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# Biofuels Infrastructure Grant

Fiscal Year 2023 Legislative Report

1/15/2024

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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 at least 15% ethanol. The program makes grants to fueling stations for the 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 (RFP) for \$2.805 million each in 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 ranging from \$83,000 to \$199,000. A list of awardees and a map of their locations are available in Appendices A and B and more information can be found in the 2023 legislative report.

Throughout 2023, we worked with these grantees, and 11 of the 44 have completed their projects. Most plan to finish by the end of 2024, and all anticipate being operational by the summer of 2025. In the annual progress report, 73% of grantees stated that their grant funds made their project possible, and they would have been unlikely to complete their project without the grant funding. 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. Demographic data for districts served by funded projects are available in Appendix D.

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 September 2023 there were 461 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: [2023 Minnesota E85 + Mid-Blends Station Report \(PDF\)](#)). The success of E15 sales during summer 2022 and 2023 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 from June through August. 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 reached 10-10.5 million gallons sold each month in May through September 2023. Overall, mid-blend ethanol fuel sales have increased 14% from October 2022 to October 2023 (source: [2023 Minnesota E85 + Mid-Blends Station Report \(PDF\)](#)). Data from DOC shows that E15 is priced on average \$0.15 per gallon lower than regular 87 octane 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.

In the fall of 2023, the MDA released the RFP for the second round of Biofuels Infrastructure grants. Up to \$3.335 million was available, which included \$3.155 million appropriated by the legislature to the AGRI Program and \$192,000 remaining from the MCGA gift. Projects could be funded through AGRI funds, MCGA funds, or a combination of both. We received 54 proposals requesting approximately \$9.87 million. Evaluations took place at the end of 2023 and contracts are currently being processed.

We expect to release another RFP for the third round of Biofuels Infrastructure projects in fall 2024.

## Grantee Spotlight

Sunshine and Whiskey Filling Station in Watson, Minnesota, was the most recent grantee to complete its Biofuels Infrastructure project. This small-town business, managed and operated by Autumn Lee, received a Biofuels Infrastructure Grant of \$159,777. The grant was matched with more than \$161,000 in private funds. Their project involved replacing four fuel pumps so that customers can pump E15 and E85 at any one of the station's four fuel islands. Previously, no biofuel options were available at this station. The new equipment went into operation in September 2023.



**Photo 1. Sunshine and Whiskey Filling Station, located in Watson, now offers their small community access to biofuels at any of their station's four fueling stations.**

