

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1193

2007 HOUSE NATURAL RESOURCES

HB 1193

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1193

House Natural Resources Committee

Check here for Conference Committee

Hearing Date: January 18, 2007

Recorder Job Number: 1348

Committee Clerk Signature

Shirley Osmsted

Minutes:

Chairman Porter opened the hearing on HB 1193.

Representative Dwight Wrangham of District #8 came in support of HB 1193. This bill will define hydroelectricity as a renewable energy. There is a lot of potential in hydroelectricity. It is made by recycling water that is provided by Mother Nature through snow, rain and runoff and replenished Lake Sakakawea. People in the state of ND have been using this renewable energy for over 50 years. He feels that it is time for this state to recognize this renewable. Others will supply details on how this bill will work.

Representative James Kerzman from District 31 also was in support of HB 1193. He has served on the National Resolutions Committee of Rural Electric and one of their resolutions is to make hydroelectric a renewable. Fourteen states currently recognize this as a renewable, whether it is a small hydro project or a new hydro project. North Dakota needs to come on board with this. With the onset of fossil fuels hydro has been put on the back burner. The public is demanding renewables. We are strong supports of wind generation also. You don't need much of a current to make this happen.

Representative Solberg asked if this would include existing hydro as well as any new building of more hydros. Is that correct?

Representative Kerzman indicated that was correct.

Senator O'Connell from District 6 also came forth in support of HB 1193. He also said that it was time to start recognizing hydro power. It has been one of the first renewables that we have ever had in this state and it should have its place in the century code.

Chairman Porter asked for further testimony in support of HB 1193.

Representative Nottestad also came forth in support of HB 1193. He felt with this, all the elements would be in place for renewables. It is time that this be in the mix with the other renewables.

Mr. Dale Niezwaag from Basin Electric Power Cooperative came forward in support of HB 1193. See attached written testimony indicated as Item #1.

Chairman Porter asked Mr. Niezwaag to give some history on how the electricity from Garrison was divided out.

Mr. Niezwaag indicated that when the Garrison Dam was first built the power was offered up for sale. At the time, it was offered to customers and to those utilities that were consumer owned. That would have been the cooperatives at that time. At the time the dams were built, hydropower was not the cheapest source of power. Those cooperatives that signed up for it at that time took a chance on the power. It has turned out in the long run to be a very good decision.

Chairman Porter indicated that he was once told that municipalities had the top priority and that if a community decided to go back, such as Valley City, or if Mandan decided to go back to a municipality, they would be able to bump some of the allocation that the coops are currently getting.

Mr. Niezwaag said that to his knowledge, this was not true. He believes that this was allocated with long term contracts.

Representative Drovdal said that there have been credits and grants available in the past for renewables, does this make current hydro facilities available for any of those grants.

Mr. Neizwaag said not that he was aware of. What this simply does is put it in the definition of renewables. It allows it to be tracked. A state government has to say that here is the goal that we propose and in meeting that goal, we will allow large existing hydropower systems to qualify. People need to realize that it is out there and make accommodations for it.

Representative Hofstad asked what percentage hydroelectric power was in the total percentage of renewables for the state.

Mr. Niezwaag indicated that this will change from coop to coop. Some coops have as little as 8% of the power comes from hydro and other will be as high as 40%. On the average, it would be about 15%. That allocation is locked down so as sales increase, that percent becomes less and less of their total sales. He thought that it would be a total of 8% on the total statewide basis.

Representative Charging asked that she knew there was currently a voluntary goal of renewables. If we pass this bill and recognize hydropower, how much will that goal go up as a result of recognizing hydropower?

Mr. Niezwaag said that none of this would apply. Hydropower will not count at all towards our system. What we are looking at this from our members. If this law passes, hydropower will not have an effect on that.

Mr. Gerad Paul from Minnkota Power Cooperative came forward in support of HB 1193.

Please see written testimony indicated as Item #2. Minnkota members concur with this and are committed to further developing their non-hydro portfolio. Minnkota was the first utility in North Dakota in wind turbines. They presently have plans in place for additional wind turbines

in North Dakota. This is only part of the renewable energy picture. They recommend a do pass on this bill.

Chairman Power asked Mr. Paul what percentage does the existing hydro allocation represent for Minnkota Power?

Mr. Paul said it would be under 8%, but as their load grows, that hydro portion is fixed so it will become smaller.

