

Summit Carbon Solutions Testimony on Senate Bill 2383
February 1, 2023, 10:45 A.M.
Senate Finance and Taxation Committee
Senator Jordan Kannianen, Chairman

Jeff Skaare – Director of Land Summit Carbon Solutions

Opposition to SB 2383

Chairman Kannianen, and fellow Senate Committee Members.

My name is **Jeffrey Skaare**. I am the **Sequestration Director of Land Legal and Regulatory Affairs** for **Summit Carbon Solutions**. I am an attorney by education, and a certified professional landman by trade. Born, raised and educated in North Dakota, I have dedicated the majority of my professional career to the development of ND's vast mineral resources. I have witnessed first-hand the need for, and the buildout of, the necessary infrastructure to develop North Dakota's vast natural resources. We have reviewed proposed Senate Bill No. 2383 and we oppose for the following reason. This bill removes an incentive for pipeline development enacted by prior legislatures. In fact, this bill is contradictory to the North Dakota State Legislature's, Chapter 38-22 entitled Carbon Dioxide Underground Storage which created a framework for a new industry in the State.

Proposed climate and energy policies, investor pressures, and societal demands for lower carbon energy have created a low-carbon economy that presents both significant risk and tremendous opportunity to North Dakota. If we do nothing, these pressures threaten North Dakota's traditional energy and modern agriculture that represent seventy percent of our economy. If we take action and deploy solutions like carbon capture, transportation, storage and utilization, we can preserve our industries, spur new investment, and thrive in the low-carbon economy.

Fortunately, North Dakota industry, research, and policy leaders had the foresight over two decades ago to begin investing in research and developing the legal and regulatory frameworks to enable the development and commercialization of carbon capture, transportation, and storage. As a

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result, North Dakota is uniquely positioned to thrive in a low-carbon economy with an established legal and regulatory framework, well understood geology, and commercially available capture technologies. This early action and thoughtful leadership of North Dakotans has produced three operating CCUS projects today and four others under development.

In 2009, the North Dakota State Legislature, enacted NDCC Chapter 38-22 entitled Carbon Dioxide Underground Storage, and thus created the framework for a new industry in the State. I encourage this committee's members to re-read Section 38-22-01 entitled Policy. In short, this section of code states that **“It is in the public interest to promote the geologic storage of carbon dioxide.”** This section of code explains that in addition to the State and Federal benefits of reducing our greenhouse gas emissions, that CO₂ storage will ensure the viability of the state’s coal and power industries and further provide ready availability of a potentially valuable commodity for commercial or industrial uses. I have provided the full text below for your review.

In 2017, The North Dakota State Legislature, in enacted N.D.C.C. § 57-06-17.1 intending to incentivize carbon management and promote economic development through infrastructure. By its very title, “Carbon dioxide pipeline exemption” it is clear that prior legislatures had the foresight to incentivize pipeline development. These incentives have spurred \$billions of new projects that will enhance the competitiveness and sustainability of North Dakota largest industries.

This bill sends a contradictory message to investors that are developing carbon capture, storage and utilization projects. Repealing the incentive for projects that qualify for the Federal 45Q tax credit

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effectively disqualifies all CO₂ projects from using the incentive as the 45Q credit applies to both geologic storage and enhanced oil recovery projects. Changing the PILOT program to exclude CO₂ pipelines and associated infrastructure disincentivizes critical investment in carbon management and by extension economic development.

It is for these reasons that we oppose the enactment of Senate bill number 2383 and request a recommendation of **DO NOT PASS**. Thank you.

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38-22-01. Policy

It is in the public interest to promote the geologic storage of carbon dioxide. Doing so will benefit the state and the global environment by reducing greenhouse gas emissions. Doing so will help ensure the viability of the state's coal and power industries, to the economic benefit of North Dakota and its citizens. Further, geologic storage of carbon dioxide, a potentially valuable commodity, may allow for its ready availability if needed for commercial, industrial, or other uses, including enhanced recovery of oil, gas, and other minerals. Geologic storage, however, to be practical and effective requires cooperative use of surface and subsurface property interests and the collaboration of property owners. Obtaining consent from all owners may not be feasible, requiring procedures that promote, in a manner fair to all interests, cooperative management, thereby ensuring the maximum use of natural resources.

(emphasis added)