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Engrossed Senate Bill 2313—Opposition to potential amendments

This amendment is unnecessary, and it will not address resource adequacy, reliability, or the future of lignite in a meaningful way. Rather, it will bring unintended consequences, including regulatory uncertainty and increased energy costs for ND consumers.

49-05-04.5

- Rather than address the entities that set market pricing rules—SPP and MISO—this amendment would artificially inflate the value of baseload generation as it applies to only a small portion of market participants—namely Xcel, Otter Tail, and MDU. This would not apply to cooperative generators or their customers. While we are NOT suggesting cooperatives be brought under the jurisdiction of the PSC, it is important to understand that their generation resources comprise a large part of ND's overall generation.
- Our state is a net exporter of electricity. Roughly half of the state's generation serves out-of-state load, yet in-state Xcel, MDU, and Otter Tail customers would bear the whole cost of this artificial value.
- The effect of this artificial value would not be significant enough to make a substantial difference to lignite generators. SPP has approximately 90,000 MW of generation capacity and MISO has approximately 175,000 MW of generation capacity. ND IOU customer load is approximately 1,200 MW.

49-05-04.6

- We don't have an objection to this concept, as it is already required within MISO, to which Xcel, Otter Tail and MDU belong. However, since it is already required, putting this provision into NDCC is unnecessary.

49-05-04.7

- This provision is overly broad, which makes it dangerously open to interpretation.
- Reliability is already required, and it is specifically addressed in ND administrative rule 69-09-02-06, regarding continuity of service.
- If a utility fails to provide reliable service, the PSC will address those concerns in a rate case, or it may open an investigation separate from a rate case.
- While fines would negatively affect utility profits, reliability investments generally improve utility profits. Utilities are incented to properly plan for, build, and manage reliability infrastructure. Adding a provision like the one proposed by this amendment would lead to unnecessary and redundant development of infrastructure, with the costs borne by ND customers.

This amendment should not be adopted. At a time when the future of Coal Creek Station is in flux, any additional regulatory uncertainty is not helpful. Moreover, this amendment creates duplicative, unnecessary, and costly regulation that will ultimately result in increased electric rates. It would be best for the bill to be acted on without further amendment.