



Minnesota State Competitiveness Fund Report

Pursuant to Minnesota Statutes, section 216C.391, subd. 7

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As requested by Minnesota Statutes, section 3.197: This report cost approximately \$47,490 to prepare, including staff time, printing and mailing expenses.

Upon request, this material will be made available in an alternative format such as large print, Braille or audio recording. Printed on recycled paper.

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State Competitiveness Fund Background

Minnesota Statutes, section 216C.391 established the [Minnesota State Competitiveness Fund \(SCF\)](#) to increase the success of Minnesota applicants in securing federal funds for projects that help meet State of Minnesota clean energy goals. State funding was appropriated to provide support for grant development assistance, to offset the cost-share requirements of federal funding programs, and to reduce the project costs for the Minnesota entities receiving federal grant, tax credit and loan funding. Funding was also provided to support Commerce’s Technical Assistance and Administration work, Reports and Audits, and Information Systems development related to the SCF.

Funding appropriated for each of the programs covered by the \$190M appropriation is displayed in the table below.

Table 1: State Competitiveness Fund Legislative Appropriations

Program	Legislative Bill, Article and Section SF3035 - Chapter 53, MN Laws HF1656 - Chapter 24, MN Laws	Funding Appropriated (FY24-25)
Match Program (Cost-Share Coverage)	HF 1656	\$ 100,000,000
Grants to Leverage IRA Tax Credits and Loans (Income-Qualified Focus)	SF 3035, Article 21, Section 6 (c)	\$ 75,000,000
Support for Local Grant-Seeking Assistance	HF 1656	\$ 6,000,000
Commerce Reports and Audits	HF 1656	\$ 750,000
Commerce Information System Development	HF 1656	\$ 1,500,000
Commerce Administration and Technical Assistance	HF 1656	\$ 6,750,000
	Total	\$ 190,000,000

The Minnesota Commerce Department, Division of Energy Resources, has focused on activities to ensure the legislatively appropriated funds are effectively and efficiently utilized. Details on each of the five funded appropriation sections are included below.

Matching Funds Program (\$100,000,000)

The SCF Matching Funds Program within the State Competitiveness Fund (SCF) was appropriated to encourage applications for federal funding to support energy projects in Minnesota. The funds can be used to meet required matching contributions or to reduce project costs for recipients that are awarded federal funds. At least \$75 million of the funds appropriated to the SCF Matching Funds Program must go to awards of less than \$1 million and no funded entity may receive more than \$15 million in awards. Projects selected for coverage must help meet the state’s clean energy and energy-related climate goals through renewable energy development, energy conservation, efficiency, or energy-related greenhouse gas reduction benefits. Every attempt must be made to ensure funding allocations be geographically dispersed over the entire state of Minnesota. While previous rounds restricted eligible federal funding opportunities to be funded through the Inflation Reduction Act (IRA) and Infrastructure and Investment Jobs Act (IIJA, aka the Bipartisan Infrastructure Law, or BIL), in 2025 the MN legislature updated the

statute to include other federal funding sources. The first awards released under this expanded definition will be allocated in 2026.

Grants to Leverage IRA Tax Credits and Loans (\$75,000,00)

As established by the 2023 legislature, the SCF includes \$75 million to “award grants that are additive to federal tax credits received by an eligible entity to further reduce the cost of the technologies and activities eligible for such federal tax credits in disadvantaged communities” – also known as SCF2. Sixty million of these funds were transferred to the Minnesota Climate Innovation Financing Agency (MnCIFA) to provide bridge funding to effectively secure federal tax credits, including those available through “direct pay” to tax-exempt entities. The remaining funds were applied to a 2025 round of the Solar on Public Buildings program that was expanded to include projects in non-Xcel territory.

Local Grant Development Assistance (\$6,000,000)

The goal of the Local Grant Development Assistance program is to increase the competitiveness of entities across Minnesota in accessing federal funding by providing grant support to local, skilled grant development entities in partnership with the Department of Commerce. Through this program, eligible entities are served by a range of support services including offering technical and grant writing assistance; soliciting or leveraging third party grant-writing assistance to address challenges and disparities in applying for federal funding opportunities; providing financial needs analysis and priority determination; and other grant development technical assistance services.

Reports and Audits (\$750,000)

Per statutory requirements, this report is the fourth required annual report to be submitted under this program. The information reported here fulfills required reporting as outlined in Minnesota Statutes, section 216C.391. This report contains the first independent financial audit of the SCF program.

Information System Development (\$1,500,000)

The SCF Information System Development effort is focused on technology and systems modernization to equip Minnesotans with clear, actionable information to understand potential federal and state funding opportunities as well as to document Minnesota successes in the pursuit of federal funds. This one-stop web platform will visualize key data and projects happening throughout the State. The website will connect energy partners and communities via portal access to data in readily accessible formats and contextualize the data with insights and connections to other initiatives.

Commerce Technical Assistance and Administration (\$6,750,000)

The technical assistance and administrative support discussed in this section helps Minnesotans to pursue federal funding opportunities and provide occasional support for grant implementation support. This funding has also helped to provide administrative support for the SCF Matching Funds and Local Grant Development Assistance programs, including through RFP development and implementation, administering contracts and invoices, and general guidance and assistance for awardees, among other duties as needed.

Statutory Reporting Requirements

Pursuant to Minnesota Statutes, section 216C.391, Subd. 7, beginning February 15, 2024, and each February 15 thereafter until February 15, 2035, the Minnesota Department of Commerce (Commerce) must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy the activities and taken and expenditures made under Minnesota Statutes, section 216C.391.

Number of Applications, Total Amount of Grant Funds Requested & Each Grant Awarded

Matching Funds Program

Thirty-two eligible applications were received in 2025 under Round 4, with original funding requests totaling \$20,036,179. Following the evaluation process, \$15,698,509 was reserved for 25 Minnesota entities/projects.

To address section 216C.391, Subd. 7(2), details on the individual projects and their awards can be found in Attachment A and the Round 4 Legislative Advisory Commission (LAC) Report found on the [SCF Matching Funds website](#).

Grants to Leverage IRA Tax Credits and Loans

Commerce's Solar on Public Buildings (SPB) Program was allocated \$14,550,000 from the SCF2 fund to leverage federal tax incentives for the installation of solar projects on public buildings across the state. The program received \$16,034,665.76 in grant requests through 185 applications by the deadline of December 1, 2025. Commerce is currently processing the applications in the order in which they were received. Anticipated solar installation through SPB awards supported by SCF2 funds is anticipated to contribute up to 6.09 MW-ac (7.93 MW-dc) to the MN electricity mix. A full list of awardees can be found in Attachment B; additional information on the SPB program can be found through the [SPB 2025 annual report](#).

In January 2025, per the transfer authority provided in Minnesota Laws 2023, Chapter 53, Article 21, Section 6(d) as amended by Minnesota Laws 2024, Chapter 127, Article 52, Section 8¹, Commerce transferred \$60 million from the State Competitiveness Fund to MnCIFA to expand capital for bridge loans and draw in federal tax credits for clean energy projects. MnCIFA has subsequently issued multiple bridge loans, financing projects' upfront costs to install clean energy technology until the project qualifies and receives reimbursements through federal Direct Pay or Investment Tax Credits. For a list of those projects, please see Attachment C; additional information can be found [on the MnCIFA website](#).

Number of Additional Personnel Hired

One new staff member hired in 2025 is adding to staff capacity (0.25 FTE) to advance SCF activities.

¹ The commissioners of management and budget, in consultation with the commissioners of employment and economic development and commerce, may transfer money between the Minnesota forward fund account, the Minnesota climate innovation authority account, and the state competitiveness fund account.

Activity Expenditure

Expenditures on activities conducted under the following sections:

i. The Provision of Technical Assistance

Commerce has provided technical assistance to Minnesota stakeholders to support them as they work to identify, pursue, and secure federal funding opportunities. Activities have included:

- Partnering with staff from the Minnesota Departments of Management and Budget (MMB) and Administration to further promote the Direct Pay tax credits and educate potential recipients on how they can access them for energy projects. Through a master contract managed by the Minnesota Department of Administration, tax consultants from Deloitte have conducted one-on-one consultations with 81 Minnesota-based entities and have offered 5 webinars that attracted 212 unique viewers to inform Minnesotans of the variety of clean energy technologies eligible for Direct Pay tax credits and processes for obtaining them. Commerce assisted with this effort by promoting this engagement with hundreds of grant recipients that have Direct Pay-eligible projects.
- Expanding partnerships with multiple technical assistance working groups to expand the reach of the local capacity building resources.
- Hosting an Energy Project Resource Summit for Schools in October 2025 that brought representatives from more than 100 schools and organizations across to learn about available resources, best practices and success stories in energy project implementation for K-12 educational institutions.
- Connecting directly with cities about SCF and other Commerce programs like Solar on Public Buildings to ensure these local governments are aware of the technical assistance available at the following events:
 - Coalition of Greater Minnesota Cities Annual Conference
 - League of Minnesota Cities Annual Conference
 - Farm Fest - Commerce Booth
 - McKnight Foundation/We Build Progress Local Power: Building Community-Owned Clean Energy with Direct Pay Event
 - MMB Federal Funds Update Bi-Weekly Meeting
 - MN Technical Assistance Cohort Monthly Meeting

ii. Grants Made Under Subdivision 4 to Entities to Assist Applicants with Grant Development

No new grants were made in calendar year 2025 under this section as all of the funding for this activity had been previously awarded. Of the 25 grants that were issued in 2024, recipients reported spending over 50% of funds to date. Activities completed in 2025 include grant research, application development and support for federal energy grant opportunities, energy project planning, needs assessments to identify clean energy project opportunities, climate action and resilience planning, and outreach to communities on potential energy projects, among other activities.

iii. Application Review and Evaluation, including Applicants that were Denied Federal or State Grant Awards and the Reason for the Denial

Applications for SCF funds go through rigorous review processes, which vary from program to program. The websites for [SPB](#) and [MnCIFA](#) provide information on their application evaluation

process. For the SCF Matching Funds program, applications are evaluated under the following criteria:

- Does the project help meet the state's clean energy and energy-related climate goals through renewable energy development, energy conservation, efficiency, or energy-related greenhouse gas reduction benefits?
- Is the federal funding opportunity associated with the project listed on the list of eligible funding opportunities?
- Does the federal funding opportunity require cost share and what is the statutory maximum percentage of cost share the applicant can receive, based on their SCF categorization?
- Has the applicant previously received an SCF Matching Funds award reservation? If so, are they at risk of meeting the \$15,000,000 maximum award limit?
- What type of entity is the applicant?
- What is the impact of the project on disadvantaged communities?

