

**Sixty-seventh Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 5, 2021**

SENATE CONCURRENT RESOLUTION NO. 4012
(Senator Wardner)
(Representative Pollert)

A concurrent resolution to establish a state policy to support the reliability and resilience of the electric grid, 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.

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

WHEREAS, maintaining a reliable and resilient grid with a combination of resources that has dependence on thermal electric generation fueled by abundant domestic coal and natural gas is essential to domestic energy and geopolitical security; and

WHEREAS, the variability of nondispatchable energy that is subsidized presents major challenges to the independent system operators responsible for the bulk power system reliability and resilience as they have less dispatchable thermal electric generation available; 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' useful life while simultaneously making significant investments in nondispatchable energy projects; and

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 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 nondispatchable energy are imposing reliability and resilience penalties on the bulk power system relied upon by the citizens and industries of North Dakota without due compensation for 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

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

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

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 electric generation for its citizens and its industry, as well as other products, North Dakota not only will benefit in the short term economically, it will improve reliability and affordability throughout the Midwest and ensure the ability to be a world leader in deploying carbon capture utilization and storage projects globally, ensuring developing nations the ability to provide low-carbon, reliable energy to their citizens; and

WHEREAS, the system of regulatory oversight does not ensure sufficiently the reliability and resilience of the electric grid because of market distortion and unrealistic electricity production mandates from states, driving regional transmission operators in their dispatch policies; and

WHEREAS, the combination of direct and indirect subsidies are hidden in the cost to the ratepayer, preventing ratepayers from knowing the true and total cost of the electric power purchased; and

WHEREAS, regional transmission operator policy decisions lead to premature retirement analyses that do not consider adequately the reliability and resilience penalties of renewable nondispatchable energy. Nor do they adequately scrutinize premature retirement decisions by requiring analysis and compensation for decarbonization by installation of carbon capture utilization and storage technologies, which help meet carbon reduction goals; allow additional energy generation to utilize the transmission system; and bring significant economic, employment, and energy security benefits to North Dakota and the United States; and

WHEREAS, robust and diverse production of all natural resources for electric generation within the state of North Dakota should be maintained while providing stable and affordable electricity benefits to North Dakota and its citizens, along with the electrical grid connected to the surrounding region; 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

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 provide reliable, dispatchable power for the region in an effective and consistent manner, discourage premature retirement of our thermal electric power generation fleet, and encourage installation of carbon capture

utilization and storage technologies to help meet decarbonization and reliability goals of the region in an effective and consistent manner; and

BE IT FURTHER RESOLVED, that the North Dakota Transmission Authority annually develop a comprehensive report for North Dakota 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.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

Filed in this office this _____ day of _____, 2021,
at _____ o'clock _____ M.

Secretary of State