



WESTERN DAKOTA ENERGY ASSOCIATION

February 2, 2021

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Testimony of:

Geoff Simon, Lobbyist #144
in support of HB 1458
House Finance and Taxation Committee

Chairman Headland and Committee members:

On behalf of the city, county and school district members of the Western Dakota Energy Association (WDEA), notably those in the coal-producing counties, we wish to express our strong support for House Bill 1458 to promote tax fairness among the state's electricity generators and help ensure the reliability of the grid.

We have witnessed a growing dilemma in North Dakota and throughout the country with the increasing penetration of intermittent sources of electric generation. At times when these resources are unavailable, grid managers are challenged to dispatch additional baseload generation from reliable 24/7 sources that include the lignite-fired power plants in North Dakota. The dilemma arises from federal energy policy that incentivizes the development of intermittent sources, but fails to adequately compensate baseload generating units which are producing less electricity and receiving less revenue, but are still expected to be available to stabilize the grid when intermittent sources are offline.

In the absence of corrections to federal policy, and the likelihood that corrective action will not occur any time soon, HB 1458 is a necessary, pro-active measure to ensure the citizens of North Dakota will not be forced to endure rolling blackouts such as those we witnessed in California this past year. WDEA and its members in the coal-producing counties have grown increasingly concerned by the utter failure of federal policy makers to comprehend the serious flaws in federal energy policy. At a time when fanciful but utterly impossible initiatives such as the Green New Deal are given credence in Washington, it's appropriate that North Dakota policy makers take sensible action to begin to address the problem.

HB 1458 is simple in concept, but its implications are obviously huge. The legislation would enact a tax on wind generation equal to 50% of the federal production tax credit on new construction only. Revenue would be used to promote grid reliability and resiliency as directed by experts within the Public Service Commission. WDEA members believe this is a prudent and essential action on the part of North Dakota to preserve the reliability of our electric supply, as policy makers at the federal level continue to ignore the growing risk.

WDEA applauds Representative Nehring for his extensive research into this issue, and for introducing this vitally important legislation. We urge the committee's support for HB 1458.

Thank you for the opportunity to submit testimony.

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