

Testimony of Dakota Resource Council
Senate Concurrent Resolution 4012
February 18th, 2021

1 Chairman Curt Kreun & members of the committee, my name is Scott Skokos and I am testifying
2 on behalf of Dakota Resource Council and our members. Thank you for allowing me to testify today in
3 opposition of SCR 4012.

4 Dakota Resource Council (DRC) is a non-partisan grassroots group of landowners, ranchers,
5 farmers, and other citizens. A key part of our mission is to promote the sustainable use of North Dakota's
6 natural resources.

7 We stand in opposition to SCR 4012 for several reasons, but the primary being that it creates a
8 duplicate and unnecessary policy framework for responsibilities already overseen by Regional
9 Transmission Organizations (RTO) and Independent System Operators, (ISO) such as Midcontinent
10 Independent System Operator (MISO) and Southwest Power Pool (SPP). These authorities oversee the
11 reliability and resiliency of the electric grid. RTOs and ISOs were created to reduce government oversight
12 and increase market competition. RTOs and ISOs are already addressing stakeholder concerns around
13 reliability which is the proper channel to express concerns. According to the MISO 2020 Forward Report,
14 the top strategy imperatives for stakeholders were "1) Establish future reliability criteria that reflect
15 increasing uncertainty across all hours of the year. ... 2) Redefine markets and ensure prices reflect
16 underlying conditions such as scarcity and the value of flexibility. 3) Update the investment approach for
17 transmission by building off the value identified in new market constructs and reliability criteria to
18 improve deliverability of key grid needs. 4) Enhance communication and coordination across the
19 transmission and distribution interface – to address today's challenges with Load Modifying Resources
20 and with an eye toward emerging tech and active demand." The report also includes an action plan for
21 those interested in seeing how MISO plans to address these strategic imperatives.¹

22 According SPP, they act as the "reliability coordinator" and are "tasked by the North American Electric
23 Reliability Corporation's Standard IRO-014-3 to preserve the reliability benefits of interconnected
24 operations and coordinate such that none may adversely affect another's area of jurisdiction."² On page 1,
25 line 7, SCR 4012 states "maintaining a reliable and resilient grid with a combination of resources". As
26 evidenced above, that is already the responsibility for RTOs and ISOs, not for individual states. Let
27 RTOs, ISOs, and utilities figure out the best mix. MISO is in the process of assigning the appropriate
28 value to reserve markets, making it unnecessary for government made up of non-experts to make those
29 decisions. Policies created based on this resolution would likely be an overstep in jurisdiction and met
30 with lawsuits.

31 On page 1, line 5-6 the resolution states that "the welfare of the citizens and economic security of this
32 state depends on the reliability and resilience of electric power supply;" This is true, however, welfare and
33 economic security of this state is compromised by prescribing the uneconomic dispatch and capital
34 expenditure of resources.

35 There has been a lot of misinformation this week surrounding the blackouts Texas and in our own area.
36 We do not recommend North Dakota make long-term policy decisions based on current events that have
37 yet to be fully understood. An autopsy of the blackouts in Texas will be completed in the near future so
38 that we can better address the issues that led to this point. Lies and misinformation around the blackouts
39 happening in Texas are being used to manipulate and push forward an agenda by special interest groups

¹ https://cdn.misoenergy.org//MISO%20FORWARD_2020433101.pdf

² <https://spp.org/markets-operations/operating-reliability/>

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40 to damage the reputation of the renewable energy industries. However, we will share what is currently
41 known about the situation.

42 Take for instance the quote from Texas Governor Greg Abbott on the current situation with the Texas
43 grid, “The Texas power grid has not been compromised. The ability of some companies that generate the
44 power has been frozen. This includes the natural gas & coal generators. They are working to get
45 generation back on line. ERCOT & PUC are prioritizing residential consumers.”³

46 SPP ordered rolling blackouts to residents in ND because it was doing its job to allocate resources
47 regionally to accommodate for losses in other states, in an effort to ensure as much reliability as possible.
48 Coal industry lobbyists will tell you that this is what they have warned about. They say blackouts will
49 come if we get rid of coal, so we must work on reliability so that doesn’t happen. Well, coal plants are
50 still running in ND and we are experiencing blackouts now. This is due to a problem with our grid
51 infrastructure, not renewables. Our grid infrastructure is not built to withstand climate change, even with
52 the use of fossil fuels. Which means in order to address grid reliability, climate change must be addressed.

