

Chairman and Members of the Committee,

My name is Sonja Kaye. I get my electricity from Minnkota Power Cooperative. Minnkota is a sponsor of Project Tundra, a project that depends heavily on the passage of House Bill 1452. I believe this bill was created specifically for the implementation of Project Tundra.

Seventy-five percent of my electric bill depends on the production cost of Minnkota's electricity. My interest and Minnkota's mission are to keep the production cost of their electricity as low as possible. Project Tundra does **not** align with this mission.

What **are** some of the goals of Project Tundra?

Is the goal of Project Tundra to make electricity more affordable? No. Clearly spending a couple billion dollars to build this complex capture facility and another \$25 million annually to run it, does not make electricity cheaper.

Is the goal to reduce CO2? It does not; it just relocates it. Burning coal creates CO2, period.

Have we considered other cheaper options? No. To reduce our CO2 by 85%, we could choose to run the coal plants two months out of the year, instead of twelve. This option disappears, however, with the addition of Project Tundra. Coal plants must run at a certain level to be economically viable, and the tax credits on which Project Tundra relies require the capture of a minimum of 500,000 tons of CO2 per year. By adding Tundra, you are forcing yourself into a must-run situation to (maybe) make the project work a few years.

Does Project Tundra make electricity more reliable? No. During our February cold-weather event it was coal and natural gas that were the biggest threats to electricity. Anywhere from frozen pipes to electrical issues and even low river levels. The average 500 MW coal plant uses 300 billion gallons of water a day. Project Tundra will add billions of gallons more to the water requirement. **How do we justify this water usage in these years of drought?**

Did you know California reaches over 60- 70% penetration of renewables almost every day with reliable electricity? They get less than 1% of their power from coal plants. And did you know, on a per capita basis, California has less power outages than North Dakota does?

Is the goal of Project Tundra to add more capacity to the grid? It does not. It **uses** large amounts of electricity. In fact, it consumes so much electricity, Minnkota is thinking of adding a natural gas facility to operate the capture equipment. Tundra is merely pollution control. (sort of, because it is not clear how long and safely the CO2 can be contained or if it will affect ground water)

Is the goal to make coal more competitive? It does not. It artificially allows the industry to continue operating for a few years, peripherally to the market. It might extend the life of a coal plant for 15 years, but we don't even know that for sure.

What happens when the tax credits expire? Will North Dakota pay the \$25 million annually to relocate the CO2?

Will Enhanced Oil Recovery finance the CO2 capture? Doubtful. Look at a similar project in Texas called Petra Nova. Oil prices needed to be at \$75 a barrel to make it economically viable. Oil prices dropped.

Petra Nova is now closed. **Oil prices will continue to be extremely volatile in the coming years** as major car companies switch to electric vehicles.

Does Project Tundra help Minnkota prepare for the future? It does not. Minnkota is the **only** utility in ND without a flexible resource, like natural gas generation or battery storage, in their mix. Flexible resources are important to have to respond quickly to cheap renewable, intermittent energy. Minnkota loses around \$8 million a year due to inflexibility and having to sell overproduction when prices are low.

Minnkota, instead, relies on a **demand response program** for flexibility. They have been using this program for decades. Part of this program requires industrial customers to fire up their own **diesel** generators to meet peak demand needs, creating more of a CO2 emission problem. **Minnkota needs help with flexibility and preparing for a grid of the future.** Carbon Capture technology will prevent them from satisfying these needs.

I oppose 1452 because:

1. Project Tundra is a bad investment.
2. This bill allows the Industrial Commission to decide on behalf of **special interests** the best use of ND legacy funds. It does not require any cost/ benefit analysis, nor does it consider the negative effects on ND consumers.
3. Promoting bad investments will make electricity more **expensive**.
4. Project Tundra is not clean, sustainable, or reliable.
5. This bill will **fail to** adequately prepare Minnkota Power Cooperative for the future.

By funding projects like Tundra, **we are holding electricity consumers hostage with the continued threat of overinvestment in coal assets, rather** than providing them with actual **low-cost** electricity.

I urge you to keep control over legacy funds, keep their disbursement unbiased, and support projects that are beneficial to **all** North Dakotans. Support projects which have a future, such as energy storage, smart-grid investments, national transmission planning or ND-owned renewable projects. **Please, recommend a do NOT pass on HB 1452.**

You can refer to my earlier written testimony for **more details** on why I oppose this bill, including the MISO market mechanism that already exists for incentivizing reliability.

Thank you so much for your attention and your compassion for electricity consumers in ND.