



Supporting Investment in Green Fertilizer Production

Report to the Legislature

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Introduction

This report fulfills the Minnesota Department of Agriculture's (MDA) requirement to report on the progress of projects funded through grants to cooperatives to invest in green fertilizer production. The report must include how much of the appropriation has been used, including the amount used for administration (Laws of Minnesota 2023, chapter 60, article 12, section 76).

Background

Green fertilizer is defined as any nitrogen-based fertilizer that contains hydrogen produced via electrolysis powered by renewable energy (solar and wind). Incorporating renewable energy in the manufacturing process reduces greenhouse gas emissions associated with fossil fuel-derived nitrogen-based fertilizers. The reduction of greenhouse gas emissions from using locally produced green nitrogen-based fertilizers are but one benefit for the agricultural sector.

The localized production of this essential agricultural input also supports Minnesota farmers through providing better price stability and predictable volumes of fertilizer supply. Additionally, agricultural inputs and production systems associated with lower greenhouse gas emission factors, such as green fertilizer, create market opportunities for Minnesota farmers to have greater access to potential value-added premiums. Agricultural commodities produced from low greenhouse gas emission systems are limited in supply, valued widely throughout various supply chains, and are an essential feedstock for creating low carbon biofuels.

Development

The MDA gathered input on program development through two request for information (RFI) comment periods during February and June of 2024.

Using this feedback, the MDA's grant program will prioritize projects demonstrating (1) strong business readiness, and (2) support through private financing, state, or federal loans. Grantees must provide a minimum 50% match and will be reimbursed up to 50% of the total investment cost. Additionally, the MDA is prioritizing projects located in counties with a poverty rate greater than 9%.

To date, there have been no grants issued under the appropriation and \$7,271.32 in total funding has been used for administration. The MDA expects to release a request for proposals (RFP) on December 18, 2024.