Sixty-seventh Legislative Assembly of North Dakota

SENATE CONCURRENT RESOLUTION NO. 4012

Introduced by

Senator Wardner

Representative Pollert

1 A concurrent resolution to establish a state policy to support the reliability and resilience of the

2 electric grid, ensure price transparency to consumers in electric markets, and incentivize carbon

3 capture utilization and storage as an alternative to preserve dispatchable thermal electric

4 generation and its associated benefits.

5 **WHEREAS**, the welfare of the citizens and economic security of this state depends on the 6 reliability and resilience of electric power supply; and

7 WHEREAS, maintaining a reliable and resilient grid with a combination of resources that

8 has dependence on thermal electric generation fueled by abundant domestic coal and natural

9 gas is essential to domestic energy and geopolitical security; and

10 WHEREAS, the variability of nondispatchable energy that is subsidized presents major

11 challenges to the independent system operators responsible for the bulk power system

12 reliability and resilience as they have less dispatchable thermal electric generation available;

13 and

WHEREAS, electric power markets have been distorted by direct and indirect subsidies
which has resulted in the undervaluation of dispatchable thermal electric power plants that are
now at risk of early retirement that will further erode electric grid reliability and resilience; and

WHEREAS, regional utilities have announced plans to retire coal-fired electric generation
facilities located in North Dakota and the region before the facilities' established depreciable

19 lives while simultaneously making significant investments in nondispatchable energy projects;

20 and

21 WHEREAS, these announcements create an urgent need for North Dakota to take actions

to make clear the value of dispatchable power and address market distortions created by

23 production of nondispatchable power both locally and regionally; and

WHEREAS, in both the Southwest Power Pool and Midcontinent Independent System
Operator, state and federal policies mandating and incenting the deployment of significant

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1 nondispatchable energy are imposing reliability and resilience penalties on the bulk power

2 system relied upon by the citizens and industries of North Dakota without due compensation for

3 the true and total cost of those penalties; and

WHEREAS, planning by the Midcontinent Independent System Operator and the Southwest
Power Pool includes major additions of transmission lines, synchronous condensers, static
compensators, and other devices to provide grid attributes that are lost as dispatchable
resources retire; and

8 WHEREAS, economics and scaling issues currently remain a challenge for energy storage
9 technologies to provide sufficient capacity to replace dispatchable thermal electric generation
10 and provide grid support; and

11 **WHEREAS**, North Dakota has long served as an energy producer and exporter for the 12 Midwest and the nation and is situated uniquely to advance and benefit from carbon capture 13 utilization and storage projects due to the state's significant lignite reserves and associated 14 lignite-fired thermal electric generation and coal conversion facilities, geologic formations, the 15 state's significant natural gas capture and electric power development opportunities, as well as 16 the state's significant oil reserves that have high potential for enhanced oil recovery utilizing 17 anthropogenic carbon dioxide captured from lignite- and gas-fired thermal electric generation; 18 and 19

WHEREAS, developing carbon capture utilization and storage projects in North Dakota will result in significant state and local revenue and employment benefits by preserving lignite mines and associated thermal electric generation plants while creating new employment and revenue opportunities associated with the construction and operation of carbon capture, power plant,

and enhanced oil recovery projects; and

WHEREAS, additional opportunities will be created by utilization of electricity onsite through both carbon capture utilization and installation of complimentary operations that use high amounts of electricity, creating products onsite not necessary to ship to market, further reducing capacity utilizing the transmission system, and creating space for additional technology neutral electric generation in future years; and

WHEREAS, by deploying carbon capture utilization and storage and other onsite electricity
 consumption projects in North Dakota using lignite, natural gas, power plant, and other
 cutting-edge technology and workers from North Dakota to produce reliable and affordable

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1 electric generation for its citizens and its industry, as well as other products, North Dakota not 2 only will benefit in the short term economically, it will improve reliability and affordability 3 throughout the Midwest and ensure the ability to be a world leader in deploying carbon capture 4 utilization and storage projects globally, ensuring developing nations the ability to provide 5 low-carbon, reliable energy to their citizens; and 6 **WHEREAS**, the system of regulatory oversight does not ensure sufficiently the reliability 7 and resilience of the electric grid because of market distortion and unrealistic electricity 8 production mandates from states, driving regional transmission operators in their dispatch 9 policies; and 10 WHEREAS, the combination of direct and indirect subsidies are hidden in the cost to the 11 ratepayer, preventing ratepayers from knowing the true and total cost of the electric power 12 purchased; and 13 WHEREAS, the use of direct and indirect subsidies in the market have increased the cost 14 of electricity to the ratepayer; and 15 WHEREAS, regional transmission operator policy decisions lead to premature retirement 16 analyses that do not consider adequately the reliability and resilience penalties of renewable 17 nondispatchable energy. Nor do they adequately scrutinize premature retirement decisions by 18 requiring analysis and compensation for decarbonization by installation of carbon capture 19 utilization and storage technologies, which help meet carbon reduction goals; allow additional 20 energy generation to utilize the transmission system; and bring significant economic, 21 employment, and energy security benefits to North Dakota and the United States; and 22 WHEREAS, robust and diverse production of all natural resources for electric generation 23 within the state of North Dakota should be maintained while providing stable and affordable 24 electricity benefits to North Dakota and its citizens, along with the electrical grid connected to 25 the surrounding region; and 26 **WHEREAS**, power producers and developers of electric generating projects in the state 27 should maintain access to reliable and cost-effective generation resources and ensure access 28 to such resources, including coal, natural gas, hydroelectric, wind, solar, and battery technology 29 and other future technologies; and

WHEREAS, priority should be given to industries working together to achieve overall best
 practices by integrating aspects of multiple industries to achieve the best overall results; and

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WHEREAS, use of waste heat, carbon recycling, hybrid generation resources, energy
 storage, and new technologies that contribute to a reliable grid, overall energy efficiency, and
 reasonable cost are all part of this vision;

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF NORTH DAKOTA, THE
HOUSE OF REPRESENTATIVES CONCURRING THEREIN:

That a state policy is established to support the reliability and resilience of the electric grid,
 establish inherent value of dispatchable energy, ensure price transparency to consumers in
 electric markets, and incentivize carbon capture utilization and storage as an alternative to
 preserve dispatchable thermal electric generation and its associated benefits; and
 BE IT FURTHER RESOLVED, that the Public Service Commission shall coordinate with
 regional transmission organizations to ensure and develop policies reflected above which

12 provide reliable, dispatchable power for the region in an effective and consistent manner,

13 discourage premature retirement of our thermal electric power generation fleet, and encourage

installation of carbon capture utilization and storage technologies to help meet decarbonizationand reliability goals of the region in an effective and consistent manner; and

BE IT FURTHER RESOLVED, that the North Dakota Transmission Authority develop an integrated resource plan for North Dakota every two years by collecting publicly available information and other requested information from our state's utilities and utilize this information to coordinate with regional transmission organizations to ensure both local and regional grid reliability as well as to develop a plan to enhance and expand transmission within North Dakota to continue our strong tradition of being an energy exporter to our region and the United States; and

BE IT FURTHER RESOLVED, that the Secretary of State forward a copy of this resolution
 to the Public Service Commission; North Dakota Transmission Authority; North Dakota
 Congressional Delegation; Midwest Independent System Operator; and Southwest Power Pool.