



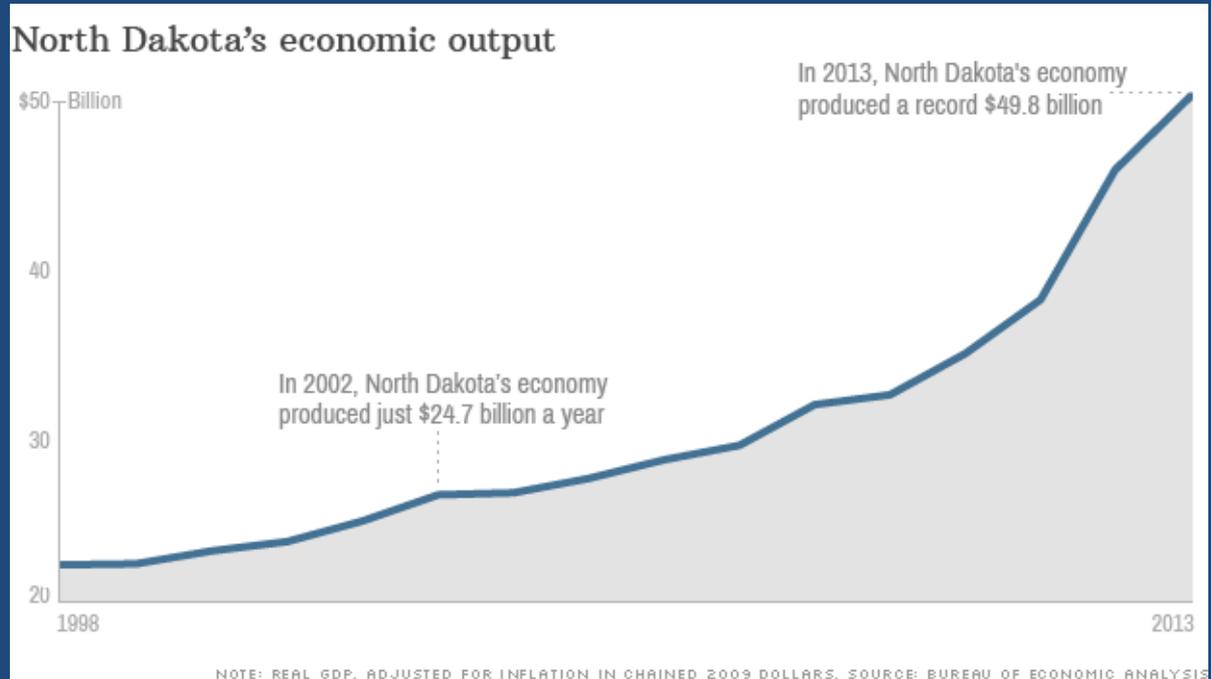
EmPower North Dakota Report

Energy Development &
Transmission Committee

August 14, 2014

North Dakota Tops Nation in Economic Growth

North Dakota's gross domestic product increased 9.7 percent last year to top economic growth among all states for the fourth straight year





One Energy Policy

North Dakota is one of the only states with a multi-resource energy policy.

EmPower North Dakota Commission is made up of leaders from all major energy industries in North Dakota.

Future Vision

- Key areas crucial to expansion of energy production and extraction:
 - Infrastructure
 - Workforce
 - Research & Development
 - Regulatory Environment
 - Energy Growth Incentives

Infrastructure

- Expansion of key infrastructure includes:
 - Pipelines – gas, water, oil, natural gas, etc.
 - Roads
 - Railroads
 - Transmission Lines
 - Power Generation
 - Housing



Infrastructure

- **EmPower ND Commission recommends:**
 - Provide infrastructure funding within the first 30 days of the legislative session.
 - Gross production tax distribution formula changes to provide additional funding to assist with local infrastructure needs.
 - Transportation funding level that meets the needs identified by the UGPTI.

Infrastructure

- **EmPower ND Commission recommends:**
 - Creation of an authority focused on regional infrastructure that will work with communities in coordinating strategic planning.
 - Use a trigger mechanism to provide additional funds to oil impacted communities when revenue exceeds certain thresholds.

Infrastructure

- **EmPower ND Commission recommends:**
 - Expansion of existing water systems to provide capacity to meet growing community and commercial needs.
 - Support the State Water Commission's efforts to increase access to Lake Sakakawea water for community and commercial needs.
 - Monitor the railroad infrastructure upgrade plan within the state to ensure adequate ability to the meet export demand.