Per statutory requirements, see Table 2 below for a list of SCF Matching Funds applicants who applied for an award, and either were not approved in the evaluation stage, or were not successful in their federal award application. OBO = "On Behalf Of"; refers to applications that were submitted at the request of another organization.

Table 2: List of Denied SCF Matching Funds Reservation Awards

Applicant + Project	Denied Application: Federal or State	Reason for Denial
Becker Public Schools - Becker Public Schools Energy Efficiency Upgrades	State – SCF Matching Funds	No federal funding opportunity identified
Carba - Geologic Solid Carbon Storage (with Landfill Co-Benefits)	State – SCF Matching Funds	Federal funding opportunity not on eligible funding opportunity list
City of Sartell - CRP - EV Assistance	State – SCF Matching Funds	Federal funding opportunity not on eligible funding opportunity list
City of Sartell - 15th Street N ROW Acquisition	State – SCF Matching Funds	Federal funding opportunity not on eligible funding opportunity list
City of Sartell - Pinecone Road & 7th Street N Safety Project	State – SCF Matching Funds	Federal funding opportunity not on eligible funding opportunity list
KISS LLC - RD Value Added Producer Grant (VAPG) KISS LLC	State – SCF Matching Funds	Federal funding opportunity not on eligible funding opportunity list
Neighborhood Development Center - NDC Clean Energy Loan Fund and Programming	State – SCF Matching Funds	Federal funding opportunity not on eligible funding opportunity list
South Central Electric Association - Midwest Assess, Harden and Intelligence Project	Federal Award	Federal application not approved

Applicant + Project	Denied Application: Federal or State	Reason for Denial
City of Rochester - Bright Horizons: Rochester's Smart Grid Evolution	Federal Award	Federal application not approved
North Star Electric Cooperative - Midwest Assess, Harden and Intelligence Project	Federal Award	Federal application not approved
MiEnergy Cooperative - Midwest Assess, Harden and Intelligence Project	Federal Award	Federal application not approved
Meeker Cooperative Light and Power Association - Midwest Assess, Harden and Intelligence Project	Federal Award	Federal application not approved
MREA OBO Mille Lacs Energy - Midwest Assess, Harden and Intelligence Project	Federal Award	Federal application not approved
City of Saint Paul - ElectriConnect: Empowering Sustainable Mobility through Public Charging in the Twin Cities	Federal Award	Federal application not approved
Connexus Energy - Climate Shield Cooperative Network (CSCN)	Federal Award	Federal application not approved
Connexus Energy - Northern Gale Grid Defense - Northern Gale Grid Defense	Federal Award	Federal application not approved
Connexus Energy - (Guardians) - GUARDIANS OF THE GRID	Federal Award	Federal application not approved
Connexus Energy (MMUA/MREA Consortium) - Midwest Assess, Harden and Intelligence Project	Federal Award	Federal application not approved
Connexus Energy – MIRA - Multi-Region Investments for Resilience At-Scale (MIRA)	Federal Award	Federal application not approved
Aerinet Solutions - ARC Artificial Intelligence Rescuing Rural Cooperatives	Federal Award	Federal application not approved
MMUA OBO University of Minnesota - Midwest Assess, Harden and Intelligence Project	Federal Award	Federal application not approved
Itasca-Mantrap Electrical Cooper - Midwest Assess, Harden and Intelligence Project	Federal Award	Federal application not approved
Itasca-Mantrap Electrical Cooper -Itasca-Mantrap Electric Cooperative SCF Q3 2024	Federal Award	Federal application not approved
Agralite Electric Cooperative - Midwest Assess, Harden and Intelligence Project	Federal Award	Federal application not approved
MREA OBO Peoples Energy Cooperative - Midwest Assess, Harden and Intelligence Project	Federal Award	Federal application not approved

Applicant + Project	Denied Application: Federal or State	Reason for Denial
U of Minnesota – Sustainability - Energy Infrastructure and Resilience for Climate Mitigation in NW Minnesota	Federal Award	Federal funding program ended by federal government
Otter Tail Power Company - Next-Generation Vegetation Management (VM)	Federal Award	Federal application not approved
KISS LLC - OCED ENERGY IMPROVEMENTS IN RURAL OR REMOTE AREAS Cold storage with Priority Solar Power	Federal Award	Application not approved; federal program altered by federal government
Great River Energy OBO Lake Region Electric	Federal Award	Applicant withdrew from federal award
Blue Earth Light and Water - Blue Earth Solar 2025 Project	Federal Award	Application not approved; federal program altered by federal government
Grand Portage Band of Lake Superior Chippewa - Grand Portage Energy Sovereignty and Resilience Project	Federal Award	Federal funding program ended by federal government
Red Lake Band of Chippewa Indians - Red Lake Nation Microgrids for Resiliency Hub Development Cost Match	Federal Award	Federal funding program ended by federal government

iv. Information Technology Activities

No information systems work was billed to the SCF in 2025. Commerce staff finalized a contract to facilitate the development of the one-stop web platform, which will increase data accessibility for SCF awardees. Significant work on this platform utilizing SCF funds is anticipated in calendar year 2026.

v. Other Expenditures

Other expenditures under the SCF include basic administrative fees charged to all State programming, including office space, Minnesota IT services, and other standard fees.

Unreserved Balance Remaining in SCF Account

The unreserved balance remaining for SCF Matching Funds as of December 31, 2025, is \$34,780,689. Table 3 below provides a breakdown of reserved SCF Matching Funds organized by Priority Category as outlined in statute.

Table 3: SCF Matching Funds Reservation by Priority Category in 1st Four Rounds of Funding

Priority Category	Entity Prioritization Order	Funding Allocated	Percent of Funds Allocated	Number of Award Reservations ²
1	Federal formula funds directed to the state that require a match; ³	\$5,000,000	7.67%	13
2	A political subdivision or a Tribal government, for eligible funding opportunities that require a match;	\$4,918,455	7.54%	7
3	An institution of higher education, a consumer-owned utility, a business, or a non-profit organization, for eligible funding opportunities that require a match;	\$39,762,861	60.97%	41
4	Investor-owned utilities, for funding opportunities that require a match;	\$10,999,999	16.87%	2
5	An eligible entity not included in clauses (1) to (4); for funding opportunities that require a match;	\$999,999	1.53%	1
6	Eligible entities for funding opportunities not requiring a match, but for which cost-share would enhance likelihood of grant receipt or to increase the potential amount of federal funds received.	\$3,537,997	5.42%	7
	Total Reserved as of December 31, 2025	\$65,219,311		71

² 123 total SCF Matching Funds applications have been awarded reservations; as of 12/31/25 52 SCF Matching Fund awards were removed from the reserved list after their federal award applications were withdrawn or rejected, or their federal grant program was eliminated. Funds from those reservations will be available for future funding rounds of the SCF Matching Funds program.

³ Priority Category 1 includes \$5 million set aside for Commerce cost-share requirement for 40101d Grid Resilience Formula Grants. Applicants for the SCF Matching Funds Program in RFPs outside of 40101d grants are eligible in Categories 2-5. As of 12/31/25, \$2,668,631 40101d SCF Matching Funds awards have been reserved from Category 1.

Independent Financial Audit

Please see Attachment E for a copy of the financial audit of the department's expenditures for SCF conducted by independent auditor, Berry, Dunn, McNeil, & Parker LLC.

Recommendations for Legislative Enhancement

Matching Funds Program

Commerce has the following recommendations for the Legislature's consideration, as requested in subdivision 7 (7) of section 216C.391:

Amend Minn. Stat. § 216C.391, subd. 7 (6) as follows:

(6) a copy of a financial audit of the department's expenditures from the previous fiscal year under this section conducted by an independent auditor;

Reasoning:

The way this portion of the statute is written requires a financial audit for the previous calendar year due on February 15. The Department does not have statements for expenses close until mid-late January, which means an auditor only has a few short weeks to complete the full financial audit. Additionally, the state budgeting and accounting system operates on a July 1 – June 30 fiscal year. Aligning the audit with standardized financial calendar for the state will streamline the process.

Additional Available Funding Opportunities

A list of the most up-to-date screened and preapproved federal funding opportunities for SCF Matching Fund awards can be found in Attachment D.

Federal Grant Program Changes Affecting SCF

There were significant changes to the federal funding landscape in 2025 that has affected the number of available funding opportunities for SCF programs. Despite these challenges, there is increased opportunity and interest in SCF programs due to the approved expansion by the Minnesota Legislature to include for consideration federal funding opportunities beyond the Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA). Commerce staff anticipates interest and awards through 2026 to meet or exceed demand seen in 2025.

