



February 4, 2021

Chairman Kreun and Senate Energy and Natural Resources Committee Members,

On behalf of the members of the Lignite Energy Council, I am submitting testimony today in support of Senate Bill 2291 due to the experiences that the lignite industry has had as it relates to the Environmental, Social and Corporate Governance (ESG) investment principles that are used by many large financial institutions as guidance in their decision-making process.

Each financial institution has a plan in place on how to govern their investment portfolios. Banks and insurance companies are increasingly applying these non-financial factors as part of their analysis process to identify what are not actual, but perceived risks in financial and insurance markets. As a result of a lack of understanding of the standards, practices and benefits the fossil fuel industry provides, there are currently trillions of dollars in investment capital that are now out of reach for important investments in oil, gas and coal.

ESG criteria are leading financial organizations to discriminate against the fossil fuel industry which could cost North Dakota thousands of jobs and hundreds of millions of dollars in capital investment. The use of ESG criteria has hurt the lignite industry by drastically increasing insurance premiums and other unnecessary costs by millions of dollars over the past few years.

The ESG threat to North Dakota's economy and state budget has been a significant discussion in the EmPower ND meetings over the past year. Over half of the state revenues are derived from fossil fuels, which fund schools, social services and most government programs across North Dakota.

We applaud Senator Bell's efforts to direct the State Investment Board and the Department of Commerce to study the investments, that have been made with taxpayer revenues, with entities that are using ESG's to discriminate against North Dakota's economic interests.

For these reasons, the Lignite Energy Council supports SB2291 and we respectfully ask that the committee provide this legislation with a favorable "Do-Pass" recommendation.

Thank you for your consideration,

Jason Bohrer

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