

EMPOWER NORTH DAKOTA COMMISSION ACTIVITIES AND ISSUES
JULY 31, 2013, 1:10 P.M.
ENERGY DEVELOPMENT AND TRANSMISSION COMMITTEE
HARVEST ROOM, STATE CAPITOL
SENATOR RICH WARDNER, CHAIRMAN

ALAN ANDERSON – COMMISSIONER, ND DEPARTMENT OF COMMERCE

Good afternoon, Mr. Chairman and members of the committee, my name is Al Anderson, Commissioner of the North Dakota Department of Commerce. As Commissioner of Commerce, I also have the pleasure of serving as the chairman of the EmPower North Dakota Commission.

First, I would like to say thank you for your support for energy development this past legislative session. The legislative recommendations put forward by the EmPower ND Commission, and supported by those of you on the committee last year, were all ultimately adopted by the legislature in some form. I appreciate the support the legislature has provided in areas such as infrastructure, workforce, research & development, and regulatory functions.

Since there are quite a few new members of this committee, I will provide a brief overview of the EmPower ND Commission. The Commission, which is referred to as the energy policy commission in statute, was established by the legislature in 2007. Its members are appointed by the Governor and it is comprised of representatives from all of North Dakota's energy industries. Its role is to make recommendations concerning the state's energy policy. The Commission reports its recommendations to the Energy Development & Transmission Committee, which decides which recommended legislation is brought forward to the legislative session.

The general principles that the EmPower ND Commission operates under include:

- Growing all energy industries
- Base decisions on sound science and sound economics
- Research and development of new technologies
- Incentives preferred over mandates
- Building upon our fair regulatory and friendly business climate
- Environmentally responsible manner

One interesting thing to note is that when the Commission was formed in 2007 a goal was established to double the state's energy production by 2025. This goal was achieved within 5 years in 2012 – thirteen years ahead of schedule. While it might not be a surprise that oil has grown by 386 percent, it is lesser known that renewable energy production grew by 225 percent in that time period. Two charts are attached to my testimony: one that shows the amount of energy produced each year and the second shows the percent change for selected energy types.

Over the next year the EmPower ND Commission will be busy gathering information as it considers what recommendations to make to this committee. This will include relooking at the Strengths, Weakness, Opportunities and Threats (SWOT) facing each of the energy industries. The Commission first did this during the 2007-2008 interim and thought it would be good to review the changes that have occurred.

Another specific study the EmPower ND Commission will be working on is a value-added market opportunities study. The legislature provided \$500,000 in funding for this study that will look for opportunities for value-added projects relating to oil & gas and renewable energy resources. The Commission has decided to focus this study on natural gas liquids (NGL) and ethanol. A request for proposal (RFP) will be issued next week for a consultant to assist with the study. The study is expected to be completed in May, 2014, and the results will be reported to this committee next summer. Also, any legislative recommendations relating to this study will be included in the Commission's report.

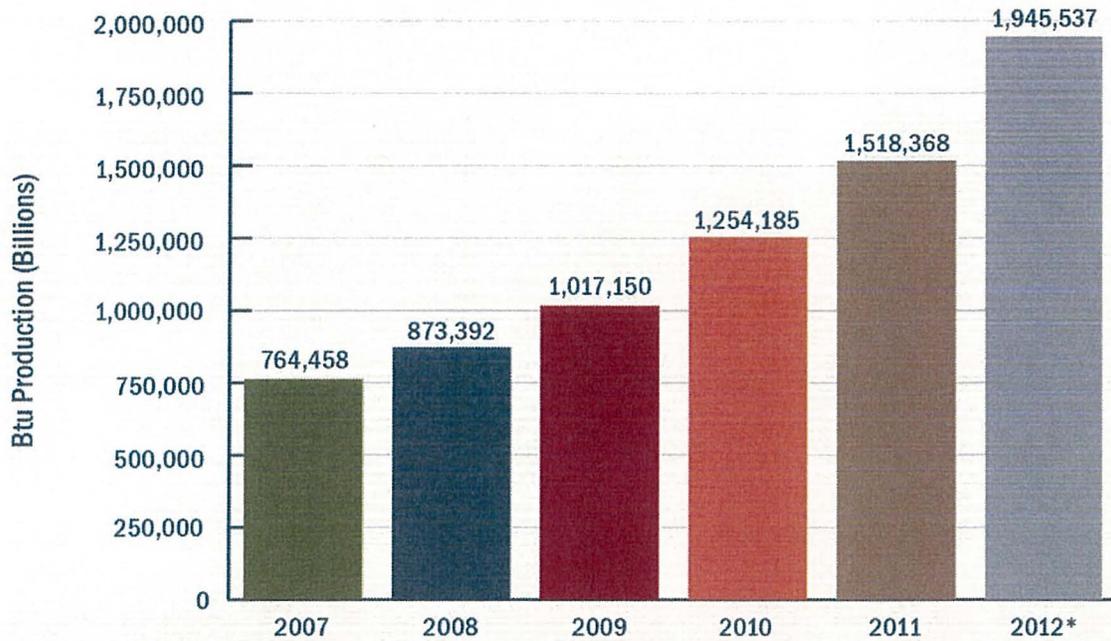
The EmPower ND Commission will also continue its focus on issues that impact all energy industries, including: Workforce, Federal Regulation, Infrastructure, and Research & Development. You can expect to see recommendations in each of those areas.