Workforce

- Workforce is a critical need in North Dakota:
 - Over 25,000 open positions
 - 35% of positions are energy industry related
 - All sectors of our economy report workforce shortages
 - Education needs to guide students to high-demand and stem careers



Workforce

- **EmPower ND Commission recommends:**
 - **Support the Housing Incentive Fund to the level suggested by the Housing Finance Agency, and consider a trigger on an annual basis for additional funds.**
 - **Increase efforts to educate North Dakota's youth about the state's natural resources by funding the development, implementation and sustainability of curriculum at the elementary and high-school level to encourage interest in energy careers..**

Workforce

- **EmPower ND Commission recommends:**
 - Encourage and enable the energy industry to collaborate with the NDUS, Workforce Development Council, Job Service ND and other agencies to:
 - Encourage industry interaction with teachers and counselors to grow youth knowledge and interest in energy careers.
 - Provide greater accessibility to career and technical education programs.

Workforce

- **EmPower ND Commission recommends:**
 - Increased funding for workplace safety and training. Examples of efforts include:
 - Training workforce safety professionals
 - New-hire training
 - Back-to-work efforts
 - Recognize the role distance learning will play in the future of education and improve access to technology for students using distance learning programs.



Research & Development

- Exploring value-added opportunities:
 - BioMass/Renewables
 - Benefication of CO₂
 - New Technology Development
 - Bio- and Petro-chemical Opportunities



Research & Development

- **EmPower ND Commission recommends:**
 - **Support existing R&D programs to ensure the development and implementation of new technologies and promote new growth for all energy resources.**
 - **Additional research dollars to support R&D activities to:**
 - **resolve technical problems associated with the commercial deployment of CO₂ capture technologies**
 - **seek additional incremental improvements in the recovery of oil through enhanced oil recovery using CO₂ or other gases**
 - **develop and fund a FEED study to identify commercial opportunities associated with the capture and use of CO₂ as well as the need to meet the region's growing energy demand.**

Research & Development

- **EmPower ND Commission recommends:**
 - Create and implement a strategy to assist North Dakota in developing viable petrochemical and biochemical industries.

Regulatory Environment

- **Supporting a business-friendly environment:**
 - Regulations that minimize barriers
 - No 'one-size-fits-all' policies
 - Incentives targeted at the next phase of energy development/value-added opportunities

Regulatory Environment

- **EmPower ND Commission recommends:**
 - Encourage federal agencies to recognize environmental issues unique to North Dakota and work with state agencies to develop regulations that are flexible, sensible and allow for state primacy.
 - Encourage state agencies to provide regular updates on energy-related issues to the Commission and identify ways in which the Commission can support agency efforts on federal issues.
 - Establish new venues for state and federal regulatory agencies to collaborate on federal rulemaking efforts in ways that address individual state issues.

Regulatory Environment

- **EmPower ND Commission recommends:**
 - Use the EmPower North Dakota Commission to better understand the economic impact of federal regulatory proposals on North Dakota.
 - Comment on proposed federal regulations with significant potential impact on the state's economy and engage the North Dakota Congressional delegation to actively challenge the implementation of final regulations posing a threat to North Dakota's economy.

Regulatory Environment

- **EmPower ND Commission recommends:**
 - Recognize the additional burdens new energy development and regulations are placing on state regulatory agencies and provide adequate funding and staffing levels to ensure that each agency will be able to properly manage their respective programs.
 - Legislative solutions which allow state agencies to design competitive compensation and benefit packages in order to attract and retain experienced employees in the disciplines related to energy development.

Regulatory Environment

- **EmPower ND Commission recommends:**
 - The State of North Dakota to identify North Dakota-based solutions to manage waste generated from energy production.

Energy Growth Incentives

- Supporting a business-friendly environment:
 - Incentives targeted at the next phase of energy development/value-added opportunities



Energy Growth Incentives

- **EmPower ND Commission recommends:**
 - Incentives to expand value-added energy opportunities.
 - Provide a sales tax exemption for value-added energy facilities.
 - Incentivizing or enhancing CO₂ capture, storage and enhanced oil recovery opportunities.

Energy Growth Incentives

- **EmPower ND Commission recommends:**
 - Support an extraction tax credit on oil extraction for the development of technologies for beneficial use of drill cuttings.
 - Support incentivizing or enhancing remote natural gas capture technology to minimize flaring.
 - Support incentives to expand natural gas or liquid natural gas markets.

Energy Growth Incentives

- **EmPower ND Commission recommends:**
 - Ensure tax certainty for wind to encourage future investment in renewable wind resources, recognizing the strategic role wind will play in continuing to enhance North Dakota's diverse energy portfolio.
 - Support incentivizing the co-location of energy-related infrastructure in the same right-of-way.

Energy Growth Incentives

- **EmPower ND Commission recommends:**
 - Removing the beneficiation tax for coal conversion facilities that are subject to coal conversion tax.
 - Removing the sunset on tax exemptions for beneficiated coal used in agricultural commodity processing facilities.
 - A sales tax exemption for oil gathering lines.