## 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
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

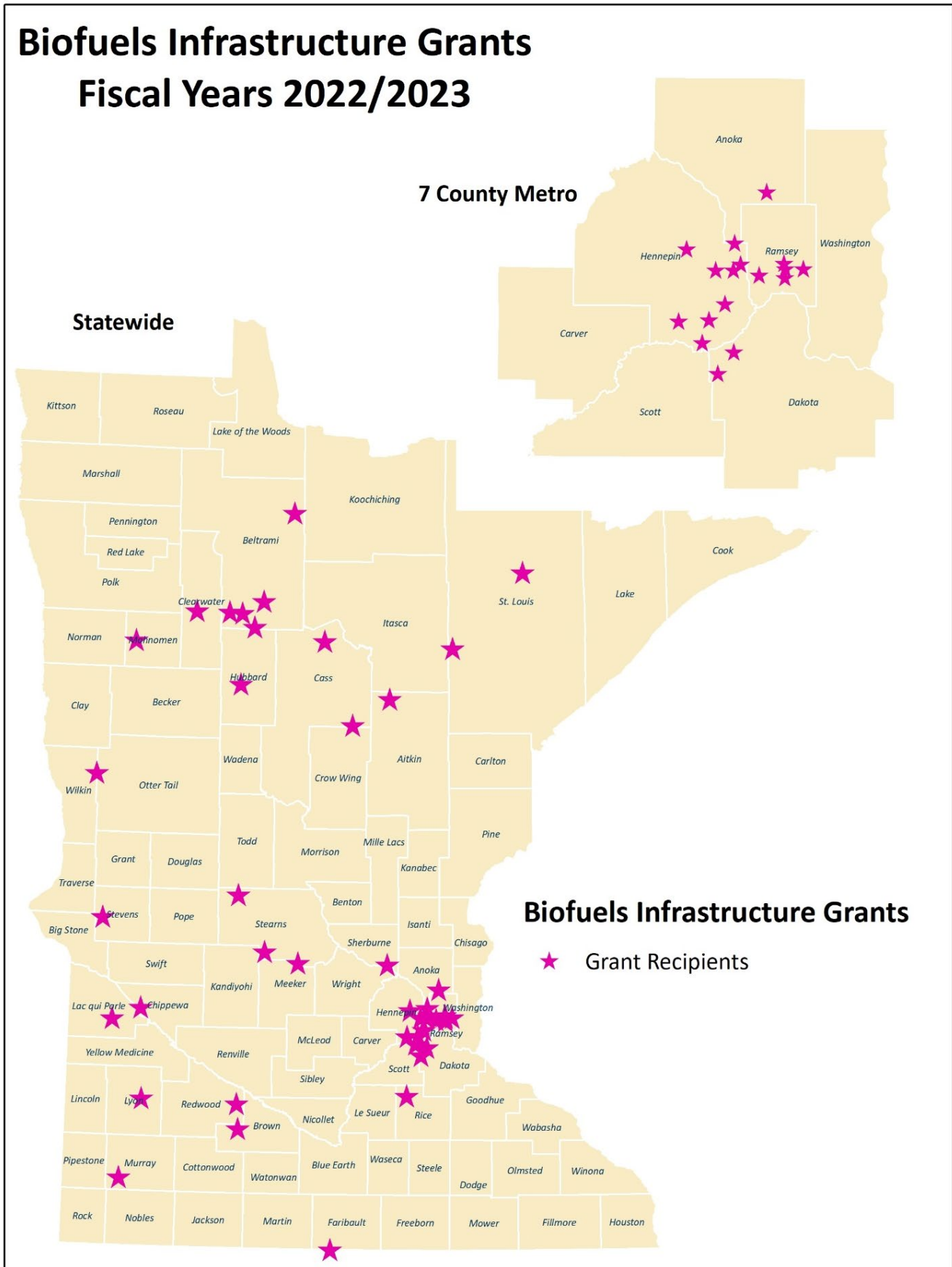


Figure 1. Locations of FY22-23 Biofuels Infrastructure Grant recipients reported in Appendix A.



## Appendix C: Funds Leveraged by Project

Grantee/Station	Location	Grant Award	Estimated 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
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>

## Appendix D: Demographic Data for Districts Served by Funded Projects

District	Total Population	(%) Black or African American	(%) American Indian and Alaska Native	(%) Asian	(%) Native Hawaiian and Other Pacific Islander	(%) Some Other Race	Median Household Income in Dollars	(%) Families and people whose income falls below the poverty level
02A	43,009	2.5%	23%	1.4%	0.2%	1.2%	54,987	10.7%
02B	42,130	1.3%	28.6%	1.2%	0.2%	1.6%	56,336	11%
03A	42,202	0.9%	5.6%	0.6%	0.1%	2.4%	59,217	6.1%
05A	42,632	1.2%	2.9%	0.8%	0.1%	2.9%	61,145	6%
06A	42,841	1.1%	2.4%	0.7%	0.1%	2%	59,772	6.6%
07A	43,162	1.8%	2.9%	1.1%	0.2%	1.6%	55,335	7.2%
09A	42,474	2.8%	2.3%	1.2%	0.1%	2.2%	58,507	5.7%
12A	42,405	1.6%	1.2%	1.1%	0.4%	2.8%	63,213	6.6%
12B	42,761	0.9%	1%	1%	0.4%	1.9%	64,775	4.2%
15A	42,712	3.1%	1.9%	3.5%	0.1%	4%	62,108	7.6%
15B	42,518	1.3%	2.6%	1.8%	0.3%	2.5%	62,548	5.5%
16A	42,804	1%	1.2%	1%	0.6%	5.4%	61,434	5.5%
21A	42,113	1.5%	1.2%	1.8%	0.1%	1.9%	62,257	6.5%
23A	42,300	1.9%	1.3%	2.8%	0.2%	4.5%	60,166	6.9%
30B	43,154	3.7%	1%	1.8%	0.1%	3.6%	96,415	1.8%
32B	42,769	7.8%	2.1%	9.8%	0.2%	3.4%	88,682	3%
39B	41,162	20.2%	1.6%	7.1%	0.2%	4.9%	71,857	7.3%
42B	42,152	8.3%	1.5%	10.8%	0.2%	3.1%	110,615	3.3%
50A	41,387	3.9%	0.6%	9.4%	0.1%	3.1%	111,095	3.3%
50B	42,415	11.6%	1.6%	6.4%	0.6%	3.4%	89,367	2.1%
55B	40,660	18.1%	0.7%	6.2%	0.5%	5.1%	77,561	4.2%
58A	42,301	2.4%	1%	3.8%	0.3%	3.3%	90,146	3.2%
59B	42,879	38.4%	3.4%	11.1%	0.2%	4.2%	78,273	18.5%
60A	43,013	14%	2.7%	6.2%	0.2%	6.1%	73,081	6.8%
61A	39,950	14.7%	2.4%	6.1%	0.1%	2.6%	64,911	4.3%
63B	42,469	7.9%	1.3%	2.7%	0.1%	3.1%	111,032	2.2%
65B	40,322	13.6%	2.1%	7.9%	0.1%	9.9%	64,921	10.6%
66A	41,727	10.3%	1.2%	10.9%	0.4%	2.7%	73,503	5.1%
66B	45,026	19.6%	3.4%	32.8%	0.2%	4.8%	59,744	21.6%
67A	41,711	20.4%	1.7%	37.9%	0.1%	4.4%	57,359	16.8%

Source: American Community Survey Profile Report, 2017-2021 (5-year estimates)