The Great Plains & EmPower ND Energy Conference to be held in Bismarck on Tuesday, October 15th. This conference will focus on bringing all parties together to address the key challenges. Committee members are invited to participate in this conference.

The Energy Development & Transmission Committee can expect a report from the EmPower ND Commission next summer with the Commission's recommendations. We are also willing to provide updates throughout the interim, including an update on the current status of the goals. Committee members are also welcome to attend EmPower ND Commission meetings.

Mr. Chairman and members of the Energy Development and Transmission Committee, thank you for allowing me the time to visit with you today. That concludes my testimony and I am happy to entertain any questions.

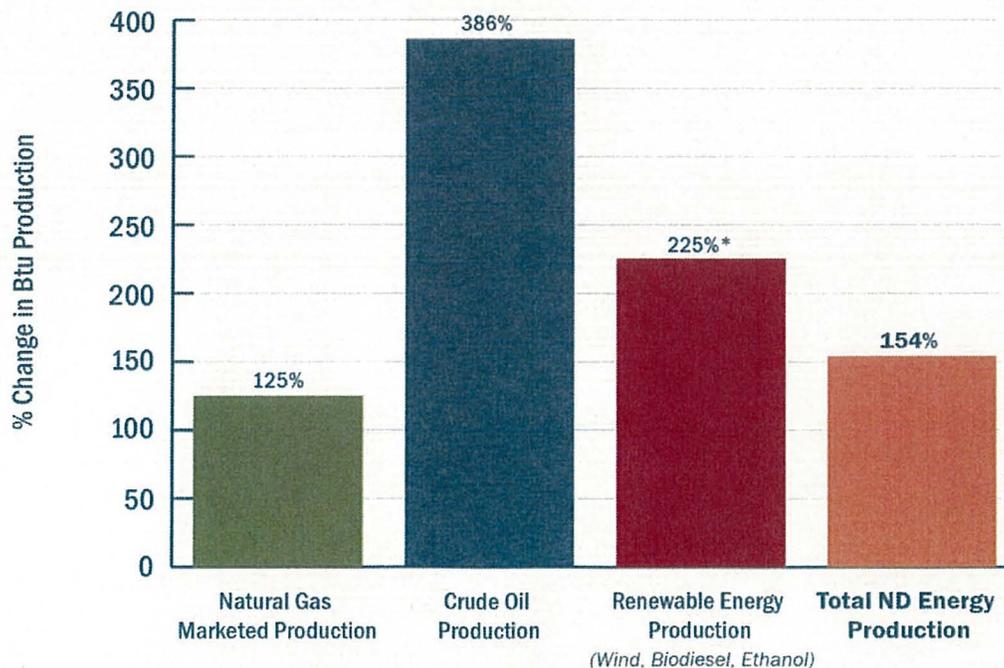
Total North Dakota Energy Production, 2007-2012



Sources: Energy Information Association, North Dakota Department of Commerce

*Includes estimated renewable energy totals for 2012; actual figures are not yet available.

% Change in North Dakota Energy Production, 2007-2012



Sources: Energy Information Association, North Dakota Department of Commerce

*Includes estimated renewable energy totals for 2012; actual figures are not yet available.