



ENERGY DEVELOPMENT AND TRANSMISSION COMMITTEE

Thursday, February 13, 2020
Harvest Room, State Capitol
Bismarck, North Dakota

Senator Rich Wardner, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Rich Wardner, Brad Bekkedahl, Merrill Piepkorn, David S. Rust; Representatives Tracy Boe, Mike Brandenburg, Todd Porter, Don Vigesaa

Members absent: Senators Kathy Hogan, Ray Holmberg; Representatives Dick Anderson, Alisa Mitskog

Others present: Representative Karen M. Rohr, Mandan, member of the Legislative Management
Senators Dale Patten, Watford City and Jessica Unruh, Beulah
See [Appendix A](#) for additional persons present.

It was moved by Senator Rust, seconded by Senator Bekkedahl, and carried on a voice vote that the minutes of the November 14, 2019, meeting be approved as distributed.

ELECTRICAL GENERATION MARKET REVIEW

Chairman Wardner called on Ms. Jean Schafer, Senior Legislative Representative, Basin Electric Power Cooperative; and Mr. Jay Skabo, Vice President of Electric Supply, Montana-Dakota Utilities Co., for testimony ([Appendix B](#)) regarding electrical generation markets.

In response to a question from Representative Brandenburg, Mr. Skabo said when the investor-owned utility owns a project instead of entering a power purchase agreement, it usually is financially beneficial for customers. He said if entering a power purchase agreement is less expensive than owning the project, an investor-owned utility generally will choose that option.

In response to a question from Chairman Wardner, Mr. Skabo said the demand for electricity is declining in some regions because of increased energy efficiency.

Ms. Schafer said the demand for electricity is increasing in the Basin Electric footprint because of the growing loads.

In response to a question from Senator Unruh, Mr. Skabo said Montana-Dakota Utilities' (MDU) natural gas plants represent less than 1 percent of MDU's generation. He said if gas prices increased drastically, there may be higher prices but only for a short peak duration because natural gas plants do not represent a large percentage of MDU's generation. He said natural gas plants are used primarily for capacity, accreditation, and for worst-case scenarios.

REGIONAL TRANSMISSION ORGANIZATIONS

Midcontinent Independent System Operator, Inc.

Chairman Wardner called on Mr. Brian Tulloh, Executive Director, North Region External Affairs Division, Midcontinent Independent System Operator, Inc., for testimony ([Appendix C](#)) regarding the interconnection and queue development process, renewable integration impact study results, and progress on market pricing process changes.

In response to a question from Senator Unruh, Mr. Tulloh said the Midcontinent Independent System Operator's (MISO) advisory committee advises the board of directors and is composed of stakeholders from the different sectors. He said when the Lignite Council inquired into potentially joining MISO, the Lignite Council was informed

formal MISO membership is not required to be part of the process. He said the Lignite Council has attended several MISO stakeholder and board meetings, and it is possible to have meaningful input and participation in the stakeholder process without being a formal member of MISO. He said because the viewpoints of the Lignite Council and the environmental sector do not align, the environmental sector did not want the Lignite Council to join its caucus. He said it has been challenging to have the Lignite Council join the advisory committee formally but he is confident it will happen eventually because the Lignite Council has been very productive and positive in its dealings with MISO leadership.

In response to a question from Senator Bekkedahl, Mr. Tulloh said there are about 500 market participants. He said there are more market participants than utilities.

In response to a question from Representative Boe, Mr. Tulloh said beneficiaries pay for the costs associated with transmission construction; however, all cost allocation is paid eventually by the customer. He said in the case of a power shortage in the Bakken area, the question is whether customers in the Bakken area should pay for it or if the costs should be distributed among all customers within the entire footprint.

In response to a question from Senator Unruh, Mr. Tulloh said MISO does not have an interconnection fee but there are cost-based fees assessed on the developer for the engineering studies performed by MISO to evaluate the impact on the grid.

In response to a question from Representative Brandenburg, Mr. Tulloh said projects have been approved in the generation interconnection queue assuming the last multi-value project, the Cardinal-Hickory Line, is in place. He said MISO is taking the additional capacity into account when reviewing projects for approval.

Southwest Power Pool, Inc.

Chairman Wardner called on Mr. Mike Ross, Senior Vice President, Government Affairs and Public Relations, and Mr. Bruce Rew, Senior Vice President, Operations, Southwest Power Pool, Inc., for testimony ([Appendix D](#)) regarding the interconnection and queue development process, renewable integration impact study results, and progress on market pricing process changes.

In response to a question from Senator Piepkorn, Mr. Ross said Southwest Power Pool's (SPP) first battery storage unit will be accessible soon. He said attaining 100 percent renewable energy without a storage mechanism or device is improbable because solar energy is not available at all times and there is not always sufficient wind. He said since wind turbines do not operate when the wind speed is more than 50 miles per hour, it is possible for the wind to blow too much to attain 100 percent renewable energy. He said the battery storage unit is a 10-megawatt battery that lasts 2 hours.

In response to a question from Senator Rust, Mr. Ross said a 10-megawatt, 2-hour battery storage unit for a renewable energy source is about the size of three railroad cars.

In response to a question from Representative Brandenburg, Mr. Rew said the average price in the SPP footprint in 2018 was \$30.43.