Attachment A: Entities Receiving SCF Matching Fund Reservations Under Round 4 in 2025

	Awardee	SCF Matching Funds Program Reserved Funds	Project Purpose
1	Beltrami Electric Cooperative	\$ 123,159.00	Beltrami Electric SCF Q1 2025: Proposed project is the rebuilding of 5.7 miles of distribution overhead electrical lines to underground to increase resiliency to the Little Rock Community on the Red Lake Reservation. This line serves many residential members but also critical services such as the Little Rock Community Center, Red Lake Supportive Housing, Red Lake Housing Authority, Red Lake Comp Health, Little Rock Water Tower, Little Rock Warning Siren, and the Department of Army - Red Lake Dam.
2	Blue Earth Light and Water	\$ 950,000.00	Blue Earth Solar 2025 Project: The City of Blue Earth/Blue Earth Light and Water, a Public Utility is to become a local clean energy generator with the addition of our first ever Municipal owned solar array. At just over 4 Megawatts (MW) this ground-mounted solar system will provide 30% of energy at peak. This important as a recent load increase require the added power supply. The renewable energy will assist in reducing rate impacts for our rural and remote community. Blue Earth Light and Water has the resources and experience to handle this renewable generation asset. The project is full supported by the City Council, Chamber of Commerce and all public safety services. The land is currently owned by the Blue Earth and Water, all local county permits have been acquired, this is a shovel ready project.
3	Chippewa Valley Ethanol Co LLLP	\$ 999,999.00	Increased Ethanol Production and Energy Efficiency Enhancement: The project aims to replace three aging boilers that currently have an average 72% energy efficiency with new modernized models that will achieve natural gas and use waste heat to achieve 85% energy efficiency. The new boilers will also help CVEC produce an additional 7.5 million gallons per year (MGY) of ethanol, a renewable energy source. The increase in ethanol production represents a 15% capacity expansion. By installing high-pressure boilers and expanding capacity, CVEC can integrate a steam turbine generator to produce onsite

	Awardee	SCF Matching Funds Program Reserved Funds	Project Purpose
			electricity, reducing reliance on coal power. The turbine will convert high-pressure steam into electricity while lowering steam pressure for plant use to operate at greater efficiency. The project will take place at the CVEC facility in Benson, Minnesota, a rural town in the western region of Minnesota. Areas affected by this project include the City of Benson, MN, Swift County, and 10 neighboring counties in western Minnesota.
4	Dakota Electric Association	\$ 999,999.00	Dakota Electric Associations New ERA ADMS Only Project: The New ERA investment, in partnership with Great River Energy, will be used for Dakota Electric Association to deploy a new advanced distribution management system to more efficiently operate and control distributed resources across their service territory in Minnesota. This enables ongoing member involvement in Great River Energy's virtual power plant that has up to 400 megawatts of flexible demand capabilities. Participation in Great River Energy's virtual power plant helps align member-owners with the wholesale market and creates opportunities to secure additional capacity while reducing greenhouse gas emissions. The new software also provides a platform to build upon and add capabilities and integrations in the future. This New ERA project will allow Dakota Electric Association to continue providing electricity to nearly 115,000 customers in Dakota, Rice, Scott, and Goodhue counties. Furthermore, the new software serves as a foundation for future capabilities and integrations. This will allow Dakota Electric Association to continue providing its members with best-in-class reliability and affordability in electricity costs. This software will be used for Dakota Electric Association to provide real-time information to their distribution system with new advanced distribution management system software. The software will provide new operational intelligence, allowing Dakota Electric Association to provide improved

	Awardee	SCF Matching Funds Program Reserved Funds	Project Purpose
			response time to outages, the ability to manage member-owned distributed energy resources for economic, reliability and capacity reasons and allow an improved integration with GRE for system response.
5	East Central Energy	\$ 999,999.00	East Central Energy's New ERA Solar Projects: These projects are featured on Great River Energy's ("GRE") New ERA application but are for the sole benefit of ECE and its members. These equate to approximately 29MW of solar arrays across ECE's service territory. GRE is seeking an award for these projects for 25% of the cost of the PPA. The expected net present value of the projects based on the expected stream of payments is \$66,819,329.48; therefore, the federal grant request is \$16,704,830. While the sites listed below have been preliminarily selected, ECE is continuing to work directly with the solar developer to evaluate and secure the sites, therefore the project locations may change. These projects will be developed by Engie Distributed Renewables Development, LLC (Engie), who will own and operate the proposed project. GRE is proposing to enter into an arms-length power PPA with Engie for at least 20 years for the energy, capacity, renewable energy credits, and ancillary services of the proposed project. Through a sleeved-PPA mechanism with GRE, ECE will receive a 25% discount for the power generated by these arrays during the term of the PPA.

	Awardee	SCF Matching Funds Program Reserved Funds	Project Purpose
6	East Central Energy	\$ 876,354.00	East Central Energy's Load Management Modernization Project: East Central Energy (ECE), a Member-Owner cooperative of GRE, is proposing the ECE Load Management Modernization Project to replace 8,600 load controllers, which will support the further deployment and utilization of demand-side resources as a virtual power plant (VPP). As a portion of GRE's VPP program, this program will enable the co-optimization of DERs and bulk power resources through a demand response management system (DRMS) or DER management system (DERMS). This project will be deployed across ECE's service territory in Minnesota and Wisconsin. The project will allow Participating Members to provide more precise load control and verification and the ability to shape fleets of member-consumers' appliances and devices in a way that responds to renewable generation and expands our system capabilities to adapt to widespread electric vehicle charging and electrified heating. The proposed investments in this project will mitigate the utilization of peaking generation, providing continued GHG emission reductions, grid reliability, and cost-saving opportunities for our Participating Members. The proposed project will also have additional environmental, ratepayer, and community benefits. The project will provide capacity value at a lower cost than alternatives, saving Member-Owners on their wholesale power costs and improving grid reliability.

	Awardee	SCF Matching Funds Program Reserved Funds	Project Purpose
7	Ecolibrium3	\$ 70,000.00	Eco3 Energy Training Corps: Eco3's project is a community-based approach designed to build the resilience and adaptive capacities for Minnesota disadvantaged communities, reduce greenhouse gas (GHG) emissions, and better prepare for and reduce the impacts of climate change. The project focuses on the reduction of energy poverty (12-18% energy burdens) and health disparities (low life expectancy) experienced by disadvantaged community residents in Justice40 areas of northeastern Minnesota. Impactful components include: 1) A joint Community Resilience Hub/Climate Training Center providing services to build and strengthen the community during blue-sky and disaster conditions; 2) Launch of an Energy Training Corps to address workforce gaps, and 3) Completed holistic home improvements including efficiency, electrification, disaster resilience, and healthy housing delivered by Energy Training Corps members undergoing on-the-job training.
8	Goodhue County Co-op Elec. Assn.	\$ 999,999.00	Goodhue County Cooperative Electric New ERA Project -2: Goodhue's projects provide significant local benefit and are a part of a larger portfolio of projects benefitting the region which include twenty of Great River Energy's member owners advancing a coordinated Portfolio of Actions across the generation and transmission ("G&T") and distribution level to implement a comprehensive strategic vision for decarbonization in a multi-level cooperative system rooted in the seven Cooperative Principles. Our Portfolio of Actions will accelerate and reinforce our commitment to acting collectively to create value for, and act in the best interest of, our members. This commitment is embodied in our approach to developing a consolidated LOI in close collaboration with 20 Participating Members. In true cooperative spirit, we collaborated extensively with Participating Members in co-creating a Portfolio of Actions that best enables the deepest practicable GHG emission reductions that reflect both the common and unique priorities and characteristics of our members. This

	Awardee	SCF Matching Funds Program Reserved Funds	Project Purpose
			application highlights two of these strategic pillars: coordinate member renewable energy resource deployment, and advance smart grid technologies that enable a virtual power plant.
9	Great River Energy	\$ 999,999.00	Great River Energy OBO Lake Country Power: Lake Country Power, a Member-Owner cooperative of GRE is proposing the Lake Country Power Load Management Modernization Project which will support the further deployment and utilization of demand-side resources as a VPP. Optimizing disaggregated resources provides opportunities for member-consumers, through their voluntary and open membership, to adopt economic technologies that enable dispatchable demand flexibility and generation capacity to balance the intermittency of renewable energy generation. As a portion of GRE's VPP program, this program will enable the co-optimization of DERs and bulk power resources through a DRMS or DERMS. Lake Country Power has the technical resources to deploy the load control receivers in member homes, and working with GRE, to integrate the system into the GRE DRMS or DERMS. Lake Country Power and GRE have invested in demand response since the 1970s, reducing the need for fossil fuel power generation. Currently, GRE's load control capability can reach 400 MW. These investments reflect our collective commitment to addressing reliability and decarbonization strategies from both the demand and supply sides while creating hundreds of millions of dollars of member savings. The GHG emission reduction benefits of our growing VPP will increase with these smart grid advancements, making the grid more efficient while electrification and variable renewable generation deployment continues.

	Awardee	SCF Matching Funds Program Reserved Funds	Project Purpose
10	Great River Energy	\$ 999,999.00	Great River Energy OBO Lake Region Electric: Pelican Lake Solar is a proposed 2.40 MW-AC solar project to be developed in Otter Tail County, Minnesota in the service area of Lake Region Electric Cooperative, a Member-Owner cooperative of GRE. The project will be developed by Nokomis Energy (Nokomis). Nokomis and/or its downstream partners will own and operate the proposed project. GRE is proposing to enter into an arms-length power purchase agreement (PPA) with Nokomis for at least 20 years for the energy, capacity, and renewable energy credits of the proposed project. Nokomis is a Minneapolis-based energy developer with an experienced team focused on developing community-based projects locally in Minnesota. GRE is confident that Nokomis is capable of providing power under the terms of the PPA. The proposed project will deploy single-axis tracking solar technology, high-efficiency photovoltaic modules, and advanced string inverters for improved efficiency and reliability. The project will exclusively utilize commercially available technology.

	Awardee	SCF Matching Funds Program Reserved Funds	Project Purpose
11	Kandiyohi Power Cooperative	\$ 999,999.00	KPC Solar Project: KPC's Solar project involves the installation of a 6.5 Megawatt (MW) solar array, aimed at expanding renewable energy capacity in a strategically located area in KPC territory. This project will significantly contribute to clean energy generation while providing long-term economic and environmental benefits to the region. The solar array will be accompanied by essential infrastructure improvements, with an estimated cost of \$2.5 million. These infrastructure upgrades will ensure the efficient integration of the solar array into the existing power grid, enhancing local energy reliability and supporting future renewable energy initiatives. The project's location has been carefully selected based on its optimal exposure to sunlight, proximity to existing transmission lines, and minimal environmental impact. Located in eastern Kandiyohi County, the site provides an ideal environment for solar power generation, enabling maximum energy production throughout the year. The solar array's capacity of 6.5 MW will contribute a substantial amount of electricity to the local grid, supporting both residential and commercial energy demands. The project is designed to address both current and future energy needs, fostering local energy independence, reducing greenhouse gas emissions, and promoting sustainability. Ultimately, this project will allow KPC to produce 10% of its own energy from a renewable source and will help keep KPC's rates stable for its members for years to come.
12	KISS, LLC	\$ 49,999.00	RD USDA REAP Geothermal KISS LLC: Geothermal for KISS LLC Farm Winery/Cidery. Winery and Office building geothermal and HVAC high velocity ducting. Cidery and Tasting Room geothermal and spiral ducting. The system will be the primary heat and cooling offsetting current propane heat and inefficient cooling currently used.

