

Testimony of Dakota Resource Council

Senate Concurrent Resolution 4012

March 18th, 2021

1 Chairman Todd Porter & members of the committee, my name is Janessa Thompson (#1033) and I
2 am testifying on behalf of Dakota Resource Council and our members. Thank you for allowing me to
3 submit written testimony in opposition of SCR 4012.

4 Dakota Resource Council (DRC) is a non-partisan grassroots group of landowners, ranchers, farmers,
5 and other citizens. A key part of our mission is to promote the sustainable use of North Dakota's
6 natural resources.

7 On page 1, line 5-6 the resolution states that "the welfare of the citizens and economic security of this
8 state depends on the reliability and resilience of electric power supply;" This is true, however, the
9 welfare and economic security of this state is compromised by prescribing the uneconomic dispatch
10 and capital expenditure of resources.

11 There has been a lot of misinformation the last month surrounding the blackouts Texas. Lies and
12 misinformation around the blackouts in Texas are being used to manipulate and push forward an
13 agenda by special interest groups to damage the reputation of the renewable energy industries, when
14 in reality all forms of energy struggled during the Texas weather event.

15 Take for instance the quote from Texas Governor Greg Abbott from during the even with the Texas
16 grid, "The Texas power grid has not been compromised. The ability of some companies that generate
17 the power has been frozen. This includes the natural gas & coal generators. They are working to get
18 generation back on line. ERCOT & PUC are prioritizing residential consumers."¹ The issue that
19 caused the problems with both coal and natural gas were a lack of cold weatherization because Texas
20 is not accustomed to having such extreme cold over that length of time. The problem with wind in
21 Texas during this event was also a lack of weatherization for cold conditions.

22 SPP ordered rolling blackouts to residents in ND because it was doing its job to allocate resources
23 regionally to accommodate for losses in other states, to ensure as much reliability as possible. Coal
24 industry lobbyists will tell you that this is what they have warned about. They say blackouts will
25 come if we get rid of coal, so we must work on reliability so that doesn't happen. Well, coal plants
26 are still running in ND and we still experienced blackouts. This is due to a problem with our grid
27 infrastructure, not renewables. Our grid infrastructure is not built to withstand climate change, even
28 with the use of fossil fuels. Which means in order to address grid reliability, climate change must be
29 addressed.

30 "Let us be absolutely clear: if there are grid failures today, it shows the *existing* (largely fossil-based)
31 system cannot handle these conditions either, these are scary, climate change-affected conditions that
32 pose extreme challenges to the grid. We are likely to continue to see situations like this where our
33 existing system cannot easily handle them. *Any* electricity system needs to make massive adaptive
34 improvements." - wrote Dr. Emily Grubert who is an assistant professor of Civil and Environmental
35 Engineering and, by courtesy, of Public Policy at the Georgia Institute of Technology.²

¹ https://twitter.com/GregAbbott_TX/status/1361398774216744967

² <https://techcrunch.com/2021/02/15/severe-weather-blackouts-shows-the-grids-biggest-problem-is-infrastructure-not-renewables/>

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36 SCR 4012 also creates a duplicate and unnecessary policy framework (resolution) for responsibilities
37 already overseen by Regional Transmission Organizations (RTO) and Independent System
38 Operators, (ISO) such as Midcontinent Independent System Operator (MISO) and Southwest Power
39 Pool (SPP). These authorities already oversee the reliability and resiliency of the electric grid. RTOs
40 and ISOs were created to reduce government oversight and increase market competition. In addition,
41 RTOs and ISOs are already addressing stakeholder concerns around reliability which is the proper
42 channel to express concerns. According to the MISO 2020 Forward Report, the top strategy
43 imperatives for stakeholders were “1) Establish future reliability criteria that reflect increasing
44 uncertainty across all hours of the year. … 2) Redefine markets and ensure prices reflect underlying
45 conditions such as scarcity and the value of flexibility. 3) Update the investment approach for
46 transmission by building off the value identified in new market constructs and reliability criteria to
47 improve deliverability of key grid needs. 4) Enhance communication and coordination across the
48 transmission and distribution interface – to address today’s challenges with Load Modifying
49 Resources and with an eye toward emerging tech and active demand.” The report also includes an
50 action plan for those interested in seeing how MISO plans to address these strategic imperatives.³