Chairman Porter asked for further testimony in favor of HB 1193. Being none, he asked for opposition to this bill. There was none. The hearing on HB 1193 was closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1193

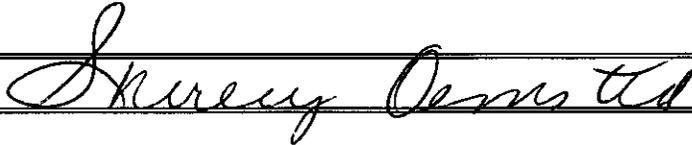
House Natural Resources Committee

Check here for Conference Committee

Hearing Date: January 18, 2007

Recorder Job Number: 1350

Committee Clerk Signature



Minutes:

Chairman Porter said that we have HB 1193 in front of us.

Representative Solberg made a motion for a do pass and there was a second from

Representative Hofstad.

There was no discussion.

The vote was taken. Let the record show that the vote was 13 yes, 0 no, with one absent. **Representative Clark** will carry the bill to the floor.

Date: 1-18-07
Roll Call Vote #: 127/1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1193

House Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Solberg

Seconded By Hofstad

Representatives	Yes	No	Representatives	Yes	No
Chairman - Rep. Porter	✓		Rep. Hanson	✓	
Vice-Chairman - Rep Damschen			Rep. Hunsakor	✓	
Rep. Charging	✓		Rep. Kelsh	✓	
Rep. Clark	✓		Rep. Meyer	✓	
Rep. DeKrey	✓		Rep. Solberg	✓	
Rep. Drovdal	✓				
Rep. Hofstad	✓				
Rep. Keiser	✓				
Rep. Nottestad	✓				

Total Yes 13 No 0

Absent 1

Floor Assignment Clark

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1193: Natural Resources Committee (Rep. Porter, Chairman) recommends DO PASS
(13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1193 was placed on the
Eleventh order on the calendar.

2007 SENATE NATURAL RESOURCES

HB 1193

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1193

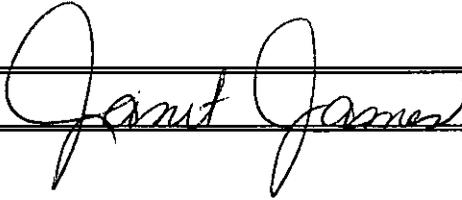
Senate Natural Resources Committee

Check here for Conference Committee

Hearing Date: February 22, 2007

Recorder Job Number: # 3685

Committee Clerk Signature



Minutes:

Senator Stanley Lyson, Chairman of the Senate Natural Resources Committee opened the committee hearing on HB 1193 relating to hydroelectricity as renewable electricity and recycled energy source.

All member of the committee were present.

Representative Dwight Wrangham of District 8 introduced HB 1193 stating the bill is a simple bill (see attachment #1).

Representative James Kerzman of District 31 cosponsor of HB 1193 testified in support stating he has served on the National Rural Electric Resolutions Committee whose goal at the national level is to get hydro as a renewable and be recognized by the Federal government. The resource has not been developed to its full potential because of the added interest in the fossil fuels and nuclear energy. As a state, we need to get especially recognize new hydro projects as a renewable energy. Hydro energy is a resource that the country is not utilizing as it could.

Senator Herbert Urlacher asked why the existing hydro energy has not been recognized.

Representative Kerzman could not give a definite answer and assumed just because it was there and with the renewables coming to the fore front, it is time to recognize the role of the hydro energy.

Senator David O'Connell of District 6 cosponsor of HB 1193 testified (see attachment #2).

Dale Niezwaag representing Basin Electric Power Cooperative in support of HB 1193 (see attachment #3).

Senator Urlacher asked how many megawatts are presently being produced by hydro power.

Dale Niezwaag responded there is about 500 megawatts existing hydropower in North Dakota and there is 5000 megawatts capacity in the state consisting from 4700 from coal and the remaining from the damn, wind, and waste heat.

Senator Joel Heitkamp asked for clarification that the bill is to recognize the existing hydro energy.

Dale Niezwaag responded there should be some accounting for the existing the hydro and not as a replacement or to use it to reach goals and percentages.

Senator Lyson asked for opposing testimony and hearing none for any neutral testimony.

Senator Lyson closed the hearing on HB 1193.

Senator Heitkamp made a motion for a Do Pass of HB 1193.

Senator Urlacher second the motion.

A roll call vote of HB 1193 was taken indicating 7 Yeas, 0 Nays and 0 absent or not voting.

Senator Urlacher will carry HB 1193.

Date: 2-22

Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1193

Senate Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Heitkamp Seconded By Urlacher

Senators	Yes	No	Senators	Yes	No
Sen. Stanley Lyson, Chairman	✓		Sen. Joel Heitkamp	✓	
Sen. Ben Tollefson, ViceChairman	✓		Sen. Jim Pomeroy	✓	
Sen. Layton Freborg	✓		Sen. Constance Triplett	✓	
Sen. Herbert Urlacher	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Urlacher

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 22, 2007 1:59 p.m.

