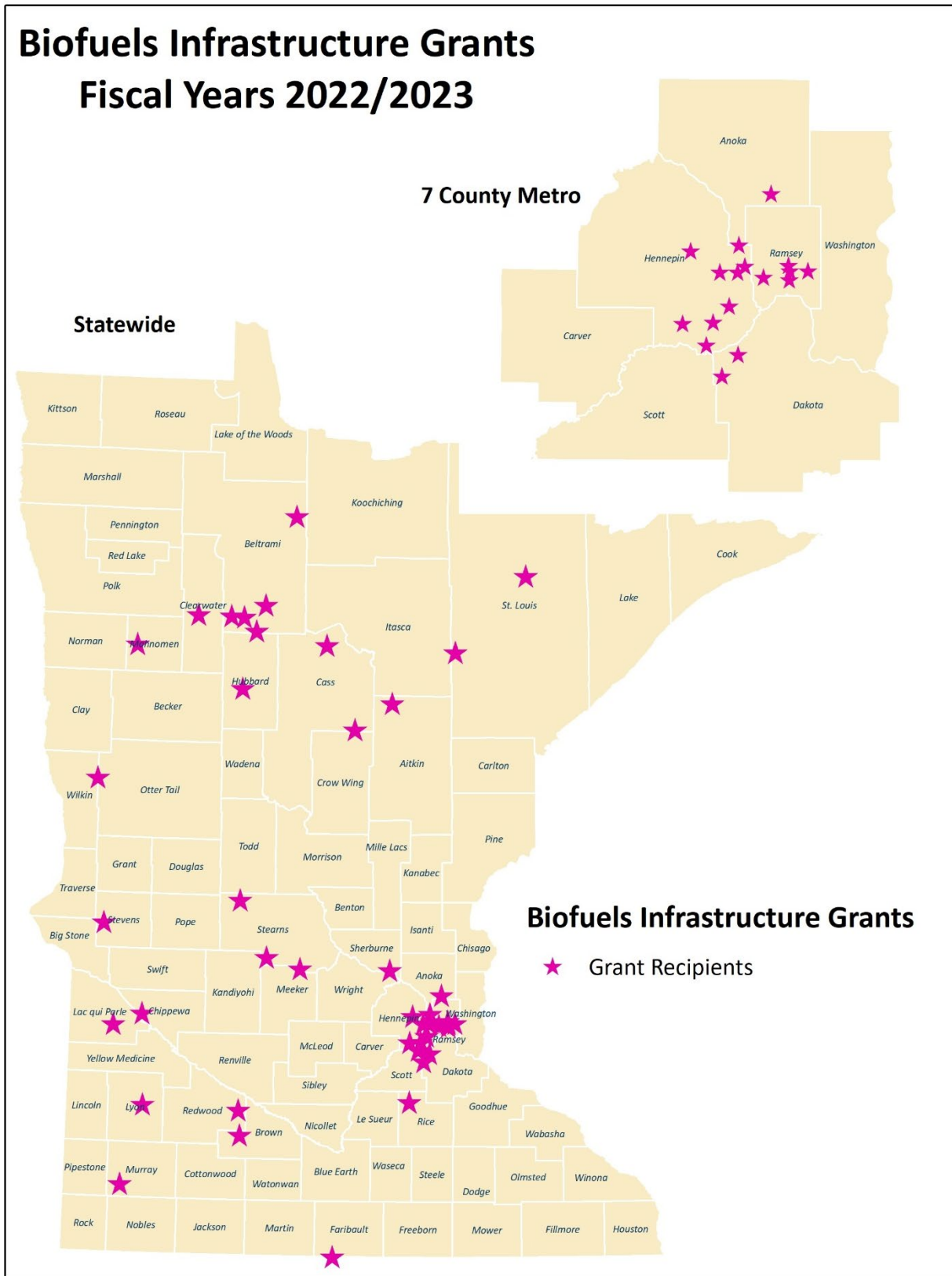


Figure 1. Map representing locations of FY22-23 Biofuels Infrastructure Grant recipients reported in Appendix A.