51 According SPP, they act as the “reliability coordinator” and are “tasked by the North American
52 Electric Reliability Corporation’s Standard IRO-014-3 to preserve the reliability benefits of
53 interconnected operations and coordinate such that none may adversely affect another’s area of
54 jurisdiction.”⁴ On page 1, line 7, SCR 4012 states “maintaining a reliable and resilient grid with a
55 combination of resources”. As evidenced above, that is already the responsibility for RTOs and ISOs,
56 not for individual states. Let RTOs, ISOs, and utilities figure out the best mix. MISO is in the process
57 of assigning the appropriate value to reserve markets, making it unnecessary for government made up
58 of non-experts to make those decisions. Policies created based on this resolution would likely be an
59 overstep in jurisdiction and met with lawsuits.

60 On page 1, lines 14-16 the bill states “electric power markets have been distorted by direct and
61 indirect subsidies which has resulted in the undervaluation of dispatchable thermal electric power
62 plants that are now at risk of early retirement that will further erode electric grid reliability and
63 resilience;” Supporters of this bill will reference a “distorted” market. In our view, the energy market
64 is not distorted because the energy market has always been influenced by government subsidies and
65 through laws. All forms of energy are, and have been for decades, heavily subsidized by the federal
66 government. Even early coal plants in North Dakota were built with federal money.

67 This resolution brings up “reliability and resilience penalties” on page 1, line 25. We are unaware of
68 any reliability and resilience penalties. We are positive that the federal government wants a reliable
69 and resilient grid as well. There are reliability pros/cons to all forms of energy including non-
70 dispatchable energy which offers a degree of flexibility that much of dispatchable energy does not.

71 On page 2, lines 11 through page 3, lines 4, the resolution deals with carbon capture sequestration.
72 As we have shared in multiple previous testimonies this session, carbon sequestration is being talked
73 about as if it is already a feasible technology when in reality it hasn’t been shown to be economically

³ https://cdn.misoenergy.org//MISO%20FORWARD_2020433101.pdf

⁴ <https://spp.org/markets-operations/operating-reliability/>

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74 feasible anywhere in the world.⁵ Carbon sequestration technology has been around for decades. Why
75 is there yet to be a successful example? Anywhere it has been tried has touted its “unique” geology
76 as being the primary reason why it would work there and not in the previous tried areas. In addition,
77 the 45Q tax credits do not “level the playing field” as it will cost up to 10 times more per hour than
78 the wind production tax credit, according to people familiar with Project Tundra.

79 On page 2, lines 7-9 the resolution states “economics and scaling issues currently remain a challenge
80 for energy storage technologies to provide sufficient capacity to replace dispatchable thermal electric
81 generation and provide grid support” Yet, economics and scaling issues also remain a major issue for
82 carbon sequestration, but that is not mentioned in this resolution. Carbon sequestration is expensive,
83 which will increase rates and make electricity less affordable.

84 The resolution also points out on page 3, lines 9-11, that “the combination of direct and indirect
85 subsidies are hidden in the cost to the ratepayer, preventing ratepayers from knowing the true and
86 total cost of the electric power purchased;” That is true for all sources of energy, so it is a moot point.
87 Fossil fuels have externalities on public health and the environment, that are not factored into the
88 total costs to ratepayers either, such as pollution costs, climate change costs, and coal ash clean-up
89 costs. So, ratepayers are prevented from knowing the true and total cost of fossil fuels as well. Fossil
90 fuels have externalities that contribute to climate change and therefore, reduce the reliability of the
91 current grid system.

92 We believe that there is a need to work together on these issues to address long-term, sustainable grid
93 reliability and resiliency. However, in our view, discriminating against non-dispatchable energy
94 sources while relying on unproven, expensive, high-risk technology, and overstepping jurisdiction
95 with RTOs and ISOs is not an appropriate policy agenda to serve North Dakota.

96 Therefore, I urge the committee to oppose SCR 4012 and recommend a **DO NOT PASS** on SCR
97 4012.

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⁵ http://www.worc.org/media/Too_Good_to_Be_True_Report.pdf