	Awardee	SCF Matching Funds Program Reserved Funds	Project Purpose
13	KISS, LLC	\$ 49,999.00	RD USDA Production Cold Storage with Priority Solar Power KISS LLC: Production cold storage with priority solar power. This project aims to upgrade our current mobile cold storage to a larger drive-in cooler with 9.9Kw of DC solar power and 6.8Kw of priority AC solar power and add 9.9Kw of DC solar power and 6.8Kw of priority AC solar power to our current walk-in cooler. Priority solar utilizes non-grid tied solar to power the units when the sun is shining (peak hours) and transitions to mains power at night automatically (non-peak hours). This adds solar power generation to the farm beyond what net-metering allows. Solar net metering maximum system is added to farm in another SCF grant application.
14	KISS, LLC	\$ 999,999.00	KISS LLC OCED ENERGY IMPROVEMENTS IN RURAL OR REMOTE AREAS: recently pending utility patent for a “Revolving Sun-Tracking Structure” this is an advanced greenhouse that allows for significant insulation on the Roof, Floor, Back wall and Sidewalls. The face of the structure has UV open solar glazing for sunlight transfer to the plants or occupants inside. The entire highly insulated structure rotates, tracking the suns movement, to maximize the glazing’s exposure to the sun throughout Fall, Winter and Spring to extend the growing season with the most efficiency possible. This structure also has medical therapy applications. The funds would be used to explore the tracking structures automation and the use of PV panel integration and automation for adding R-Value to the structure overnight for heat retention. Testing sensing wind speed and how to trigger a safe “home” position for storms. A layer of snow on the PV panels exterior from overnight precipitation can also add R-value. Deployment to Rural Winter Growers is simplified as the structure can be moved, as it is somewhat mobile reducing hurdles to adoption.

	Awardee	SCF Matching Funds Program Reserved Funds	Project Purpose
15	KISS, LLC	\$ 999,999.00	KISS LLC OCED ENERGY IMPROVEMENTS IN RURAL OR REMOTE AREAS Cold storage with Priority Solar Power: The global walk-in refrigerator market size was valued at \$11.2 billion in 2022 and is projected to reach \$20.2 billion by 2032, growing at a CAGR of 6.1% from 2023 to 2032. With outdoor walk-in refrigerator buildings as the fastest growing segment of the market in 2022, according to Allied Market Research. The Food and Agriculture Organization of the United Nations estimates that 30 percent of global food loss occurs at the agricultural production and harvest stage. Refrigerated storage close to the harvest location, for immediate temperature and humidity control of the crop allows for maximum harvest storage longevity. Additionally, the North American Electric Reliability Corporation released their 2023 Long-Term Reliability Assessment that illustrates growing resource adequacy concerns and capacity deficits that could lead to more frequent power outages across much of the US. Grant funded effort will be to prioritize the use of power generated by PV to an outdoor walk-in cooler building during peak energy demand at peak cooling load during the heat of the day. This building integrated PV will be packaged for rapid deployment to reduce the complexity of adoption. The PV building integration could provide shading and air gap to reduce external heat absorption from the sun's direct rays on the outer structure. Backup/Auxiliary/Additional mains power from the grid or generator may still be a requirement but prioritizing the use of PV power at peak times will save load on the grid and avoid peak energy costs. It will also protect the contents of the cooler from a grid outage when the time to recover the low temperature and high humidity environment is the shortest. The focus will be AC powered cooling and heating equipment without grid tied cogeneration, an electrical mains connection for off peak time where load is minimal may be required but possibly smaller circuit capacity than full peak. Removing barriers to rapid deployment and adoption.

	Awardee	SCF Matching Funds Program Reserved Funds	Project Purpose
16	KISS, LLC	\$ 60,000.00	RD USDA REAP Solar KISS LLC: Proposed Production: 64,304 kwh DC and 39kw AC Net Metering Season adjustable mount and bifacial panels for Snow/Winter generation maximization.
17	Minnesota Soybean Processors	\$ 999,999.00	MnSP Project to Increase Production of Renewable Fuels: Proposed project is a new project involving an adoption of Soap Carbonate Technology (SCT), developed and provided by Inventure Renewables, Inc., to optimize soapstock utilization at MnSP's soybean crush and biodiesel production facilities in Brewster, Minnesota. Traditional acidulation process uses strong acids to break down the raw materials. SCT replaces the use of strong acids like sulfuric acid with carbon dioxide and will allow MnSP to manufacture biodiesel more efficiently, while eliminating wastewater generated from this process and decreasing the plant's carbon intensity scoring. The intended purpose of the project is to increase biodiesel production by about 4 MGY in the most energy efficient way. SCT is expected to reduce MnSP's energy usage per pound product for this process compared to other processes by ~30%, increase product yield by ~5%, and increase EBITDA by ~7%.

	Awardee	SCF Matching Funds Program Reserved Funds	Project Purpose
18	North Itasca Electric Co-op, Inc	\$ 156,235.00	North Itasca Electric SCF Q1 2025 Resilience Project: The project led by North Itasca Electric Cooperative, Inc. (NIECI) is strategically focused on enhancing energy reliability and resilience in the tribal communities it serves. The proposed approach targets critical areas within NIECI's service territory, particularly around the Wirt Substation and the specified substations, where the infrastructure is most in need of modernization. The main components of this initiative include the rebuilding of the Wirt Substation, converting 1.5 miles of single-phase overhead lines to three-phase underground, and installing electronic reclosers at the Evenson, Jessie Lake, and Northome Substations. These upgrades are designed to address the vulnerabilities associated with aging infrastructure, thereby providing more stable and resilient power delivery. By upgrading overhead lines to underground, NIECI aims to improve grid resiliency, especially in adverse weather conditions, reducing the frequency and duration of power outages. This project is designed to be completed within two years, following a structured timeline that includes planning, design, procurement, and construction phases. The anticipated outcomes are a significantly more reliable power supply, enhanced grid resilience, and improved service quality for the tribal communities.
19	Northstar Lime, LLC	\$ 535,640.00	Northstar Lime/Boll Farms: New Solar energy generation project across four locations owned by Bryan Boll. A lime slag pelletizing plant and three agricultural storage facilities. The total project size 305.7 KW producing 317,303 kWh's. This will reduce energy costs for the organization of by \$45,000 per year. Two of the locations will have a an 80KW battery, the battery will help reduce demand charges and add back up power.
20	Renville-Sibley Coop. Power. Association	\$ 288,773.00	Renville-Sibley SCF 2025 Resilience: The proposed project by Renville-Sibley Co-op Power Association (RSPCA) involves converting 10 miles of overhead powerlines

	Awardee	SCF Matching Funds Program Reserved Funds	Project Purpose
			to three-phase underground lines in a rural area outside Fairfax, MN.
21	Sabathani Community Center	\$ 999,999.00	Sabathani Community Center (SCC) Geothermal Installation: Phase one of the geothermal district energy Dedicated Outside Air System (DOAS) has air only Fan Powered Variable Air Volume (FVAV) boxes and a heat pump HVAC system. This system will reduce natural gas usage by almost 105,924 therms - or an annual cost savings of \$60,822 a year, electrifying SCC's energy systems. The geothermal system alone would also remove almost 1,100 Metric Tons of carbon a year. The geothermal system will provide heating and cooling to the 188,000 square foot main campus building and is expandable to provide district energy to the remaining campus and surrounding community in future phases.
22	Shakopee Mdewakanton Sioux Community (SMSC)	\$ 336,362.00	CFI - SMSC Charging Grant Matching Fund Request: Through the CFI Community Program, SMSC is seeking \$1,345,446 in federal funding for the Strategic EV Charger Deployment for the Shakopee Mdewakanton Sioux Community Project (the "Project"), which will install ten total Build America Buy America (BABA) compliant electric vehicle (EV) chargers in publicly accessible locations across SMSC Tribal lands and enhance workforce development. Four of the ten chargers will be Direct Current Fast Chargers (DCFC) and the remaining six will be Alternating Current (AC) Level 2 EV chargers.
23	Traverse Electric Cooperative, Inc.	\$ 119,037.00	Traverse Electric 2025 SCF: Traverse Electric Cooperative's proposed project is the rebuilding of 8.2 miles of distribution overhead electrical lines to underground to increase resiliency to the communities of Tenny and surrounding areas.
24	University of Minnesota - Sustainability	\$ 999,999.00	Energy Infrastructure and Resilience for Climate Mitigation in NW Minnesota: Key to achieving the University of Minnesota Crookston (UMC)'s emission reduction goals is decommissioning and replacement of the existing coal and propane fired boilers that provide steam heat to most campus buildings. The proposed project will install a new high temperature thermal energy battery and

	Awardee	SCF Matching Funds Program Reserved Funds	Project Purpose
			other electrified steam generation equipment on the north end of campus. The high temperature thermal energy storage will enable the campus to work with the local utility to charge and discharge the battery at times optimal for the grid. To advance the goal to power the thermal storage and other campus loads with renewable electricity, this project will also install 1 MW of solar on the campus.
25	Wild Rice Electric Cooperative	\$ 82,963.00	Wild Rice Electric Cooperative SCF Q1 2025: This project offers significant community benefits by reducing the likelihood and consequences of disruptive events, particularly power outages, which can severely impact the health, safety, and economic stability of the affected areas. The proposed project is designed to significantly enhance energy reliability and resilience in the affected communities by addressing the root causes of frequent outages and prolonged service disruptions. The areas around Tulaby Lake and Snider Lake Road are particularly prone to outages due to the high density of tree cover, which often results in tree contact with overhead power lines. By converting approximately 7.6 miles of these overhead lines to underground, the project will effectively eliminate this primary source of faults, leading to more reliable and resilient energy delivery.
	Total Reserved for Round 4 SCF Matching Funds Program	\$ 15,698,509.00	

Attachment B: Entities Receiving Solar on Public Buildings Awards Sourced by SCF Funding

