

MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

1506

2007 HOUSE NATURAL RESOURCES

HB 1506

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1506

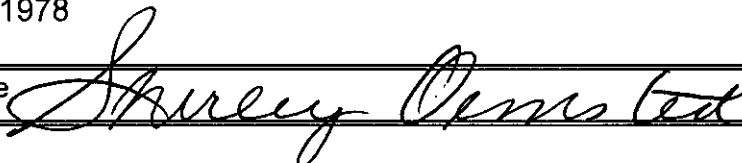
House Natural Resources Committee

Check here for Conference Committee

Hearing Date: January 25, 2007

Recorder Job Number: 1978

Committee Clerk Signature



Minutes:

Chairman Porter opened the hearing on HB 1506.

Representative David Monson of District #10 introduced HB 1506. He said the bill with the proposed amendments is a milestone piece of legislation. This represents agreements of many parties from both the renewable energy advocates and the lignite industries. The meat of the bill has 9 sections. Section 1 establishes a voluntary goal of 10% of renewable energy and recycled energy sources for electricity sold at retail within the state by the year 2015. Section 2 defines renewable energy and includes hydroelectric as renewable. Section 3 limits credit under this bill for hydroelectric generation to new or improvements to hydroelectric facilities. Section 4 lays out further roles as to what qualifies for renewable energy certificates. Section 5 tells how a retail provider may deduct from its baseline of total retail sales the portion of electricity obtained from existing hydroelectric facilities. Section 6 allows for the purchase of recycled energy certificates to meet the voluntary goal of 10%. Section 7 has the proposed amendment that addresses this. Section 8 says the tracking of the energy credits will be done by a third party. Section 9 lays out the annual reporting process. There are a number of people who know a lot more about this than me, and I am sure they can answer your questions better than me. The 10% goal is very realistic. It helps bring us into alignment with our

neighbors in this industry. This bill is part of larger picture and part of an emerging statewide energy plan. It makes us a major player in a regional plan. We can only use a portion of the power that we produce so we need to have a plan to move the energy out of our state.

Representative Scott Kelsh also sponsored this bill. He said is a very visionary bill for the state of North Dakota and urged a do pass. He wanted to applaud all the energy interests that came together to help write this bill.

Commissioner Susan Wefald, President of the North Dakota Public Service Commission came forward in support of HB 1506. See written testimony marked as Item #1.

Representative Jim Kerzman from District #31 came forward to also sponsor this bill. He wanted to applaud all the efforts on this bill. He asked the committee to keep an open mind.

North Dakota cannot be an island on this. He said they are looking at a transmission authority and we must be on the same page as our neighboring states.

Mr. Blake Seese, General Manager of LM Glass Fibers in Grand Forks. Their company produces about 1/3 of all the turbines and employs over 700 employees and they have doubled their plant size. They have received support by Governor Hoeven, Senator Byron Dorgan, Senator Kent Conrad, and Representative Earl Pomeroy. They believe this bill is very important and sets the stage for further development in North Dakota. They support this bill.

Mr. Mark Nesbits, from Excel Energy, and he said they are in support of this bill. Excel Energy has worked with other utility companies in the room as well as members of the energy partnership of which they are members. They believe this bill sets reasonable objectives.

Chairman Porter asked Mr. Nesbits about the amendments proposed by Representative Monson.

Mr. Nesbits said they were in support of the amendments as proposed.

Mr. Harlan Fuglesten with the North Dakota Association of Rural Electric Cooperatives came forward in support of HB 1506. See written testimony marked as Item #2. They urged for a do pass.

Representative Hofstad asked for a snapshot of the percentage they were at now.

Mr. Fuglesten said he was not sure he could provide that number for him. He said statewide that about 8% would be hydropower. That hydropower will not be used to meet the goal but will be deducted from the base for the goal for 2015. This means that goal may be slightly less. There are a number of exciting projects going on right now.

Mr. Scott Handy of the Cass County Electric came forward in support of this bill. See attached written testimony marked as item #3. He also handed out written testimony from **Mr.**

Gerad Paul of Minnkota Power who had travel difficulties getting here today. See testimony marked as Item #4. They were here to urge a do pass.

Mr. Loren Laugtug came forward on behalf of Otter Tail Power Company. See written testimony marked as Item #5.

Ms. Patrice Lahlum testified on behalf of Agriculture Commissioner Roger Johnson who was testifying in another room. See attached testimony marked as Item #6. They were here to support this bill.

There was no testimony in opposition to HB 1506.