In response to a question from Senator Unruh, Mr. Rew said SPP's planning process includes consideration of future generation possibilities and future costs. He said SPP is reviewing the potential for additional wind and solar energy projects being added to the SPP footprint.

In response to a question from Representative Porter, Mr. Ross said estimating the future price of energy is difficult. He said demand and capacity trends are the top predictors of future market price. He said the Public Service Commission is the entity best positioned to protect the consumer from large spikes in the price of energy.

ELECTRICAL TRANSMISSION

North Dakota Transmission Authority

Chairman Wardner called on Mr. John Weeda, Director, North Dakota Transmission Authority, for testimony ([Appendix E](#)) regarding challenges to and updates on the marketing and transmission of electricity.

In response to a question from Representative Porter, Mr. Weeda said the two things that help protect the North Dakota consumer are being located near the source of power generation, which helps keep the costs down, and an effective working relationship between the Public Service Commission and the governed utilities and cooperatives. He said the two aforementioned points tie directly into the cost of transmission lines. He said North Dakota is willing to share its energy resources with other states, but the states interested in North Dakota's energy resources should pay the transportation costs for the resources to get to those states. He said North Dakota's energy position is better understood with each meeting attended and held by the Midwestern Governors Association.

CapX2050 Transmission Vision Study

Chairman Wardner called on Mr. Gordy Pietsch, Transmission Planning and Compliance Director, Great River Energy, for testimony ([Appendix F](#)) regarding the CapX2050 Transmission Vision Study.

In response to a question from Senator Piepkorn, Mr. Pietsch said Great River Energy (GRE) is developing a replacement for the reactor capacitor switchable device. He said the developing technology is referred to as the STATCOM system and would allow for the management of the voltage at a particular site. He said when the STATCOM system detects a voltage sag, the continuous system knows to add more bars to the grid and raise the voltage.

In response to a question from Chairman Wardner, Mr. Pietsch said GRE did not string the second circuit on several of GRE's circuits that were designed for double circuiting. He said study efforts are underway to look at what stringing the second circuits may accomplish. He said stringing the second circuits may be a difficult task because when transmission is added to the existing circuits, it has an impact on the underlying system.

ELECTRICAL UTILITY PANEL Great River Energy

Chairman Wardner called on Mr. Tony Ramunno, Portfolio Delivery Director, Great River Energy, for testimony ([Appendix G](#)) regarding utility company updates and challenges.

In response to a question from Senator Unruh, Mr. Jon Brekke, Vice President, Power Supply, Great River Energy, said GRE is facing economic challenges at Coal Creek Station. He said GRE is reviewing the generation and transmission portfolio continually to provide reliable and competitively priced electricity to GRE's 28 member cooperatives based in Minnesota. He said GRE is conducting an analysis of the economic conditions experienced by Coal Creek Station and assessing available possibilities to address the challenges. He said persistent low market prices since 2008 are having a nationwide impact on the coal fleet and neither GRE nor North Dakota has been immune to the impact. He said the challenges are market-driven economic challenges and that is the nature of the study conducted into Coal Creek Station. He said any changes regarding Coal Creek Station will be announced and GRE is expecting to reach a decision on Coal Creek Station in 2021.

Basin Electric Power Cooperative

Chairman Wardner called on Ms. Schafer for testimony ([Appendix H](#)) regarding utility company updates and challenges.

Minnkota Power Cooperative

Chairman Wardner called on Ms. Stacey Dahl, Senior Manager of External Affairs, Minnkota Power Cooperative, for testimony ([Appendix I](#)) regarding utility company updates and challenges.

ALLETE, Inc.

Chairman Wardner called on Ms. Julie Pierce, Vice President of Strategy and Planning, ALLETE, Inc., for testimony ([Appendix J](#)) regarding utility company updates and challenges.

Otter Tail Power Company

Chairman Wardner called on Mr. Bradley E. Tollerson, Vice President, Energy Supply, Otter Tail Power Company, for testimony ([Appendix K](#)) regarding utility company updates and challenges.

Xcel Energy, Inc.

Chairman Wardner called on Mr. John Marshall, Director of Community Relations, Xcel Energy, Inc., for testimony ([Appendix L](#)) regarding utility company updates and challenges.

In response to a question from Representative Porter, Mr. Marshall said North Dakota's regulatory process is a key component to protecting consumers from unfavorable corporate actions. He said Xcel Energy's resource planning process includes balancing clean energy and carbon introduction by cost-effective and reliable means.

Montana-Dakota Utilities Co.

Chairman Wardner called on Mr. Skabo for testimony ([Appendix M](#)) regarding utility company updates and challenges.

LIGNITE DEVELOPMENTS AND CHALLENGES

Chairman Wardner called on Mr. Jason Bohrer, President and Chief Executive Officer, Lignite Energy Council, for testimony ([Appendix N](#)) regarding federal and state challenges facing the lignite industry, and lignite research and development updates.

In response to a question from Senator Piepkorn, Mr. Bohrer said the Lignite Research Fund is the funding source for Project Tundra, the Pre-FEED study for CO2 capture at Coal Creek Energy Park, and the Plains CO2 Reduction Partnership initiative to accelerate carbon capture, utilization, and storage deployment.

No further business appearing, Chairman Wardner adjourned the meeting at 4:00 p.m.

Christopher S. Joseph
Counsel

ATTACH:14