

## Minnesota Department of Agriculture: Incentives and Grants for Renewable Energy and Renewable Chemicals Programs

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Performance Audit  
Released on August 14, 2024

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## Overview of Programs

### Agricultural Growth, Research, and Innovation Program

- Bioincentive Program
  - Incentive payments for production
- Biofuels Infrastructure Grant Program
  - Competitive grants for equipment to dispense biofuels

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## Objectives and Scope

### Objectives:

- Did MDA comply with significant legal requirements for the Bioincentive Program and Biofuels Infrastructure Grant Program?
- Did MDA have adequate controls over these programs?

### Scope:

- July 1, 2021 - January 31, 2024

## Bioincentive Program: Eligibility

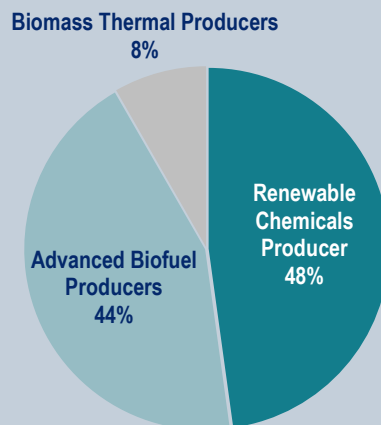
- Production facilities must be located in Minnesota
- Meet the minimum quarterly production volumes of qualified renewable energy or renewable chemicals
- Must use locally sourced biomass

Detailed eligibility requirements (see Exhibit 6, p.16)

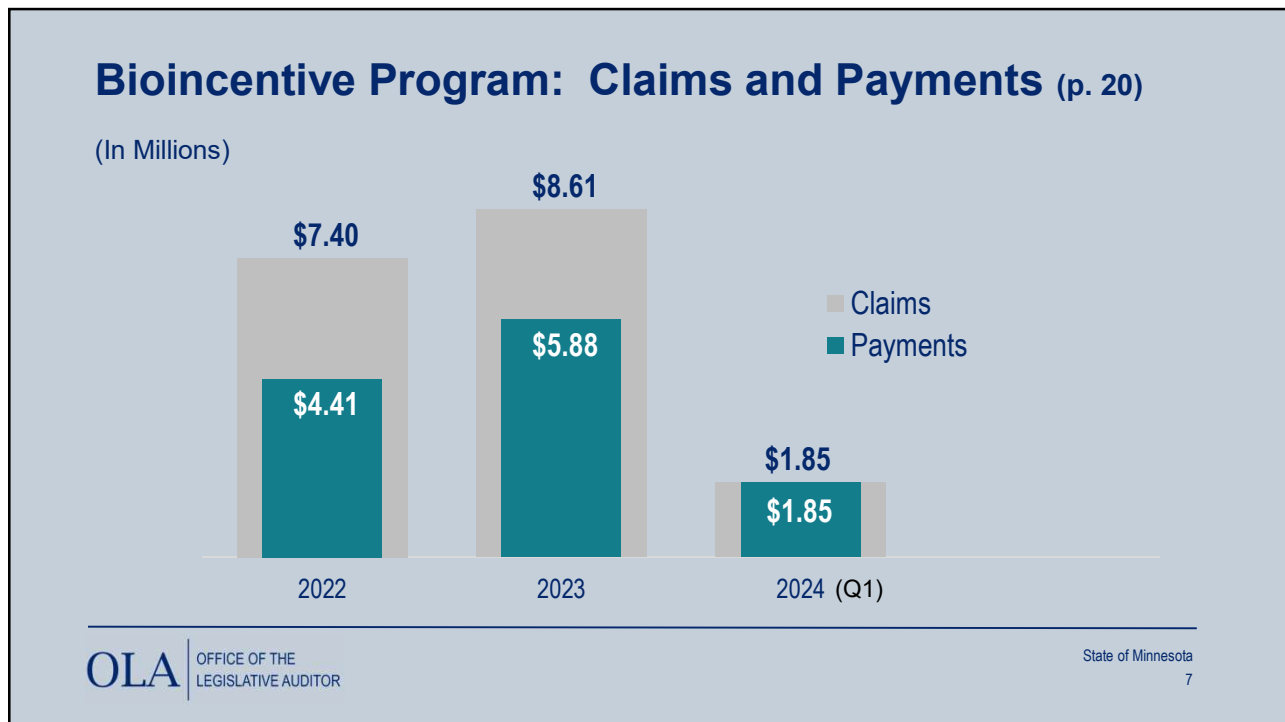
## Bioincentive Program: Production Types

Production Type	
Advanced Biofuel	<ul style="list-style-type: none"> <li>Ethanol from cellulosic biomass</li> <li>Renewable natural gas from cellulosic feedstock</li> <li>6 producers</li> </ul>
Biomass Thermal Energy	<ul style="list-style-type: none"> <li>Heat from forestry-derived biomass</li> <li>5 producers</li> </ul>
Renewable Chemicals	<ul style="list-style-type: none"> <li>Chemicals produced from forestry-derived biomass</li> <li>1 producer</li> </ul>

## Bioincentive Program: Payments



**Total Payments**  
\$12.14 million



### Bioincentive Program: Audit Results

- MDA complied with program requirements
- MDA had adequate internal controls

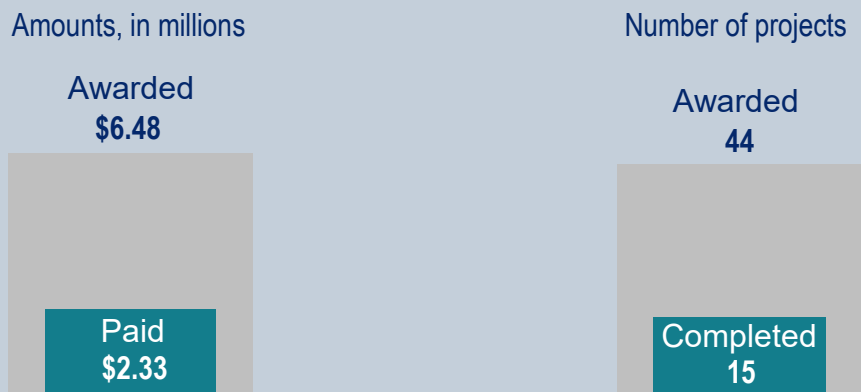
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## Biofuels Infrastructure Grant Program: Eligibility

Applicants must:

- Be located in Minnesota
- Have no more than ten retail fueling locations
- Licensed and authorized to conduct business in Minnesota

## Biofuels Infrastructure Grant Program: Awards and Expenditures



## Biofuels Infrastructure Grant Program Audit: Results

- MDA generally complied and generally had adequate controls over these grants
- We identified two areas for improvement

## MDA Paid for Unallowable Costs

- \$18,894 for ineligible costs
- \$357,617 for costs not included in the grant budgets
  - Different vendors
  - Different amounts
- \$12,912 for costs incurred prior to the execution of a contract

## Noncompliance with Grant Progress Reports

- MDA did not obtain all required progress reports
  - Fall 2022: No reports submitted
  - Fall 2023: 27 out of 44 grantees did not submit reports
- Submitted reports did not have specific details
- Two grantees no longer plan to start projects

## *Minnesota Department of Agriculture: Incentives and Grants for Renewable Energy and Renewable Chemicals Programs*

[www.auditor.leg.state.mn.us](http://www.auditor.leg.state.mn.us)