Module No: SR-34-3697
Carrier: Urlacher
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1193: Natural Resources Committee (Sen. Lyson, Chairman) recommends DO PASS
(7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1193 was placed on the
Fourteenth order on the calendar.

2007 TESTIMONY

HB 1193

Stem #1

**Dale Niezwaag - Basin Electric Power Cooperative
In Support of North Dakota House Bill No. 1193
House Natural Resources Committee
January 18, 2007**

Mr. Chairman and members of the committee, my name is Dale Niezwaag and I am here representing Basin Electric Power Cooperative in support of HB 1193.

Currently, North Dakota does not recognize power generated by the state's hydro electric system as a renewable energy even though it produces no emissions and the water behind the dams is replenished by natural occurrences. 30 states recognize some form of hydropower in their renewable energy definitions. 11 of those count all hydro as renewable and 19 place some qualifications on the generation.

Several proposals are being discussed on the state and federal level regarding Renewable Portfolio Standards (RPS) or carbon management programs that will involve renewable energy. State recognition of existing hydro will accomplish the following:

- Provide support to the federal delegation in their efforts to have existing hydro power recognized or accounted for in federal proposals.
- Force any state or federal renewable requirement to address how existing hydro will be treated.

If existing hydropower is not addressed in goals, objectives, or mandates, cooperatives end up replacing renewables with renewables. Since almost all renewable goals are based on retail sales, cooperatives in the state will have to purchase credits or build renewable energy facilities to match existing sales of hydroelectric energy. **In other words provide renewable energy to match existing renewable energy from hydropower.**

It is important to note that this bill will not create a sudden surge in the availability of renewable energy credits from hydroelectric power. The Midwest Renewable Energy

Tracking System (M-RETS) used by the North Dakota Public Service Commission to account for renewable energy is simply a tracking entity, not a marketing or certification entity. M-RETS can, and will, track any energy production requested (and paid for) by a producer. Even coal can be tracked, but it is very unlikely it would have any value on the market.

We are aware of no current renewable energy goals, objectives or mandates that recognize existing large hydropower to meet their requirements, therefore no market exists for a green tag from existing hydropower. Only if the federal government or a state allows existing hydro power to qualify for a requirement will existing hydro be tracked or provide a REC or Green Tag. The tracking of REC's or Tags involves documenting the resource used to underlie the tag. Any buyer or user of the tag will therefore use only those tags that meet the buyer's requirements or the regulatory requirements.

Concerning Basin Electric's commitment to additional renewable energy in the state, our membership has approved a voluntary goal of equaling 10% of our members capacity demand with renewable generation by 2010. At the present time we are approximately 50 MW short of reaching that goal, so we will be looking for additional renewable opportunities in North Dakota and the region.

H.B. 1193 results in no cost to the state, allows full participation by North Dakota in the M-RETS system and will not discourage further development of renewable energy in the state. This bill forces states and the federal government to recognize that consumers in the upper Midwest have been using renewable energy for 40+ years and must account for it when establishing renewable energy goals, objectives and mandates.

Again Basin Electric is supporting this bill and would encourage a "Do Pass" recommendation by the committee. This concludes my testimony and I would be happy to try to answer any questions.

Item # 2

**Gerad Paul – Minnkota Power Cooperative
In Support of North Dakota House Bill No. 1193
House Natural Resources Committee
Pioneer Room
January 18, 2007 – 10:30 a.m.**

Mr. Chairman and members of this committee, my name is Gerad Paul. On behalf of Minnkota Power Cooperative and its eleven member distribution cooperatives and eight municipal utilities, I am here in support of HB 1193. For those not familiar with Minnkota, its member/owner cooperatives serve over 125,000 accounts located in the Red River Valley and North Central Minnesota.

Without repeating Mr. Nieswag's testimony for Basin Electric, let me state generally that Minnkota's member owners concur with Basin Electric's position as stated today. I only want to briefly emphasize a few points.

