

**HB 1412**  
**Jean Schafer - Basin Electric Power Cooperative, March 31, 2021**  
**Senate Appropriations Committee**

Chairman Holmberg and members of the Senate Appropriations Committee:

Basin Electric Power Cooperative (**Basin Electric**) is a regional, consumer-owned, generation and transmission cooperative formed in 1961 to supply supplemental power to a consortium of rural electric distribution cooperatives. Basin Electric's core business is generating and delivering electricity to wholesale customers, primarily our member systems. As of the end of 2020, Basin Electric owns 4,208 megawatts (**MW**) and operates 5,189 MW of electric generating capacity including coal, wind, natural gas, and nuclear. Basin Electric supplies 140 rural electric member cooperative systems with wholesale electric power who in turn serve approximately 3 million consumers in a nine-state area.

On behalf of Basin Electric I wanted to express our support of House Bill 1412 which will provide temporary tax relief from coal conversion taxes for struggling lignite plants in central North Dakota. Basin Electric has two coal-based power plants in the state, Antelope Valley Station and Leland Olds Station, located in Mercer County, as well as the Dakota Gasification Company (DGC), which also converts coal to byproducts.

Due to changing fuel markets, federal policies and regulations that distort energy markets, lignite-based power plants and conversion facilities greatly need immediate economic relief to help protect and preserve the North Dakota lignite industry as a whole, and help coal-based power plants stay economically viable resources in the wholesale power markets.

Specific to coal conversion taxes and how they would be used to offset Basin Electric generation costs, there are two components. One is based on the capacity of the unit (fixed) and the other is based on the energy produced/generation (energy). We include the component that is based on "energy" in the economic market offers. So, if we can reduce/eliminate coal conversion taxes that are based on our energy produced, we can reduce our offers by the applicable amount and therefore make the coal units more dispatchable in the power market.

HB 1412 only focuses on the coal conversion tax and relief from that tax for a period of five years. This proposal only provides relief from the general fund deposits and does not impact county tax revenue or the lignite research fund, and the counties will be held harmless-unless they voluntarily choose to opt in. We would further support the amendments by the Senate Energy and Natural Resources committee that raise the amount of the tax relief to be equal to the full value paid by the conversion facilities.

For these reasons, Basin Electric asks for your support of HB1412.

Thank you.