Chairman Porter closed the hearing on HB 1506.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1506

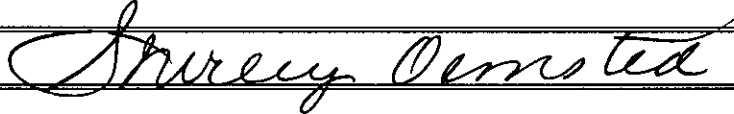
House Natural Resources Committee

Check here for Conference Committee

Hearing Date: January 25, 2007

Recorder Job Number: 1983

Committee Clerk Signature



Minutes:

Chairman Porter opened the discussion on HB 1506. He indicated there were two sets of amendments which were the Monson 303 amendment and then the set of amendments proposed by Commissioner Wefald as part of her testimony.

Representative Keiser made a motion to accept both sets of amendments.

Representative Kelsh seconded the motion.

Chairman Porter asked for discussion. There was none. A voice vote was taken and the motion carried.

Representative Nottestad said there was also an amendment by Representative Monson as 301. What about the amendment from Wefald?

Representative Keiser that is what we just moved.

Chairman Porter said the motion would have taken care of Monson amendments no. 303 and 301 and the Wefald amendments that were part of the testimony. They were all friendly amendments. Does anyone have any questions on that?

Representative Kelsh made a motion for a do pass as amended.

Representative DeKrey made a second to the motion.

Chairman Porter asked for discussion. Seeing none, the clerk called the roll on a do pass as amended. Let the record show 13 yes, 0 no, with 1 absent. Do pass as amended prevails.

Representative Damschen will carry the bill to the floor.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1506

Page 1, line 14, after the underscored period insert "Municipal and cooperative utilities that receive wholesale electricity through a municipal power agency or generation and transmission cooperative may aggregate their renewable and recycled energy objective resources to meet this objective."

Renumber accordingly

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1506

Page 3, line 17, replace "determination - Reporting" with "evaluation"

Page 3, line 18, remove "requirement" and after the second comma insert "to meet the objective,"

Page 3, line 19, after "provider" insert "or its generation supplier" and replace "determination that" with "evaluation to determine if"

Page 3, line 20, remove "more", replace "than existing" with "considering other", and remove "This economic determination"

Page 3, remove line 21

Page 3, line 22, replace "section 9 of this Act. If" with "After evaluating the renewable and recycled energy objective and economic evaluation," and replace "finds that use of new renewable and recycled energy" with "or its generation supplier may use the electricity alternative which best meets its resource or customer needs"

Page 3, remove line 23

Page 3, line 24, remove "cost-effective electricity alternative"

Renumber accordingly

January 25, 2007

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1/29/07

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1506

Page 1, line 14, after the underscored period insert "Municipal and cooperative utilities that receive wholesale electricity through a municipal power agency or generation and transmission cooperative may aggregate their renewable and recycled energy objective resources to meet this objective."

Page 2, line 27, replace "commission case PU-05-364" with "commission's"

Page 2, line 28, remove "which stipulates"

Page 3, line 17, replace "determination - Reporting" with "evaluation"

Page 3, line 18, remove "requirement" and after the second underscored comma insert "to meet the objective."

Page 3, line 19, after "provider" insert "or its generation supplier" and replace "determination that" with "evaluation to determine if"

Page 3, line 20, remove "more", replace "than existing" with "considering other", and replace "This economic determination" with "After evaluating the renewable and recycled energy objective and economic evaluation, the retail provider or its generation supplier may use the electricity alternative that best meets its resource or customer needs."

Page 3, remove lines 21 through 24

Page 4, line 5, after "previous" insert "calendar"

Re-number accordingly

Date: 1-25-06
Roll Call Vote #: 7

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1506

House Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken As Amended 0303 + 0301

Motion Made By Keiser Seconded By Kelsh

| 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 | | | | | |
| <i>Vote</i> | | | | | |
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Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

Date: 1-25-06
Roll Call Vote #: _____

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HP 1506

House Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass to amend

Motion Made By Keish Seconded By DeKrey

| Representatives | Yes | No | Representatives | Yes | No |
|------------------------------|-----|----|-----------------|-----|----|
| Chairman - Rep. Porter | ✓ | | Rep. Hanson | ✓ | |
| Vice-Chairman - Rep Damschen | ✓ | | Rep. Hunskor | ✓ | |
| Rep. Charging | ✓ | | Rep. Kelsh | ✓ | |
| Rep. Clark | ✓ | | Rep. Meyer | ✓ | |
| Rep. DeKrey | ✓ | | Rep. Solberg | | |
| Rep. Drovdal | ✓ | | | | |
| Rep. Hofstad | ✓ | | | | |
| Rep. Keiser | ✓ | | | | |
| Rep. Nottestad | ✓ | | | | |
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Total Yes 13 No 0

Absent 1

Floor Assignment Damschen

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

Do Pass previous

REPORT OF STANDING COMMITTEE

HB 1506: Natural Resources Committee (Rep. Porter, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1506 was placed on the Sixth order on the calendar.