## Appendix C Funds Leveraged by Project

Grantee/Station	Location	Grant Award	Match
Ag Plus Cooperative C-Store	Marshall	\$ 199,000	\$ 192,747
Alan Arnold Corporation DBA Ralphie's Minnoco	Elk River	\$ 83,177	\$ 44,788
Awad Company - Olson's Marathon	Circle Pines	\$ 199,000	\$ 204,053
Bobby & Steve's Auto World Eden Prairie	Eden Prairie	\$ 144,554	\$ 77,837
Bobby & Steve's Auto World France	Bloomington	\$ 199,000	\$ 360,976
Bobby & Steve's Auto World II	Minneapolis	\$ 199,000	\$ 355,959
Bobby & Steve's Auto World West Bloomington	Bloomington	\$ 199,000	\$ 193,450
Bobby & Steve's Auto World West Minneapolis	Minneapolis	\$ 199,000	\$ 239,834
Chandler Cooperative Slayton Cenex Cardtrol	Chandler	\$ 127,745	\$ 68,786
Community Coops of Lake Park Pump 24 C-Store	Mahnomen	\$ 190,000	\$ 182,615
DCCM Ventures DBA Pete's Place South	Bemidji	\$ 175,000	\$ 97,425
Emmaville Inn	Park Rapids	\$ 88,786	\$ 47,807
Farmward Cooperative Cenex-Morgan	Morgan	\$ 172,018	\$ 92,625
Farmward Cooperative-Springfield	Springfield	\$ 153,882	\$ 82,859
Isaac's North Star	Sauk Centre	\$ 120,250	\$ 90,883
Jack's of Watkins	Watkins	\$ 199,000	\$ 438,088
Jeff's Bobby & Steve's Auto World	Columbia Heights	\$ 199,000	\$ 352,102
Klennert Stores DBA Sunny's	Hill City	\$ 199,000	\$ 154,026
L&S Automotive, Inc. DBA Parkway BP	Saint Paul	\$ 199,000	\$ 367,351
Lac Qui Parle Coop Oil Company Dawson Station	Dawson	\$ 199,000	\$ 156,481
Lonsdale Food & Fuel Marketplace	Lonsdale	\$ 132,422	\$ 71,304
Maryland Fuel & Auto	Saint Paul	\$ 132,422	\$ 71,304
Maryland One Stop Food & Fuel Marketplace	Saint Paul	\$ 185,832	\$ 100,063
My Store Bagley	Bagley	\$ 99,000	\$ 251,000
My Store Hibbing	Hibbing	\$ 95,000	\$ 155,000
My Store Outing	Outing	\$ 99,000	\$ 201,000
My Store Solway	Solway	\$ 99,000	\$ 201,000
My Store Turtle River	Bemidji	\$ 99,000	\$ 201,000
My Store Waskish	Waskish	\$ 99,000	\$ 101,000
Nelson Auto World - University Service	Minneapolis	\$ 134,476	\$ 72,410
NuWay K&H Cooperative	Elmore	\$ 104,000	\$ 56,000
Paul's Bobby & Steve's Auto World DBA Bobby & Steve's Auto World Nicollet	Minneapolis	\$ 105,753	\$ 56,944
Paynesville Farmers Union Coop Oil Co. Cenex	Paynesville	\$ 89,872	\$ 48,392
Pick N Save Food & Fuel Express	Plymouth	\$ 132,422	\$ 71,304
Rothsay Truck Stop & Café	Rothsay	\$ 199,000	\$ 144,361
Snelling One	Saint Paul	\$ 179,000	\$ 96,874
Sunshine & Whiskey Filling Station	Watson	\$ 159,777	\$ 86,034
Super Gas USA	Burnsville	\$ 173,110	\$ 93,215
Tri County Cooperative Oil Association Cenex-Graceville	Chokio	\$ 99,500	\$ 72,408
Twin Cities Auto Repair & Gas DBA Burnsville Auto Repair	Burnsville	\$ 199,000	\$ 268,931

<b>Grantee/Station</b>	<b>Location</b>	<b>Grant Award</b>	<b>Match</b>
University One	Saint Paul	\$ 130,000	\$ 151,373
Wilton Petroleum	Wilton	\$ 97,500	\$ 52,500
Winnibigoshish Historical Center Inc. DBA Winnie Store	Bena	\$ 96,200	\$ 70,812
Y Store-Ledge Liquor Store	Tower	\$ 99,000	\$ 415,471
<b>Total</b>		<b>\$ 6,483,697</b>	<b>\$ 6,910,390</b>