

Advancing Colorado's Renewable Energy (ACRE) Program
Final Report
March 31, 2009

Name and Mailing Address of Awardee:

Colorado Farm Bureau
9177 E. Mineral Circle
Centennial, CO 80112

Name of Primary Contact Person:

Troy Bredenkamp
Executive Vice President
303/749-7501
303/749-7703
tbredenkamp@colofb.com
www.colofb.com

A) Project Overview

The Colorado Farm Bureau (CFB) sought funding assistance, through a grant from the ACRE Program to conduct *Phase I* - a feasibility study and *Phase II* - associated plans and project development (project participation) for a bio-fuels facility that would then be used to fund the CFB *Renew Colorado* Project. The award received by CFB from the ACRE program was for \$25,000 to undertake the Phase I portion of the project, the feasibility study of the biofuels facility.

As a reminder, the Colorado Farm Bureau desires to undertake the development of a biofuels facility for several reasons. One, CFB seeks to assist our members in developing agriculture-owned renewable energy resources for the long term. Two, CFB seeks to enhance value-added agriculture through the processing primarily of corn, but with the option of other feed stocks, into ethanol and feed gluten (a highly desired product among Colorado livestock producers) using the state-of-the-art technology. Third and most importantly, CFB is seeking the development of an advance biofuels facility for the unique purpose of creating a perpetual rural economic development-funding source for Colorado through the *Renew Colorado* Project.

Phase I of this effort evolved into the feasibility study and project development of an advanced biofuels facility project near Ft. Morgan, CO. The feasibility study was conducted by BBI International and was completed in October of 2008. The feasibility study assessed a 59 million gallon per year corn-based ethanol advanced biofuels facility. The facility that was assessed by the feasibility study included using methane digestion technology to assist in powering the facility with a renewable resource. Further, the feasibility study assessed fractionation technology that would allow the facility to run at optimum efficiency and allow the facility to run virtually fossil fuel free. The methane digestion and fractionation technologies would substantially lower the carbon footprint of the ethanol produced and allow for the production of an ultra-low renewable fuel that could potentially be sold at a premium to conventional fuel and conventional ethanol production. The Ft. Morgan project also includes the potential for an

organic fertilizer plant with by-products from the methane digestion process, the development of a waste-to-energy co-located facility, the production of nearly 500,000 tons of high quality distillers grain feed additive for livestock. Further, a rail spur loop will be constructed to service the biofuels facility with the ability to build out the location for other light industrial/agricultural business to co-locating adjacent to the rail loop facility.

B) Key Findings

The feasibility study conducted by BBI International assessed the possible location near Ft. Morgan on multiple criteria including transportation, infrastructure, and feedstock availability, proximity to end markets for both biofuels and the distiller grain by-products. BBI found the Ft. Morgan site to be an “excellent” location for a biofuels facility based on the above criteria.

BBI also assessed the project based on 10-year historical financial data for feedstock, ethanol and distiller grain by-products. BBI concluded the expected return on investment (ROI) would be 37%.

Colorado Farm Bureau has conducted further analysis on a 5-year, 3-year and 1-year basis and our independent analysis indicated that the biofuels facility project would have, at a minimum, 23% ROI under any of these circumstances.

We are anticipating an overall project development cost to be between \$114,000,000.00 and \$135,000,000.00 depending on final technology chosen for construction.

CFB has also explored the opportunities within USDA Rural Development for a project such as this. Under current USDA Rural Development programs, the Ft. Morgan project will qualify for up to \$35 million in guaranteed loans that can be used to supplement the debt finance aspects of this project.

Based on the findings of the feasibility study and the financial analysis conducted independently by CFB, The CFB Board of Directors has approved moving ahead with further development of the Ft. Morgan project.

Colorado Farm Bureau, in conjunction with are potential joint venture – High Plains Energy, have briefed both Tom Plant and Governor Bill Ritter on the overview of the Ft. Morgan project and found a favorable reception with both Mr. Plant and Gov. Ritter.

C) Next Steps/Actions

Colorado Farm Bureau has determined the following next steps/actions are needed to further the Ft. Morgan biofuels facility:

- Finalize MOU with joint venture partner.
- Form a new company between CFB Energy and the joint venture partner.
- Secure guaranteed loans through the USDA Rural Development program.
- Secure any other grants/loans through the federal government for rail/infrastructure build-out and new technology used in facility.

- Initiate and complete an equity drive for individual investors.
- Secure senior debt to complete construction funding.
- Secure contract with ICM for construction of facility.
- Construct facility (12-18 months).
- Production begins (end of 2010/beginning of 2011).

D) Notable Successes/Accomplishments

With the assistance of funding through the ACRE program, CFB has successfully completed a feasibility study and analysis of a 55 million gallon per year advanced biofuels facility as a means to permanently fund the *Renew* Colorado Project and rural economic development projects across Colorado.

The feasibility study concluded that the proposed Ft. Morgan project is an “excellent” project and based on that and other assessments, Colorado Farm Bureau has elected to move forward with the exploration of developing this project.

E) Financial Accounting

The following table illustrates approximate expenses accrued by CFB since the beginning of the ACRE grant contract (September 2008). CFB has paid all project costs to date.

**Estimated Project Expenses and Payments
Feasibility Study and Project Development**

Expenses	CFB	ACRE Program	Other State Funds	Federal Funds	Other	Total
Feasibility Study	\$50,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50,000.00
Salaries & Personnel	\$29,130.00	\$0.00	\$0.00	\$0.00	\$0.00	\$29,130.00
Travel	\$9,450.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,450.00
Printing	\$600.00	\$0.00	\$0.00	\$0.00	\$0.00	\$600.00
Project Development Consultant Fees	\$92,350.00	\$0.00	\$0.00	\$0.00	\$0.00	\$92,350
TOTAL	\$181,530	\$0.00	\$0.00	\$0.00	\$0.00	\$181,530