53 “Let us be absolutely clear: if there are grid failures today, it shows the *existing* (largely fossil-based)
54 system cannot handle these conditions either, these are scary, climate change-affected conditions that
55 pose extreme challenges to the grid. We are likely to continue to see situations like this where our existing
56 system cannot easily handle them. *Any* electricity system needs to make massive adaptive
57 improvements.”- wrote Dr. Emily Grubert who is an assistant professor of Civil and Environmental
58 Engineering and, by courtesy, of Public Policy at the Georgia Institute of Technology.⁴

59 On page 1, lines 14-16 the bill states “electric power markets have been distorted by direct and indirect
60 subsidies which has resulted in the undervaluation of dispatchable thermal electric power plants that are
61 now at risk of early retirement that will further erode electric grid reliability and resilience;” Supporters of
62 this bill will reference a “distorted” market. In our view, the energy market is not distorted because the
63 energy market has always been influenced by government subsidies and through laws. All forms of
64 energy are, and have been for decades, heavily subsidized by the federal government. Even early coal
65 plants in North Dakota were built with federal money. The need to address man-made climate change has
66 caused many parts of the country to experience a change in their consumer preferences, which has
67 naturally led to new laws, policies, and incentives at various levels of government. Addressing climate
68 change is crucial; doing so without unnecessarily raising the cost of electricity is obviously preferable for
69 the residents of North Dakota.

70 This resolution brings up “reliability and resilience penalties” on page 2, line 1. We are unaware of any
71 reliability and resilience penalties. We are positive that the federal government wants a reliable and
72 resilient grid as well. There are reliability aspects to all forms of energy including non-dispatchable
73 energy which offers a degree of flexibility that much of dispatchable energy does not.

74 On page 2, lines 12-3, and page 3, lines 1-5, the resolutions deals with carbon capture sequestration. As
75 we have shared in multiple previous testimonies this session, carbon sequestration is being talked about as
76 if it is already a feasible technology when in reality it hasn’t been shown to be economically feasible

³ https://twitter.com/GregAbbott_TX/status/1361398774216744967

⁴ <https://techcrunch.com/2021/02/15/severe-weather-blackouts-shows-the-grids-biggest-problem-is-infrastructure-not-renewables/>

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77 anywhere in the world.⁵ Carbon sequestration technology has been around for decades. Why is there yet
78 to be a successful example? Anywhere it has been tried has touted its “unique” geology as being the
79 primary reason why it would work there and not in the previous tried areas. In addition, the 45Q tax
80 credits do not “level the playing field” as it will cost up to 10 times more per hour than the wind
81 production tax credit, according to people familiar with Project Tundra.

82 On page 2, lines 8-10 the resolution states “economics and scaling issues currently remain a challenge for
83 energy storage technologies to provide sufficient capacity to replace dispatchable thermal electric
84 generation and provide grid support” Yet, economics and scaling issues also remain a major issue for
85 carbon sequestration, but that is not mentioned in this resolution. Carbon sequestration is expensive,
86 which will increase rates and make electricity less affordable.

87 The resolution also points out on page 3, lines 10-12, that “the combination of direct and indirect
88 subsidies are hidden in the cost to the ratepayer, preventing ratepayers from knowing the true and total
89 cost of the electric power purchased;” That is true for all sources of energy, so it is a moot point. Fossil
90 fuels have externalities on public health and the environment, that are not factored into the total costs to
91 ratepayers either, such as pollution costs, climate change costs, and coal ash clean-up costs. So, ratepayers
92 are prevented from knowing the true and total cost of fossil fuels as well. Fossil fuels have externalities
93 that contribute to climate change and therefore, reduce the reliability of the current grid system.

94 We believe that there is a need to work together on these issues to address long-term, sustainable grid
95 reliability and resiliency. However, in our view, discriminating against non-dispatchable energy sources
96 while relying on unproven, expensive, high-risk technology, and overstepping jurisdiction with RTOs and
97 ISOs is not an appropriate policy agenda to serve North Dakota.

98 Therefore, I urge the committee to oppose SCR 4012 and recommend a **DO NOT PASS** on SCR 4012.

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⁵ http://www.worc.org/media/Too_Good_to_Be_True_Report.pdf