Local Government	Public Building	Award
Glencoe Light and Power	Glencoe Power Plant	\$ 111,300.00
City of Rochester	Rochester North Precinct	\$ 95,827.00
City of Anoka	Anoka Cannabis Dispensary	\$ 76,230.00
City of La Crescent	Wieser Park Pavilion	\$ 58,100.00
Rochester Public Utilities	Rochester Public Utilities Service Center	\$ 91,336.00
Olmsted County	Olmsted County Public Works Service Center - Main Building	\$ 75,999.00
Olmsted County	Olmsted County Public Works Service Center - Cold Storage Building	\$ 20,811.00
Olmsted County	Olmsted County Public Works Service Center - Wash Bay Building	\$ 62,433.00
Olmsted County	Graham Park Exhibition Center	\$ 93,660.00
Olmsted County	Chester Woods Office	\$ 10,660.00
Olmsted County	Oxbow Park Nature Center	\$ 91,140.00
City of Fifty Lakes	Fifty Lakes City Hall	\$ 49,500.00
City of Wykoff	Wykoff Waste Water Treatment Plant	\$ 92,988.00
City of Wykoff	Wykoff Well House	\$ 56,697.00
Tower Econ Development Authority	Vermillion Country School	\$ 61,539.80
Blue Earth Light and Water	Blue Earth Utility Warehouse	\$ 104,814.00
Blue Earth Light and Water	Blue Earth Power Plant Building	\$ 100,630.00
Olmsted County	Oxbow Park Caretaker House	\$ 15,792.00
Olmsted County	Chester Woods Caretaker House	\$ 10,265.00
City of Saint Peter	Saint Peter City Hall	\$ 100,926.00
City of Albert Lea	Albert Lea City Hall	\$ 90,945.00
City of Albert Lea	Albert Lea Fire Station	\$ 94,725.00
City of Albert Lea	Albert Lea Main Lift Station	\$ 102,760.00
City of Albert Lea	Albert Lea City Garage	\$ 89,055.00

Local Government	Public Building	Award
City of Lewiston	Lewiston City Hall	\$ 104,020.00
City of Lewiston	Lewiston Wastewater Treatment Plant	\$ 98,350.00
City of Lewiston	Lewiston Public Safety Building	\$ 102,514.00
Lac qui Parle County	Lac qui Parle County Government Center	\$ 93,835.78
City of Appleton	Appleton Wastewater Treatment Plant	\$ 108,864.00
City of Dawson	Dawson Sewer Treatment Plant	\$ 109,765.49
Ideal Township	Ideal Town Hall	\$ 66,920.00
Ideal Township	Ideal Fire Station Two	\$ 20,265.00
Ideal Township	Ideal Maintenance Garage	\$ 18,060.00
Ideal Township	Ideal Transfer Station	\$ 17,150.00
City of Graceville	Graceville Community Center	\$ 94,301.20
City of Graceville	Graceville Grace Village	\$ 83,741.00
Housing and Redevelopment Authority of Austin	HRA of Austin Courtyard Apartments	\$ 106,635.20
Housing and Redevelopment Authority of Austin	HRA of Austin Chauncey Apartments	\$ 110,541.20
Big Stone County	Beardsley Highway Shop	\$ 57,601.60
Big Stone County	Ortonville Highway Shop	\$ 93,710.40
City of East Gull Lake	East Gull Lake Water Treatment Plant	\$ 108,864.00
City of Rochester	Rochester Fire Station 5	\$ 102,949.00
Duluth Housing Redevelopment Authority	Duluth HRA King Manor	\$ 88,054.00
City of Rochester	Rochester City Hall	\$ 109,045.00
City of Rochester	Rochester Public Library	\$ 100,344.00
City of Rochester	Rochester Fire Station 1	\$ 109,917.00
City of Rochester	Rochester Fire Station 2	\$ 107,780.00
City of Rochester	Rochester Fire Station 3	\$ 107,115.00
City of Rochester	Rochester Fire Station 4	\$ 103,516.00
Cloquet Area Fire District	CAFD Ambulance and Fire Station	\$ 93,800.00
New Ulm Public Utilities	New Ulm Water Department Building	\$ 61,637.19

Local Government	Public Building	Award
New Ulm Public Utilities	New Ulm Natural Gas Department Building	\$ 33,795.02
City of Rochester	National Volleyball Center	\$ 103,741.00
City of Rochester	Rochester Transportation Center	\$ 103,741.00
City of Rochester	125 LIVE	\$ 100,855.00
City of Rochester	Rochester Recreation Center	\$ 100,855.00
City of Rochester	Rochester Civic Theatre	\$ 105,371.00
City of Rochester	Mayo Civic Center	\$ 99,196.00
Mower County	Mower County Recycling Center	\$ 112,000.00
Blue Earth Light and Water	Blue Earth West Water Treatment Plant	\$ 103,145.65
City of Bemidji	Bemidji Fire Station 2	\$ 71,886.04
City of Bemidji	Bemidji Sanford Center	\$ 111,905.23
City of Bemidji	Nielson Reise Curling Club	\$ 89,236.96
City of Bemidji	Bemidji City Park Warming House	\$ 111,996.76
City of Bemidji	Bemidji Water Treatment Plant Phase 2	\$ 108,430.56
City of Rochester	Rochester Maintenance Center	\$ 103,516.00
City of Le Sueur	Le Sueur Water Treatment Plant	\$ 101,000.00
City of Le Sueur	Le Sueur Wastewater Treatment Facility	\$ 107,053.00
Duluth Township	Duluth Town Hall	\$ 42,805.00
Duluth Township	Clifton Fire Hall	\$ 95,060.00
Rochester Public Utilities	RPU Well House 40	\$ 101,788.00
Rochester Public Utilities	RPU Well House 41	\$ 101,788.00
City of Kasson	Kasson Well 5	\$ 101,302.60
City of Mountain Lake	Mountain Lake Lift Station	\$ 101,302.60
City of Mountain Lake	Mountain Lake Water Treatment Plant	\$ 101,302.60
City of Stockton	Stockton Community Center and City Hall	\$ 26,250.00
City of Stockton	Stockton Well House	\$ 44,100.00

Local Government	Public Building	Award
City of Anoka	Anoka Golf Course Maintenance Building	\$ 108,360.00
City of Byron	Byron City Hall	\$ 104,945.00
City of Byron	Byron Wastewater Plant	\$ 98,658.00
City of Halstad	Halstad Community Center	\$ 101,302.60
City of Halstad	Halstad Sunny Apartments	\$ 92,607.53
City of Halstad	Halstad Fire Department	\$ 95,009.68
City of Halstad	Halstad Generator	\$ 101,302.60
City of Halstad	Halstad Municipal Utilities Building	\$ 69,658.40
City of Halstad	Landmark School	\$ 101,302.60
City of Halstad	Halstad Wastewater Treatment Plant	\$ 101,302.60
City of Hutchinson	Hutchinson City Center	\$ 101,500.00
City of Hutchinson	Hutchinson 177 Inventory Building	\$ 27,596.80
City of Hutchinson	Hutchinson 1300 Adams Lift Station	\$ 95,690.00
City of Hutchinson	Hutchinson Compost Site	\$ 97,944.00
City of Hutchinson	Creekside Soils Building	\$ 94,248.00
City of Hutchinson	Hutchinson Forestry Building	\$ 31,015.60
City of Hutchinson	Hutchinson EDA Building	\$ 34,280.40
City of Hutchinson	Hutchinson Golf Course Rd Water Tower	\$ 51,420.60
City of Hutchinson	Hutchinson HATS Office	\$ 101,500.00
City of Hutchinson	Hutchinson Utilities Commission Office	\$ 100,435.30
City of Hutchinson	Hutchinson Fire Station	\$ 99,400.00
City of Hutchinson	Hutchinson Liquor Store	\$ 100,435.30
City of Hutchinson	Hutchinson Ice Arena	\$ 100,435.30
City of Hutchinson	Hutchinson Wastewater Treatment Plant	\$ 101,302.60
City of Hutchinson	Hutchinson Police Station	\$ 100,435.30
City of Hutchinson	Hutchinson Power Plant 1	\$ 101,302.60
City of Hutchinson	Hutchinson Power Plant 2	\$ 101,302.60
City of Hutchinson	Hutchinson Cold Storage Building	\$ 53,053.00

Local Government	Public Building	Award
City of Hutchinson	Hutchinson Rec Center	\$ 87,964.80
City of Motley	Motley Wastewater Treatment Facility	\$ 111,986.00
Otter Tail County	Otter Tail County Government Service Center	\$ 99,905.00
Otter Tail County	Otter Tail County Operations Center	\$ 96,950.50
City of Kasson	Kasson Well 4	\$ 101,302.60
City of Kasson	Kasson Sewer Plant	\$ 101,302.60
City of Kasson	Kasson Ice Arena	\$ 100,435.30
City of Kasson	Kasson Library	\$ 101,302.60
City of Kasson	Kasson Fire Hall	\$ 100,435.30
City of Kasson	Kasson City Hall	\$ 54,974.50
City of Kasson	Kasson Police Department	\$ 52,959.90
City of Kasson	Kasson North Park Maintenance	\$ 42,294.00
City of Kasson	Kasson New Water Tower NE	\$ 42,294.00
City of Kasson	Kasson SW Water Tower	\$ 68,767.30
City of Kasson	Kasson Public Works	\$ 100,435.30
City of Kasson	Kasson Park and Aquatics Center	\$ 100,435.30
City of Kasson	Kasson Well 2	\$ 101,302.60
City of Kasson	Kasson Liquor Store	\$ 100,435.30
City of Red Lake Falls	Red Lake Falls Water Treatment Facility	\$ 96,257.00
City of Anoka	Anoka Public Works/AMU Service Building	\$ 112,000.00
City of Hitterdal	Hitterdal Community Center	\$ 93,983.00
City of Hitterdal	Hitterdal Liquor Store	\$ 47,901.00
Appleton Area Health	Apple Ridge Estates	\$ 88,054.00
Appleton Area Health	Appleton Area Health Care Center	\$ 95,728.00
City of Ely	Ely Waste Water Treatment Plant	\$ 103,960.50
City of Glencoe	Glencoe City Center	\$ 100,435.30
City of Glencoe	Glencoe Liquor Store	\$ 100,435.30
City of Glencoe	Glencoe Waste Water Treatment Plant	\$ 101,302.60