Page 1, line 14, after the underscored period insert "Municipal and cooperative utilities that receive wholesale electricity through a municipal power agency or generation and transmission cooperative may aggregate their renewable and recycled energy objective resources to meet this objective."

Page 2, line 27, replace "commission case PU-05-364" with "commission's"

Page 2, line 28, remove "which stipulates"

Page 3, line 17, replace "determination - Reporting" with "evaluation"

Page 3, line 18, remove "requirement" and after the second underscored comma insert "to meet the objective."

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Page 3, line 20, remove "more", replace "than existing" with "considering other", and replace "This economic determination" with "After evaluating the renewable and recycled energy objective and economic evaluation, the retail provider or its generation supplier may use the electricity alternative that best meets its resource or customer needs."

Page 3, remove lines 21 through 24

Page 4, line 5, after "previous" insert "calendar"

Renumber accordingly

2007 SENATE NATURAL RESOURCES

HB 1506

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1506

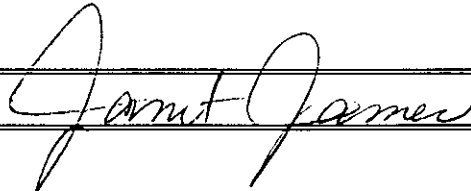
Senate Natural Resources Committee

Check here for Conference Committee

Hearing Date: March 9, 2007

Recorder Job Number: # 4769

Committee Clerk Signature



Minutes:

Senator Stanley Lyson, Chairman of the Senate Natural Resources Committee opened the hearing on HB 1506 establishing a state renewable and recycled energy objective.

All members of the committee were present.

Representative Dave Monson of District 10, prime sponsor of HB 1506 introduced the bill as being complicated (see attachment #1).

Roger Johnson, North Dakota Commissioner of Agriculture testified in support of HB 1506 (see attachment #2).

Susan Wefald, President of the North Dakota Public Service Commission testified on her own behalf of HB 1506 stating the other Public Service Commissioners are neutral on the bill. She stated they have no problem with section 8 of the bill as rules were passed last session as to the tracking of the third party. Section 9 is also acceptable.

Senator Ben Tollefson: how is hydroelectric considered renewable?

Susan Wefald: others are better qualified to answer.

Harlan Fuglesten, representing the North Dakota Association of Rural Electric Cooperatives testified in support of HB 1506 (see attachment #3). He also presented written testimony of

Warren Ault, national Account Manager for LM Glasfiber (see attachment # 4).

Senator Joel Heitkamp: what is the rate of depreciation for a wind tower?

Harlan Fuglesten; had no idea although the contracts are usually 25 years long.

Kathy Aas representing Xcel Energy testified in support of HB 1506 stating that they along with all the utilities in North Dakota and the renewable energy partners worked on this legislation and that it is a good step toward having an objective in North Dakota. This will also help meet the intention of Minnesota law and their commitment to renewable energy.

Scott Handy, President/CEO of the Cass County Electric Cooperative, Inc testified in support of HB 1506 (see attachment # 5). He also presented to the committee written testimony from **Minnkota Power Cooperative** supporting HB 1506. (See attachment # 6).

Senator Herbert Urlacher: he supports renewable energy and in the questions of the survey often mentioned are there any costs of the renewables included.

Scott Hardy: a general question of support is included and then asked if support still exists when the rates are increased due to incorporation of renewables. The support remains strong if the rate increase stay 5% and below.

Senator Urlacher; appreciates the fact that those statements are included in the survey.

Senator Heitkamp: how long does a wind tower last?

Scott Handy: the two they own are advertised for 15 years, but expect a 50 year life time of the tower, however the turbines do not last that long and will need to be replaced.

John Olson representing the Otter Tail Power Co. testified in support of HB 1506 by presenting to the committee testimony of Loren Laugtug (see attachment # 7).

Senator Lyson asked for opposing testimony of HB 1506 and hearing none asked for testimony in a neutral position.