- Minnkota's member owners are absolutely committed to further expanding our non-hydro renewable energy portfolio. Minnkota was the first utility in North Dakota to invest in commercial scale wind turbines. Minnkota has plans that are well underway for additional wind generation and we hope to soon demonstrate Minnkota's continued and **substantial** commitment to wind energy sources. However, because of the transient nature of the wind, Minnkota believes that wind energy represents but **one part** of a renewable energy portfolio. Hydroelectric power offers a consistent, base-load generation capable of supporting our new investments in wind energy.
- As surely as the sun comes up each day and causes water to evaporate, rain to fall and rivers to be replenished, hydroelectric power is a constant well-developed technology and it is properly part of North Dakota's focus on the energy needs of the future.
- Minnkota believes that this bill's inclusion of hydroelectric power will serve North Dakota well in addressing its future energy needs by causing others to recognize hydro power's long-standing contribution to North Dakota's energy and its importance to our future.

Again, for the reasons stated, Minnkota Power is supporting this bill and respectfully urges that this body recommend a "Do Pass". Thank you for your consideration.

Testimony of Representative Dwight Wrangham

Mr. Chairman and members of the committee,

This bill defines electricity coming from hydroelectric facilities, such as the Garrison Dam and Power Plant, as renewable energy. Hydroelectric power is renewable since it is generated by the flow of water supplied by "mother nature" in the form of rain and snow which replenish Lake Sakakawea.

People in the state of North Dakota have been using this renewable energy for over 50 years. In this time of renewed interest in renewable I feel it is important that we, as a state, officially recognize hydroelectric power as renewable power.

I also feel that any renewable goals, requirements, or programs should at least take existing hydropower into account as they are developed. Others will provide details on the effect of this legislation and any impacts it may have.

Thank You

HB 1193 Summary

Senator David P. O'Connell

HB 1193 adds provision to current North Dakota Century Code including hydroelectricity as a source of renewable electricity and alternative energy. Century code, upon change, would state:

Renewable electricity and recycled energy include electricity generated from facilities using the following sources:

Hydroelectric, using water as the source of energy for producing electricity (*section 3, line item 11, pg. 1*).

**Dale Niezwaag - Basin Electric Power Cooperative
In Support of North Dakota House Bill No. 1193
Senate Natural Resources Committee
February 22, 2007**

Mr. Chairman and members of the committee, my name is Dale Niezwaag and I am here representing Basin Electric Power Cooperative in support of HB 1193.

Currently, North Dakota does not recognize power generated by the state's hydro electric system as a renewable energy even though it produces no emissions and the water behind the dams is replenished by natural occurrences. 30 states recognize some form of hydropower in their renewable energy definitions. 11 of those count all hydro as renewable and 19 place some qualifications on the generation.

Several proposals are being discussed on the state and federal level regarding Renewable Portfolio Standards (RPS) or carbon management programs that will involve renewable energy. State recognition of existing hydro will accomplish the following:

- Provide support to the federal delegation in their efforts to have existing hydro power recognized or accounted for in federal proposals.
- Insure that any state or federal renewable requirement addresses how existing hydro will be treated.

If existing hydropower is not addressed in goals, objectives, or mandates, any utility or agency that receives hydropower will end up replacing a renewable with renewables. This is because almost all renewable goals are based on retail use and anyone using hydropower will have to purchase credits or build renewable energy facilities to match existing sales of hydroelectric energy.

It is important to note that this bill will not create a sudden surge in the availability of renewable energy credits from hydroelectric power. The Midwest Renewable Energy Tracking System (M-RETS) used by the North Dakota Public Service Commission to account for renewable energy is simply a tracking entity, not a marketing or certification

entity. M-RETS can, and will, track any energy production requested (and paid for) by a producer. Even coal based electricity can be tracked, but it is very unlikely to have any value on the market.

We are aware of no current renewable energy goals, objectives or mandates that recognize existing large hydropower to meet their requirements, therefore no market exists for a credit. Only if the federal government or a state allows existing hydro power to qualify for a requirement will existing hydro be tracked or provide credits. Also, the tracking of renewable energy credits involves documenting the resource used to produce the credit, so any buyer or user of renewable energy credits will only purchase credits that meet the buyer's requirements.

Concerning Basin Electric's commitment to additional renewable energy in the state, our membership has approved a voluntary goal of equaling 10% of our members capacity demand with renewable generation by 2010. Since our goal is based on the capacity Basin Electric provides to its members, this legislation will have no effect on our efforts to meet the goal. At the present time we are approximately 50 MW short of reaching that goal, so we will be looking for additional renewable opportunities in North Dakota and the region.

H.B. 1193 results in no cost to the state, allows full participation by North Dakota in the M-RETS system and will not discourage further development of renewable energy in the state. This bill requires states and the federal government to recognize that consumers in the upper Midwest have been using renewable energy for 40+ years and must account for it when establishing renewable energy goals, objectives and mandates.

Basin Electric would appreciate your support for HB 1193. This concludes my testimony and I would be happy to try to answer any questions.