Local Government	Public Building	Award
City of Hackensack	Hackensack City Hall	\$ 15,365.00
City of Hackensack	Hackensack Community Center	\$ 22,736.00
City of Hackensack	Hackensack Off Sale Liquor Store	\$ 43,820.00
City of Hackensack	Hackensack Water Department Building	\$ 65,380.00
Madelia Municipal Light & Power	Madelia Government Center	\$ 100,435.30
Madelia Municipal Light & Power	Madelia Library	\$ 68,256.30
Madelia Municipal Light & Power	Madelia Liquor Store	\$ 48,822.20
Madelia Municipal Light & Power	Madelia Street Department Building	\$ 43,425.20
Madelia Municipal Light & Power	Madelia Wastewater Bio Solids Facility	\$ 101,302.60
Madelia Municipal Light & Power	Madelia Wastewater Treatment Plant	\$ 101,302.60
Madelia Municipal Light & Power	Madelia Water Treatment Facility	\$ 101,302.60
Madelia Municipal Light & Power	Madelia Well 2	\$ 101,302.60
Madelia Municipal Light & Power	Madelia Well 3	\$ 99,136.10
City of Rochester	Soldiers Field Pool	\$ 107,158.00
City of Rochester	Northern Hills Golf Course	\$ 74,600.00
City of Stewartville	Stewartville Public Library	\$ 93,100.00
City of Windom	Windom Community Center	\$ 101,302.60
City of Windom	Windom Landfill	\$ 101,302.60
City of Windom	Windom Main Lift Station	\$ 101,302.60
City of Windom	Windom Wastewater Treatment Plant	\$ 101,302.60
City of Windom	Windom Water Treatment Plant	\$ 101,302.60
City of Windom	Windom Well 8 Building A	\$ 101,302.60
Glencoe Light and Power	Glencoe Power Plant 2	\$ 104,149.50

Local Government	Public Building	Award
Lake County Soil and Water Conservation District	Lake County SWCD Office Building	\$ 20,844.60
New Ulm Public Utilities	New Ulm Electrical Distribution Department	\$ 34,101.75
Saint Louis County	Culver Public Works Building	\$ 112,000.00
Saint Louis County	Whiteface Public Works Building	\$ 112,000.00
Saint Louis County	Kugler Public Works Building	\$ 112,000.00
Western Lake Superior Sanitary District	Pike Lake Pump Station	\$ 110,390.00
	Total:	\$ 13,894,883.84

Attachment C: Projects Supported by MnCIFA Through SCF2 Funds in Pursuit of Direct Pay-Eligible Projects

Project	Energy technology	MnCIFA loan	Federal Direct Pay or ITC as % of clean energy components	Project total costs
Sandstone School Workforce House	High-efficiency HVAC + energy efficiency	\$3,623,000	75%	\$7,313,000
Avenues for Youth – Mpls	Geothermal	\$4,500,000	30%	\$22,500,000
3561 Minnehaha Apartments – Mpls	Passive housing: 100% electric + solar + energy efficiencies	\$2,000,000	40% for solar	\$8,600,000
Greater MN Housing Fund revolving loan fund: First loan Mpls affordable apartments with community clinic	Net-zero housing: geothermal + solar + energy efficiencies	\$4,000,000	30%	\$35,000,000
Lake Street Solar + MN Interfaith Power & Light	Solar portfolio: 10 nonprofit sites	\$1,835,000	30%	\$2,135,000
30,000 Feet – Black Arts & Tech Center – St. Paul	Geothermal + solar	\$750,000	30%	\$7,580,000
TOTAL projects with closed loans⁴		\$16,708,000		\$83,128,000

⁴ Does not include loans approved by MnCIFA Board of Directors that are in the process of being closed.

Attachment D: Additional Available Funding Opportunities – Approved for SCF Matching Funds

Program Title	Opportunity Number from Grants.gov
Workforce Development / Training	
Energy Auditor Training Grants	DE-FOA-0003204
Building, Training & Assessment Centers	DE-FOA-0002940
Career Skills Training Program	DE-FOA-0003132
Industrial Research & Assessment Centers - Implementation Grants	DE-FOA-0002940
Advancing Equity through Workforce Partnerships	DE-FOA-0002769
Training for Residential Energy Contractors (TREC - for States, competitive)	DE-FOA-0003316
EPA EJ Government to Government Program	EPA-R-OEJECR-OCS-23-02 NOFO
Buildings & Energy Efficiency	
Resilient and Efficient Code Implementation (RECI)	DE-FOA-0002813 / DE-FOA-003225
Renew America's Schools (2023)	DE-FOA-0002756 / FY2024 FOA # TBA
Renew America's Schools Prize (2024)	None
Renew America's Nonprofits	DE-FOA-0003066
Energy Efficiency and Conservation Block Grant - Competitive	DE-FOA-0002988
USDA Rural Energy for America Program (REAP) Renewable Energy Systems and Energy Efficiency (Grants)	RDBCP-REAP-RES-EEI-2023-2024
USDA Rural Energy for America Program (REAP) Technical Assistance Grants	RD-BCP-23-TAG-REAP
Latest and Zero Building Energy Code Adoption Competitive Grant Program	DE-FOA-0003056
HUD Green and Resilient Retrofit Program (Grants) - Energy-related projects/activities only	FR-6700-N-91A / FR-6700-N-91B
HUD Green and Resilient Retrofit Program - Benchmarking - Energy-related projects/activities only	FR-6700-N-91A
HUD Green & Resilient Retrofit Program - Elements	Mod. FY24FR-6700-N-91B
Grant Funding to Address Indoor Air Pollution at Schools	EPA-R-OAR-APS-24-02

Program Title	Opportunity Number from Grants.gov
Airport Improvement Grants - Energy-related projects /activities only	FAA-ARP-AIP-G-: 22-001, 23-002, 24-001, 23-001 FAA-ARP-BIL-G-: 23-002, 24-002, 24-001, 23-001, 24-003
Rural Energy Savings Program (RESP)	§ 7 CFR part 1719
Energy / Grid / Transmission / Storage	
Grid Resilience Grants - Competitive Grants	DE-FOA-0002740 / DE-FOA-0003195
Grid Resilience Grants Preventing Outages & Enhancing the Resilience of the Electric Grid Formula Grants to States and Indian Tribes	DE-FOA-0002736 / DE-FOA-0003221
Energy Improvement in Rural & Remote Areas	DE-FOA-0002970
Energy Improvement in Rural or Remote Areas (ERA) Fixed Award Grant Program	DE-FOA-0003045
Grid Resilience Innovation Program	DE-FOA-0002740 / DE-FOA-0003195
Transmission Facilitation Program	GDO-TFPFY23CAP / GDO-TFPFY24CAP
Smart Grid Grants	DE-FOA-0002740 / DE-FOA-0003195
Rural & Municipal Utility Advanced Cybersecurity Grant and Technical Assistance (RMUC)	DE-FOA-0002986
Long-Duration Energy Storage Demonstrations	DE-FOA-0002867
Advanced Reactor Demonstration Program	DE-FOA-0002271
USDA Empowering Rural America New ERA Grant Program	RUS-NewERA-2023
Transmission Siting and Economic Development (TSED) Grant Program	DE-FOA-0003101
Tribal Electrification Program	DE-FOA-000TBD
Artificial Intelligence for Interconnected (AI4IX) Program	Available through ConnectWerx – Opp. #: CWX-010-GDO
Energy Storage Pilot Demonstrations	DE-FOA-0003399
FY 2023 EDA Disaster Supplemental - Energy-related projects /activities only	EDA-DISASTER-2023
EDA FY25 Disaster Supplemental - Energy-related projects /activities only	EDA-DISASTER-2025

Program Title	Opportunity Number from Grants.gov
Electric Vehicles (Grants or Rebates)	
Clean Heavy-Duty Vehicle Program	EPA-HQ-OAR-2023-0216-0001 EPA-R-OAR-24-06
Clean School Bus Program (Grants)	EPA-HQ-OTAP-23-06
Low or No Emission Grant Program and Grants for Buses and Bus Facilities	FTA-2024-003-TPM-LWNO & FTA-2024-004-TPM-BUS
Joint Office of Energy and Transportation: Communities Taking Charge Accelerator FY 2024	DE-FOA-0003214
Community Charging and Alternative Fueling Grants (Community Program)	693JJ324NF00017
Cybersecurity for the Energy Sector	
Improving Cybersecurity Posture of Rural and Municipal Utilities	DE-FOA-0002877
Cybersecurity for the Energy Sector Research, Development, and Demonstration	DE-FOA-0003223
Hydrogen	
Clean Hydrogen Electrolysis, Manufacturing, & Recycling	DE-FOA-0002922
Regional Clean Hydrogen Hubs	DE-FOA-0002779
DOE SBIR/STTR Small Business Innovation Research / Small Business Technology Transfer Topic Area C58-16 funded by IIJA	DE-FOA-0003202
Renewables (Solar / Wind / Hydro / Geothermal / Biofuels)	
Hydroelectric Incentives Program 2023	S. 242 EAct 2005
Maintaining & Enhancing Hydroelectricity Incentives	S. 247 EAct 2005
Pumped Storage Hydropower Wind and Solar Integration and System Reliability Initiative	DE-FOA-0002802
Clean Energy Demonstration Program on Current & Former Mine Land	DE-FOA-0003009
Water Power Projects: Innovative Technologies to Enable Low Impact Hydropower and Pumped Storage Hydropower Growth	DE-FOA-0002731
Renewable Energy Projects funding opportunities issued under IIJA section 41007	Program Level
Bipartisan Infrastructure Law Enhanced Geothermal System (EGS) Pilot Demonstrations	DE-FOA-0002826
Photovoltaics Research & Development	DE-FOA-0002582

