MICHIGAN STATE UNIVERSITY

BOARD OF TRUSTEES

Executive Action Summary

Budget & Finance - Attachment 2

APPROVED

JUNE 12, 2026

BOARD OF TRUSTEES
MICHIGAN STATE UNIVERSITY

Committee Name: Budget & Finance **Date:** June 12, 2026

Agenda Item: PROCEED - Anaerobic Digestor Expansion and Renewable Natural Gas Facility Addition

☐ Information ☐ Review ☒ Action

Resolution:

BE IT RESOLVED, that the Board of Trustees of Michigan State University hereby authorizes the Administration to proceed with the project entitled "Anaerobic Digestor Expansion and Renewable Natural Gas Facility Addition" with a project budget of $27,700,000.

Recommendation:

The Trustee Committee on Budget & Finance recommends that the Board of Trustees authorize the Administration to proceed with the Anaerobic Digestor Expansion and Renewable Natural Gas Facility Addition.

Prior Action by BOT:

On October 25, 2024, the Board of Trustees authorized the Administration to enter into a long-term relationship with Consumers Energy to establish a Renewable Natural Gas (RNG) treatment facility to help meet programmatic goals for the recently constructed Dairy Cattle Research and Teaching Center.

The Board of Trustees authorized planning for this project on December 12, 2025.

Responsible Officers:

Kenneth J. McFarlane, Associate Vice President for Strategic Infrastructure Planning and Facilities

Barbara Kranz, Assistant Provost and Executive Director, Institutional Space Planning and Management

Summary:

Consumers Energy has withdrawn from the previously proposed long-term agreement to develop an RNG treatment facility for processing raw biogas produced at MSU's existing Anaerobic Digestor. Following that decision, MSU engaged a renewable energy consultant to undertake a study to validate the business model for MSU to build and operate an RNG facility. Recommendations from that study, as well as information from

additional external consultants since the board authorized planning for the project in December 2025, have concluded that MSU can build, operate, and sell renewable gas and environmental attributes, generating revenue in addition to advancing operational and sustainability objectives.

The new and expanded Dairy Teaching and Research Facility operation will increase supply of organic waste resulting from the increased size of the dairy herd. This project will double the capacity of the existing anaerobic digester to accommodate increased organic waste from the expanded dairy herd and will construct an RNG facility immediately west of the digester.

The RNG facility will upgrade biogas generated in the digester to pipeline-quality RNG for sale and distribution. Owned, operated, and maintained by MSU , the facility will generate revenue through the sale of RNG and associated environmental attributes.

Background Information:

This project supports Michigan's climate-change mitigation goals and aligns with MSU's 2030 Strategic Plan priorities of *Innovation for Global Impact & Excellence* and *Stewardship & Sustainability*. It will deliver measurable reductions in greenhouse gas emissions.

Anaerobic digestion is a proven technology for reducing emissions while producing renewable energy, though adoption on Michigan dairy farms has been limited by technical and economic barriers. MSU has been a national leader in this area, as the first university to build and operate an anaerobic digester. After completion of the project and initiation of operations, it will achieve a minimum reduction of 20,000 metric tons CO2e in greenhouse gas emissions on campus annually with the potential to reach a reduction of 40,000 metric tons CO2e per year through the advancement and implementation of new MSU technologies.

Source of Funds:

The project budget is $27,700,000, to be funded through long-term debt, with debt service paid from RNG revenues, and the potential to realize federal tax credits at project completion of up to 40 percent of eligible project costs. If debt service repayment from RNG revenues or federal tax credits are insufficient, AgBioResearch will be responsible for continued debt service payments.

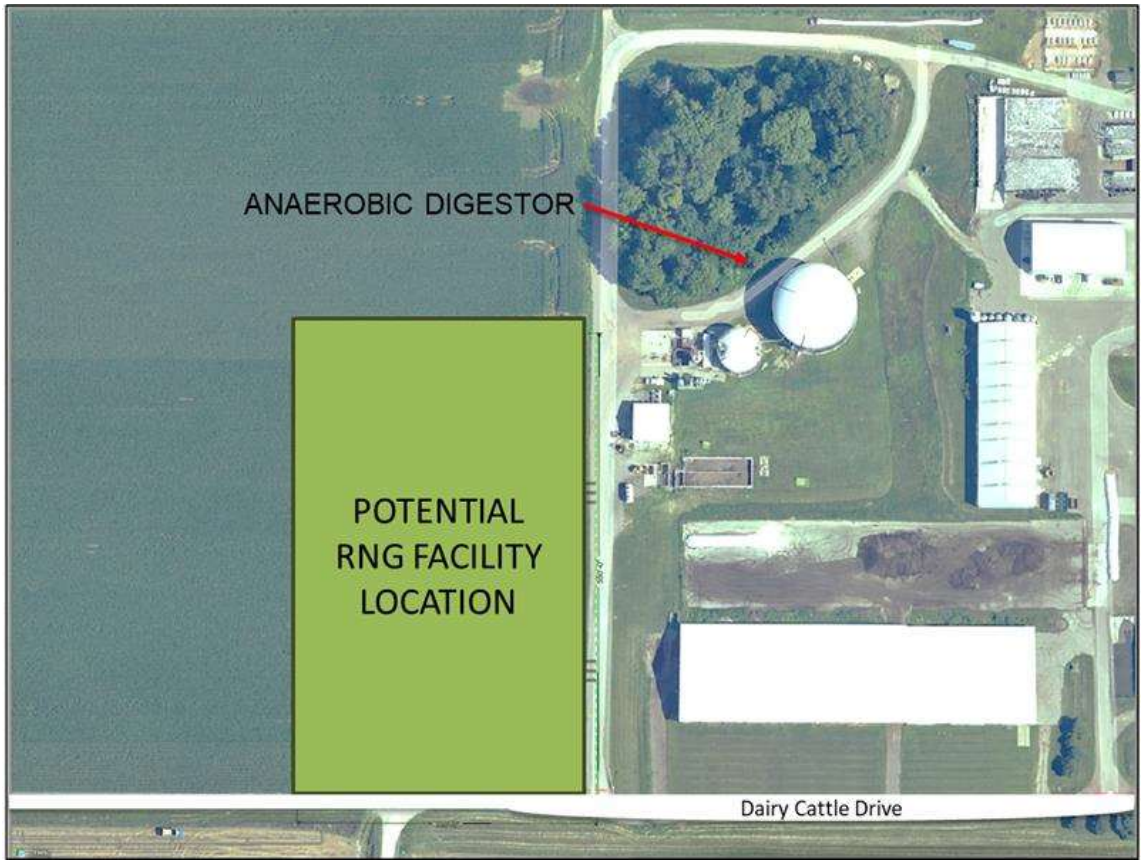
Resource Impact:

Annual revenue generated by the RNG facility will also contribute to Dairy Teaching and Research Facility debt service payments.

AUTHORIZATION to PROCEED

MICHIGAN STATE UNIVERSITY

Anaerobic Digestor Expansion and Renewable Natural Gas Facility Addition



June 12, 2026