Verle Reinicke testified on behalf of God by bringing a biblical respect to what is being done there. We have not paid enough attention to the non-human creation. We in our sinful human

arrogance talk only about helping effects humans as we are the pinnacle of creation and that everything serves us. We are to serve the creation and help it be the most it can be. We do that as God does and out of love. We are a great time of change and this is something like the Industrial Revolution. This all has to be considered as to how this affects creation and we are responsible. We have to pull back from what we are doing as a people not only in the whole world but here in North Dakota. So what is going on here is consistent with biblical witness about being sensitive to the creation which God has made. By pursuing these avenues we are praising God and giving Him thanks for what he has given us.

Senator Lyson closed the hearing on HB 1506.

Senator Jim Pomeroy made a motion for Do Pass of HB 1506.

Senator Constance Triplett second the motion.

Senator Triplett: as the motion was being made, Senator Heitkamp commented he had amendments.

Senator Heitkamp: he did not know if he was going to offer the amendments in committee and maybe not on the floor. He passed them out to the committee to look at, but the committee should just move forward with what they already have because he is not sure the support of the committee is there for them. Maybe at another time.

A roll call vote for a Do Pass of HB 1505 was taken indicating 4 Yeas, 3 Nays and 0 absent or not voting.

Senator Lyson will carry HB 1506.

REPORT OF STANDING COMMITTEE (410)
March 9, 2007 1:07 p.m.

Module No: SR-45-4877
Carrier: Lyson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1506, as engrossed: Natural Resources Committee (Sen. Lyson, Chairman)
recommends **DO PASS** (4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1506 was placed on the Fourteenth order on the calendar.

2007 TESTIMONY

HB 1506

Item #1

H. B. 1506

Presented by: Susan Wefald, President
Public Service Commission

Before: House Natural Resources
Honorable Todd Porter

Date: January 25, 2007

Mr Chairman and Members of the Committee, I am Commissioner Susan Wefald, President of the North Dakota Public Service Commission. The testimony that I am presenting is my own testimony, and not that of the whole Commission. I am in support of HB 1506.

I am not in favor of mandates, but I am in favor of voluntary objectives. This bill meets that requirement.

This legislation builds on HB 1314 passed last session, which authorized North Dakota's participation in a regional accounting system to verify the generation, exchange and retirement of renewable energy credits. The Commission anticipates making a decision on selecting a credit tracking system this year. This bill is consistent with rules the Commission has developed in response to 2005 HB 1314.

This legislation is of long term economic importance to North Dakota. Two years ago, the state of Minnesota passed renewable energy legislation with a goal of 10 percent by 2015. Minnesota legislators who were working with utilities, agricultural interests and legislators from the Dakotas on renewable energy issues included a provision allowing Minnesota utilities to purchase renewable energy credits from bordering states to meet their objective, if those states have a *similar* renewable portfolio, standard or objective in place. This legislation meets that test.

I have noted that states that have passed voluntary renewable energy objectives have greater wind development take place in their states than states that do not have these objectives. The objectives included in this bill will enable North Dakota to have its fair share of wind energy development in our region.

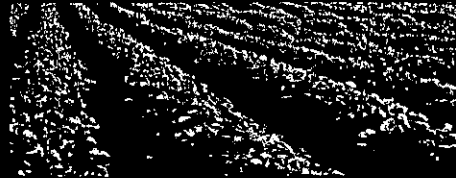
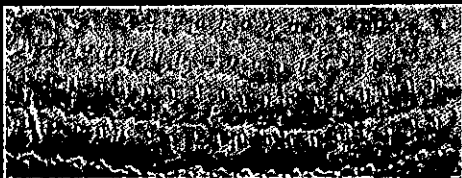
Next, I would like to comment on Section 9 of this bill – the Public Reporting Section. This section gives a responsibility to the Commission to receive the annual reports and make data and narrative reports publicly available and accessible electronically on the internet. This should be a very easy task for the Commission.

There are two housekeeping amendments which I am proposing today, which the Commission would be happy to provide in writing later today to the Committee.

The first is on page 2, line 27 and 28. Strike the words "case PU-05-364 which stipulates." These words are not needed.

The second is on page 4, line 5. Insert the word "calendar" after the words "provider's previous." This would clarify that the first report is for the calendar year 2008, and that the retail providers would have 6 months to prepare their public reports.

Energy & North Dakota



Renewable Energy Opinion Survey Results August 2006

Survey conducted by
University of North Dakota Bureau of Governmental Affairs
on behalf of
North Dakota Renewable Energy Partnership
North Dakota Office of Renewable Energy & Energy Efficiency