Program Title	Opportunity Number from Grants.gov
Wind Energy Technology Program	Program Level
Wind Energy Tech Recycling Research and Development Program	DE-FOA-0003373
Key Deployment Challenges for Offshore, Land-Based, and Distributed Wind	DE-FOA-0002828
Silicon Solar Manufacturing, & Dual-use Photovoltaics Incubator	DE-FOA-0003057
Solar and Wind Grid Services and Reliability Demonstration	DE-FOA-0002745
Bipartisan Infrastructure Law Materials, Operations, and Recycling of Photovoltaics (MORE PV)	DE-FOA-0002985
DOE SBIR/STTR Small Business Innovation Research / Small Business Technology Transfer FY 2024 Phase II Release 2	DE-FOA-0003279
DOE SBIR/STTR Small Business Innovation Research / Small Business Technology Transfer Topic Area C58-18 funded by BIL (IIJA).	DE-FOA-0003202
REAP- Renewable Energy System & Energy Efficiency Improvement Guaranteed Loans & Grants	RBS-22-Business-0029
Enhanced Geothermal Systems Pilot Demonstrations	DE-FOA-0002826
Inflation Reduction Act Funding for Advanced Biofuels	DE-FOA-0003178
Wind Turbine Technology Recycling	DE-FOA-0003373
Higher Blends Infrastructure Incentive Program	RBCS-2023-2024-01-HBIIP
Clean Energy Technology Deployment on Tribal Lands - 2023	DE-FOA-0002975
Carbon	
Carbon Utilization Procurement Grants	DE-FOA-0002829
Clean Fuels & Products Shot: Supporting Carbon Utilization Products via Electrochemical Conversion and Refinery and Petrochemical Facilities Retrofitting	DE-FOA-0003018 Mod. No. 01
Carbon Dioxide Transportation Infrastructure Finance and Innovation (CIFIA) Program: Future Growth Grants	DE-FOA-0002966
Carbon Capture Technology Program, Front-end Engineering Design for Carbon Dioxide Transport	DE-FOA-0002730
Storage Validation & Testing: Carbon Storage Assurance Facility Enterprise (CarbonSAFE): Phases III, III.5, & IV	DE-FOA-0002711

Program Title	Opportunity Number from Grants.gov
Regional Direct Air Capture Hubs	DE-FOA-0002735
Carbon Capture Demonstration Projects	DE-FOA-0002962
Carbon Capture Large-Scale Pilot Programs	DE-FOA-0002963
Carbon Capture Demonstration Projects Program Studies for Integrated Carbon Capture, Transport, and Storage Systems	DE-FOA-0002738
Industrial Decarbonization and Emission Reduction Demonstration to Deployment	DE-FOA-0002936
Commercial Direct Air Capture Prize	N/A - Prize
DOE SBIR/STTR Small Business Innovation Research / Small Business Technology Transfer Topic Area C58-23 funded by BIL (IIJA)	DE-FOA-0003202
Smart Manufacturing and Recycling Tactics for States (SMART)	DE-FOA-0003376
Point Source Carbon Capture Large-Scale Pilots, Commercial Demonstrations, and Networked Demonstration Commercialization	DE-FOA-0003473
Carbon Negative Shot Pilots	DE-FOA-0003082
Batteries and Recycling	
Consumer Electronics Battery Recycling, Reprocessing, and Battery Collection	DE-FOA-0002897
Battery Materials Processing and Battery Manufacturing	DE-FOA-0003099
Battery Recycling & Second Life Applications	DE-FOA-0002680
FY 23 Electric Drive Vehicle Battery Recycling and Second Life Applications	DE-FOA-0003120
Advanced Energy Manufacturing & Recycling Grant Program	DE-FOA-0002907
Materials, Operation, and Recycling of Photovoltaics	DE-FOA-0002985
EPA Environmental Justice	
Environmental and Climate Justice Community Change Grants Program	EPA-R-OEJECR-OCS-23-04
Environmental Justice Thriving Communities Grantmaking Program	EPA-R-OEJECR-OCS-23-03
EJ Collaborative Problem-Solving Cooperative Agreement Program	EPA-R-OEJECR-OCS-23-01

Program Title	Opportunity Number from Grants.gov
EJ Government to Government Program	EPA-R-OEJECR-OCS-23-02
Community Change Equitable Resilience Technical Assistance	None – applicants applied directly to EPA
Other Miscellaneous	
Rare Earth Elements Demonstration Facility	DE-FOA-0002618
Front-End Engineering & Design (FEED) Studies for Production of Critical Minerals & Materials from Coal-Based Resources	DE-FOA-0002854
Energy Improvements in Rural or Remote Areas	DE-FOA-0003328
Availability of High-Assay Low Enriched Uranium (HALEU)	None – no funding opportunity announcement from grants.gov
Clean Ports Program: Zero-Emission Technology Deployment Competition	EPA-R-OAR-CPP-24-04
Clean Ports Program: Climate and Air Quality Planning Competition	EPA-R-OAR-CPP-24-05
Climate Pollution Reduction Grants - Phase 2 Implementation Grants for Tribes - Energy-related projects/activities only	EPA-R-OAR-CPRGT-23-09
Climate Pollution Reduction Grants - Phase 2 Implementation Grants General Competition - Energy-related projects/activities only	EPA-R-OAR-CPRGI-23-07
Environmental and Climate Justice Community Change Grants - Energy-related projects/activities only	EPA-R-OEJECR-23-04
Airport Terminal Program - Energy-related projects/activities only	FAA-ARP-BIL-G-23-002
Building Resilient Infrastructure and Communities Program (BRIC) Energy-related projects/activities only	DHS-23-MT-047-00-98
Maritime Administration's Port Infrastructure Development Program	
Methane Emission Reduction Program, Oil and Gas Methane Monitoring and Mitigation (OGM3)	DE-FOA-0003256
Funding to Support Tribal Climate Resilience Energy Projects Only	None – approval for general applications in this area.
Charging & Fueling Infrastructure Discretionary Grant Program Round 2	693JJ324NF00017
Nuclear Reactor Safety Training and Workforce Development Program	DE-FOA-0003410
Generation III+Small Modular Reactor Pathway to Development	DE-FOA-0003485
FY 2025 Airport Terminal Program (ATP)	FAA-FAA-2024-0868

Program Title	Opportunity Number from Grants.gov
Value-Added Producer Grant - Energy-related projects/activities only	RDBCP-VAPG-2025
Decarbonization of Water Resource Recovery Facilities	DE-FOA-0002855
National Clean Investment Fund (NCIF)	EPA-R-HQ-NCIF-23
Mine of the Future - Proving Ground Initiative	DE-FOA-0003390
Electrochemical Systems - Energy-related projects /activities only	PD-23-7644
Agriculture and Food Research Initiative Competitive Grants Program Foundational and Applied Science Program - Energy-related projects /activities only	USDA-NIFA-AFRI-011134
Electrochemical Systems - Energy-related projects /activities only	PD-23-7644
Rural Energy Savings Program (RESP)	§ 7 CFR part 1719
	<i>Last updated: 2/9/26</i>

Attachment E: Independent Financial Audit



Minnesota State Competitiveness Fund

FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

December 31, 2025

With Independent Auditor's Report



MINNESOTA STATE COMPETITIVENESS FUND

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INDEPENDENT AUDITOR'S REPORT

Members of Management
Minnesota Department of Commerce
Division of Energy Resources

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Minnesota State Competitiveness Fund (the Fund), a component unit of the State of Minnesota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Fund as of December 31, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

U.S. GAAP requires that Management's Discussion and Analysis on pages 4 to 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Members of Management
Minnesota Department of Commerce
Division of Energy Resources

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2026, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

BDM Assurance, LLP

Manchester, New Hampshire
February 9, 2026

MINNESOTA STATE COMPETITIVENESS FUND

Management's Discussion and Analysis (Unaudited)

Introduction

The Minnesota State Competitiveness Fund ("SCF" or the "Fund") was established in 2023 with the purpose of increasing the success of Minnesota applicants in the pursuit of federal funds for projects that help to meet State of Minnesota clean energy goals. State funding was appropriated to provide support for grant development assistance, to offset the cost-share requirements of federal funding programs, and to reduce the project costs for the Minnesota entities receiving federal grant, tax credit and loan funding. Funding was also provided to support Commerce's Technical Assistance and Administration work, Reports and Audits, and Information Systems development related to the SCF.

The *Financial Statements with Supplementary Information* consist of three main parts: management's discussion and analysis ("MD&A"); the basic financial statements, which provide both short-term and long-term information about the Fund's overall financial status; and the notes to the financial statements, which are an integral part of the report as they provide additional explanation and more detailed information regarding the amounts in the basic financial statements and other significant aspects of the Fund's operations.

The Basic Financial Statements

There are three statements that comprise the Fund's enterprise fund basic financial statements.

The **Statement of Net Position** presents information on the Fund's assets and liabilities, with the difference between the two reported as Net Position (also referred to as capital or equity). This statement is presented as of the Fund's year end, December 31.

The **Statement of Revenues, Expenses, and Changes in Net Position** reports operating revenues and expenses incurred in the normal course of business (operating income or loss) plus operating revenues and expenses such as non-exchange transactions, including grants, transfers between entities, and other transactions of an unusual or non-recurring nature.

The **Statement of Cash Flows** reports on the sources and uses of changes in cash and cash equivalents for the year. Activities that affect a change in cash are grouped into four potential categories: (1) operating activities; (2) non-capital financing activities (debt-related activities and non-operating income); (3) investing activities; and (4) capital-related financing activities (purchase and financing of capital assets).

Change in Accounting Principle. As disclosed in Note 2 to the basic financial statements in 2025, the Fund adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*. The adoption of the statements and related guidance during the year ended December 31, 2025 did not have a material impact on the financial statements of Fund.

Net Position

Total assets decreased by \$66,282,989 from \$199,669,585 in 2024 to \$133,386,596 in 2025. The primary reason was due to a transfer of \$60,000,000 to the Minnesota Climate Innovation Authority.

Total liabilities increased by \$223,198 from \$141,636 in 2024 to \$364,834 in 2025 due primarily to grant contracts and the impact of the adoption of GASB Statement No. 101, *Compensated Absences*.

