

October 1, 2024

VIA EMAIL

The Honorable Rick Hansen
Minnesota State Representative
5th Floor, Centennial Office Building
St. Paul, MN 55155

The Honorable Josh Heintzeman
Minnesota State Representative
2nd Floor, Centennial Office Building
St. Paul, MN 55155

The Honorable Foug Hawj
Minnesota State Senator
95 University Avenue W.
Minnesota Senate Building, Room 3231
St. Paul, MN 55155

The Honorable Justin Eichorn
Minnesota State Senator
95 University Avenue W.
Minnesota Senate Building, Room 2235
St. Paul, MN 55155

RE: Funding for Koda Energy's Wood Dehydration Project

Dear Senator Hawj, Senator Eichorn, Representative Hansen, and Representative Heintzeman:

As required by the House Omnibus bill CHAPTER 60--H.F. No. 2310, subd. 7(p), this letter will serve as a report to the chairs and ranking members of the legislative committees and divisions with jurisdiction over environment and natural resources on the use of money appropriated for the wood dehydrator at Koda Energy's combined heat and power biomass energy generation plant in Shakopee Minnesota.

Wood waste from the Emerald Ash Borer (EAB) infestation, increased storm events resulting from climate change, ongoing urban development, and typically scheduled urban tree removals are all compounding the urgent issue of overabundance of wood waste throughout the Twin Cities metro area.

Koda Energy plans to utilize up to 75,000 tons/year of new tree waste to generate additional electricity and heat to Rahr Malting's kilns and provide renewable electricity to the grid. This project will also play a key role in the rapidly worsening wood waste landscape in the Twin Cities metro. Without action, the oversupply of urban wood waste will continue to increase and lead to more open burning, illegal dumping, and accidental fire incidents exacerbating air quality concerns, climate change impacts, and human health concerns.

Koda Energy (Koda) has been a key contributor to the Wood Waste Stakeholder group convened by the Minnesota Pollution Control Agency (MPCA) in 2024 and is providing vital resources, time, and ideas to this group that is focused on driving increased utilization of this underutilized resource. Koda is actively working with the MPCA to draft their grant agreement but is also running into several operational hurdles associated with their ongoing consolidation into Rahr Malting. In September of 2024, Koda provided the MPCA with a draft Scope of Work, quotes, and budget estimates for the total project totaling over \$7 million, well in excess of the \$3 million allocated by the legislature, demonstrating significant commitment on Koda's end to make this project successful in the long term.

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In addition to the dehydration equipment, Koda has indicated a desire to open a new wood yard that would expand capacity for local arborists and foresters while also serving as primary processing for the woody biomass fuel prior to dehydration on site at Koda. The MPCA and Koda anticipate having a completed grant agreement by the end of the 2024 calendar year.

Sincerely,

Kirk Koudelka

This document has been electronically signed.

Kirk Koudelka
Assistant Commissioner

cc: Senator Nick Frentz
Senator Andrew Matthews
Representative Patty Acomb
Representative Chris Swedzinski