

*CASE STUDY:****Koda Energy Biomass Project***

By Kari Rudd, The Minnesota Project

Koda Energy is a partnership between Rahr Malting Company- a family owned business based in Shakopee- and the Shakopee Mdewakanton Dakota Community. These two organizations have joined together to create a combined heat and power (CHP) biomass facility that will serve them both.

Aside from the environmental benefits of using a renewable source of energy, Rahr Malting knew that it made good economic sense to pursue a biomass facility. The company's biggest processing costs are electricity and gas, and biomass fuel is readily available. Rahr Malting already produces 50,000 tons of biomass by-products as part of the malting process, which can be supplemented by crops from nearby farms or low value agricultural by-products from other facilities in the area. The high up-front costs of constructing a CHP



biomass facility will be partly offset by the Renewable Energy Production Tax Credit, which has been extended through 2007.

In 2002, Rahr Malting received a grant from the US Department of Energy for the study of a renewable CHP power plant. The concept of an environmentally sustainable power production facility drew the interest of the Shakopee Mdewakanton Dakota Community. The two parties formed a partnership called Koda Energy.

**Project Snapshot:**

**Technology:** Combined heat and power biomass facility

**Benefit:** Energy security, benefits to the community

**Incentives:**

- Federal Biomass Production Tax Credit
- Study Grant from the Department of Energy

The project had another burst of momentum with the increase in natural gas prices in 2005. Koda Energy's 14 MW facility will supply Rahr Malting's total electrical and heating needs, eliminating their reliance on the fossil fuel. A large share of the total electrical output will also help to power the Shakopee Mdewakanton Dakota Community. Both partners will benefit by being insulated from fluctuations in the energy market while eliminating the use of enough natural gas to heat 10,000 homes.

The Koda Energy biomass facility will also provide numerous economic benefits for the surrounding community. The creation of a new biomass facility will create skilled jobs, develop a market for energy crops such as switchgrass, and supply base load renewable electrical power to an area that needs it. The facility is scheduled to come on-line December of 2007.

*For more information contact Paul Kramer, Vice President, Rahr Malting, 952-496-7002, [pkramer@rahr.com](mailto:pkramer@rahr.com)*

CERTs Partners: Minnesota Department of Commerce, The Minnesota Project, University of Minnesota Regional Sustainable Development Partnerships, The Rural Minnesota Energy Board, Metropolitan Counties Energy Task Force, Resource Conservation and Development Councils.