MINNESOTA STATE COMPETITIVENESS FUND

Management's Discussion and Analysis (Unaudited)

Total net position decreased by \$66,506,187 in 2025, based on an operating loss of \$12,514,315, nonoperation revenue totaling \$6,008,128 representing interest earnings on the Fund's cash balances maintained by the State Board of Investment in the Invested Treasurer's Cash Pool, and the transfer to Minnesota Climate Innovation Authority totaling \$60,000,000.

Revenues, Expenses and Changes in Net Position

Nonoperating revenue consists of interest income totaling \$6,008,128 in 2025 compared to \$4,063,732 in 2024 earned on the Fund's cash balances maintained by the State Board of Investment in the Invested Treasurer's Cash Pool.

Salaries and fringe benefits totaled \$791,498 in 2025 compared to \$84,726 in 2024 due to increased salaries and benefits costs for the Fund's employees as well as the impact of the adoption of GASB Statement No. 101, *Compensated Absences*.

Grants totaled \$11,560,876 in 2025 compared to \$1,152,669 in 2024 primarily due to a round one awardee receiving \$9,560,159 during 2025.

Purchased services totaled \$52,757 in 2025 compared to \$9,000 in 2024 primarily due to additional support services provided by Minnesota IT Services.

Supplies, materials, and other expenses totaled \$109,184 in 2025 compared to \$2,710 in 2024 primarily due to additional office supplies, advertising costs, and travel costs related to the ongoing promotion of the Fund and its mission.

Cash Flows

Table 1 is a presentation that provides important information about the sources and uses of the Fund's cash inflows and outflows from its business operations. Cash flows are grouped by four categories, when applicable: (1) Operating Activities include paying for operating expenses and grant disbursements; (2) Non-Capital Financing Activities include transfers and appropriations out of the Fund; (3) Investing Activities are the result of interest income from cash and cash equivalents; and (4) Capital and Related Financing Activities that includes the purchase and the financing of capital assets and related repayments.

Fiscal Year	<u>2025</u>
Used for grant disbursements	\$ (11,560,876)
Used for all other operating activities	<u>(730,241)</u>
Used for operating activities	(12,291,117)
Used for non-capital financing activities	(60,000,000)
Provided by investing activities	<u>6,008,128</u>
Net decrease in cash and cash equivalents	\$ <u>(66,282,989)</u>

MINNESOTA STATE COMPETITIVENESS FUND

Management's Discussion and Analysis (Unaudited)

Table 1 shows that in 2025, operations used net operating cash of \$12,291,117 to fund grants. In 2025, non-capital financing activities used \$60,000,000 of cash, primarily due to transfers of \$60,000,000 to the Minnesota Climate Innovation Authority. Investing activities provided cash of \$6,008,128 in 2025 from interest earned on balances in the State's Invested Treasurer's Cash Pool. There were no capital and related financing activities in 2025.

Currently Known Facts, Decisions or Conditions that are Expected to have a Significant Effect on Net Position or Results of Operations

Certain key activities are expected to impact the SCF account balances in 2026 and beyond including the practice of reserving funds at the time of approval and the successful Solar on Public Buildings statewide grant round. Annually, the SCF Match Program sets aside funds for approved projects. These funds are reserved such that a project knows it will have the matching funds available if it successfully receives federal funding. Since inception, the SCF Match Program has reserved over \$32 million for projects with federal awards and reserved more than \$25 million for projects awaiting determination on their federal grant application. In addition, there is a fifth round of funding currently available for project application submission. The Solar on Public Buildings statewide round closed on December 1, 2025. Not all awardees secured executed contracts by the close of the 2025 calendar year; however, approved projects are anticipated to utilize \$14.46 million in available SCF funds.

This financial report is designed to provide a general overview of SCF's financial activity. If you have questions about this report or need additional financial information, please contact Lissa Pawlisch, Assistant Commissioner, at 85 7th Place East, Suite 280, Saint Paul, MN 55101, via email at Lissa.Pawlisch@state.mn.us. Visit the SCF website at [State Competitiveness Fund / Minnesota Department of Commerce - Energy](#).

MINNESOTA STATE COMPETITIVENESS FUND

Statement of Net Position

December 31, 2025

Assets

Current assets

Cash and cash equivalents	\$ 133,386,596
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Total assets	<u>\$ 133,386,596</u>
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Liabilities

Current liabilities

Accounts payable	\$ 271,711
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Accrued payroll and related liabilities	<u>40,062</u>
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Non current liabilities

Accrued payroll and related liabilities	<u>\$ 53,061</u>
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Total liabilities	<u>\$ 364,834</u>
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Net Position

Unrestricted	<u>\$ 133,021,762</u>
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Total net position	<u>\$ 133,021,762</u>
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The accompanying notes are an integral part to these financial statements.

MINNESOTA STATE COMPETITIVENESS FUND

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended December 31, 2025

Operating expenses	
Salaries and fringe benefits	\$ 791,498
Grants	11,560,876
Purchased services	52,757
Supplies and materials	1,749
Other expenses	<u>107,434</u>
Total operating expenses	<u>12,514,315</u>
Operating loss	<u>(12,514,315)</u>
Nonoperating revenues	
Interest earnings	<u>6,008,128</u>
Total nonoperating revenues	<u>6,008,128</u>
Net decrease in net position	(6,506,187)
Net position, beginning of year	199,527,949
Transfers to the Minnesota Climate Innovation Authority	<u>60,000,000</u>
Net position, ending of year	<u><u>\$ 133,021,762</u></u>

The accompanying notes are an integral part to these financial statements.

MINNESOTA STATE COMPETITIVENESS FUND

Statement of Cash Flows

For the Year Ended December 31, 2025

Cash flows from operating activities	
Operating expenses paid	\$ (730,241)
Grant disbursements	<u>(11,560,876)</u>
Net cash used for operating activities	<u>(12,291,117)</u>
Cash flows from non-capital financing activities	
Transfers and appropriations out of the Fund	<u>(60,000,000)</u>
Net cash used by non-capital financing activities	<u>(60,000,000)</u>
Cash flows from investing activities	
Interest received on cash and cash equivalents	<u>6,008,128</u>
Net cash provided by investing activities	<u>6,008,128</u>
Net decrease in cash and cash equivalents	(66,282,989)
Cash and cash equivalents, beginning of year	<u>199,669,585</u>
Cash and cash equivalents, end of year	<u><u>\$ 133,386,596</u></u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (12,514,315)
Changes in assets and liabilities:	
Accrued payroll and related liabilities	8,397
Accounts payable	<u>214,801</u>
Net cash used for operating activities	<u><u>\$ (12,291,117)</u></u>

The accompanying notes are an integral part to these financial statements.

MINNESOTA STATE COMPETITIVENESS FUND

Notes to the Financial Statements

December 31, 2025

1. Authorizing Legislation

The Minnesota State Competitiveness Fund ("SCF" or the "Fund") was established in 2023 with the purpose of increasing the success of Minnesota applicants in the pursuit of federal funds for projects that help to meet State of Minnesota clean energy goals. State funding was appropriated to provide support for grant development assistance, to offset the cost-share requirements of federal funding programs, and to reduce the project costs for the Minnesota entities receiving federal grant, tax credit and loan funding. Funding was also provided to support Commerce's Technical Assistance and Administration work, Reports and Audits, and Information Systems development related to the SCF.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Fund follows the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when incurred in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Adoption of New Accounting Pronouncements

During the year ended December 31, 2025, the Fund adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The adoption of the statement did not have a material impact on the financial statements of the Fund.

During the year ended December 31, 2025, the Fund adopted new accounting guidance, GASB Statement No. 102, *Certain Risk Disclosures*. The adoption of the statement did not have a material impact on the financial statements of the Fund.

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statements of financial condition and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management did not make any material estimates that are particularly susceptible to significant change in the near-term.

Cash and Cash Equivalents

For purposes of the statement of net position classification and the statement of cash flows, the Fund considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Fund's cash and cash equivalents are managed by the State Board of Investment in the Invested Treasurer's Cash (ITC) Pool, which is a short-term pooled fund.

MINNESOTA STATE COMPETITIVENESS FUND

Notes to the Financial Statements

December 31, 2025

The custodial credit risk for cash held as bank deposits is the risk that, in the event of a bank failure, the Fund's deposits may not be recovered. Bank deposits in excess of the insured amount and collateralized amount are uninsured and uncollateralized. The Fund's bank deposits at December 31, 2025 totaled \$66,282,989 and were included in cash and cash equivalents on the statement of net position. Of this amount, \$0 was exposed to custodial risk as uninsured and uncollateralized.

Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. The Fund's cash and cash equivalents are held as bank deposits in high quality, liquid, short-term investments and are not subject to interest rate risk.

2. Summary of Significant Accounting Policies (Continued)

Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination, or death, employees are compensated for unused sick and vacation leave at their then-current rates of pay. The liability for vacation leave is based on the amount earned, but not used, for vacation leave. It is an estimated amount based on the amount accumulated at the balance sheet date that would be paid upon retirement. The liability for sick leave and vacation leave are included in accrued payroll and related liabilities. The calculation is based on the salary rates in effect as of the date of the statement of net position. The liability for compensated absences includes applicable salary-related employer obligations.

	Beginning balance January 1, 2025	Net Increase / (Decrease)	Ending Balance December 31, 2025
Compensated absences	\$ <u>50.125</u>	\$ <u>8.625</u>	\$ <u>58.750</u>

Income Taxes

The Fund is exempt from federal and state taxes on income under provisions of the Internal Revenue Code and state statutes.

Operating Revenues and Expenses

All revenues and expenses related to managing the Fund's assets and liabilities, including all overhead expenses, are considered "operating" revenues or expenses. Inter-governmental transfers such as appropriations and other items of an unusual or nonrecurring nature are considered "nonoperating" revenues or expenses.

3. Legal Contingencies

Various legal claims arise from time to time in the normal course of business, which, in the opinion of management, will have no material effect on the Fund's financial position or operations.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Members of Management
Minnesota Department of Commerce
Division of Energy Resources

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of Minnesota State Competitiveness Fund (SCF) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated February 9, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SCF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SCF's internal control. Accordingly, we do not express an opinion on the effectiveness of SCF's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of SCF's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SCF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SCF's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDM Assurance, LLP

Manchester, New Hampshire
February 9, 2026