



ENERGY DEVELOPMENT AND TRANSMISSION COMMITTEE

Wednesday, August 27, 2025
Ellendale Opera House, 55 Main Street
Ellendale, North Dakota

Representative Anna S. Novak, Chairman, called the meeting to order at 9:12 a.m.

Members present: Representatives Anna S. Novak, Dick Anderson, Mike Brandenburg, Pat D. Heinert, Alisa Mitskog, Todd Porter; Senators Brad Bekkedahl, Keith Boehm, Ryan Braunberger, Mark Enget, Kathy Hogan, Kent Weston, Desiree van Oosting

Members absent: Representative Austin Foss; Senator Greg Kessel

Others present: Randy Christmann, Public Service Commission; Darcy Neigum, Montana-Dakota Utilities Co.; Jeff Ringstad, Ellendale Public Schools; Jean Schafer, Basin Electric Power Cooperative; Zac Smith, North Dakota Association of Rural Electric Cooperatives; Jason Weiers, Otter Tail Power Company

See [Appendix A](#) for additional persons present.

The committee recessed and reconvened after the committee members toured the Applied Digital data center.

COMMITTEE RESPONSIBILITIES

Mr. Austin Gunderson, Counsel, Legislative Council, presented a memorandum entitled [Supplementary Rules of Operation and Procedure of the North Dakota Legislative Management](#).

IMPACT OF LARGE ENERGY CONSUMERS ON THE ELECTRIC GRID

Mr. Gunderson presented a memorandum entitled [Impact of Large Energy Consumers on the Electric Grid - Background Memorandum](#).

Mr. Don Flaherty, Mayor, Ellendale, presented testimony regarding how Ellendale has adapted and responded to the changing dynamic of the data center project. He noted:

- The new data center has had many positive benefits for Ellendale, including residents fixing up houses, opening of new restaurants and other businesses, and increasing positivity within the city.
- The data center has created some concerns, including an increase in crime and the potential need for more law enforcement, child care shortages, and infrastructure improvements.

Mr. Darcy Neigum, Vice President of Energy Supply, Montana-Dakota Utilities Co., presented testimony ([Appendix B](#)) regarding the impacts and costs of large energy consumers. He noted:

- Montana-Dakota Utilities Co., (MDU) plans to service the Applied Digital data center by purchasing energy from the Midcontinent Independent System Operator (MISO) market, which will allow underutilized wind power generated in North Dakota to be consumed in local markets.

- Transmission service revenues from the data centers will be returned to customers through a sharing mechanism. An MDU study concluded existing customers should receive annual benefits of \$34 million or about \$250 per residential customer per year.
- MDU has developed a specific rate, known as Rate 45, for high-load customers. These customers can see real time prices and ramp electricity usage up or down accordingly.
- Data center loads will be taken off the grid before residential customers during an emergency.

In response to questions from committee members, Mr. Neigum noted:

- MDU's main concern with onboarding large loads is the ability to service them while providing reliable service to existing customers.
- MISO does not have a requirement for a baseload of power supply. Instead, MDU and MISO work together to create the lowest cost and most reliable plan for existing customers.
- There will be a need for additional power generation if prices are to remain stable as more large load projects are built.

Mr. Zac Smith, Communications and Government Relations Director, North Dakota Association of Rural Electric Cooperatives, presented testimony regarding cooperative business models and onboarding large load customers to the power grid. He noted:

- Utility providers require significant upfront investment, often involving multiple studies and millions of dollars before beginning a construction project for large load customers. Utility providers do this to avoid stranded investments and distributing those costs onto the existing members.
- Some proposed large load additions would double the size of many cooperatives in North Dakota.
- A new project is not approved if the project reduces reliability for existing members.

In response to questions from committee members, Mr. Smith noted there is a delicate balance between overbuilding generation and transmission systems and creating agreements with other utility providers in the area to avoid new construction costs.

Ms. Jean Schafer, Senior Legislative Representative, Basin Electric Power Cooperative, presented testimony ([Appendix C](#)) on the Large Load Program. She noted:

- The cost of building generation and transmission capacity has increased significantly.
- Basin Electric's Large Load Program ensures construction costs will not be passed on to existing customers by requiring developers to prepay for new infrastructure.
- It took over a century to build up current capacity and Basin Electric is trying to double its capacity in a much shorter amount of time.

In response to questions asked by committee members, Ms. Schafer noted:

- Basin Electric does not have expected timelines for the Large Load Program because it has not completed a project yet.
- Tariffs and workforce limitations may make it difficult to meet demand and will extend timelines for projects, although there is some catch up on transformers.
- Basin Electric has bilateral agreements with investor-owned utilities and cooperatives for transmission and distribution.
- The largest challenge and risk facing Basin Electric is the financial responsibility if a large-scale project is abandoned by a developer. To minimize the risk, developers are required to pay for services in advance.

STRENGTH AND RELIABILITY OF THE NORTH DAKOTA GRID

Mr. Claire Vigesaa, Executive Director, North Dakota Transmission Authority, presented testimony ([Appendix D](#)) regarding the strength and reliability of the state's power grid. He noted:

- Southwest Power Pool, MISO, and utility providers are making billion dollar investments to improve grid reliability.
- The North American Electricity Reliability Corporation rates Southwest Power Pool and MISO as elevated and high long-term reliability risks, respectively.
- Power generation and transmission is often a 40- or 60-year investment, and developers need consistent and stable policy to properly plan.
- Some landowners are expressing concerns about development on and near their land.

In response to a question from a committee member, Mr. Vigesaa noted North Dakota remains a power exporter, although power exports have decreased in recent years. He emphasized the importance of remaining part of the larger grid for better stability and reliability.

Mr. Jason Weiers, Transmission Project Development Manager, Otter Tail Power Company, presented testimony ([Appendix E](#)) regarding an update on the JETx transmission line. He noted:

- The JETx project between Jamestown and Ellendale provides an alternative pathway to deliver electricity when other transmission lines are down.
- MISO finished its Tranche 1 studies before Applied Digital announced its new data centers in Jamestown and Ellendale.
- In the past few years, Jamestown has experienced four load isolation events, during which larger electricity consumers were taken off the grid. The JETx project will create redundancies to reduce the impact of these events.
- JETx has acquired one Public Service Commission (PSC) permit, and the second permit is pending. Regulatory and permitting processes should be completed in 2026. The entire project should be completed by 2028, which is faster than the industry average.

In response to questions from a committee member, Mr. Weiers noted roughly 98.5 percent of the costs for the JETx project is picked up by other MISO members, not North Dakotans.

A committee member noted the JETx project was planned before Applied Digital built its data centers for the purpose of improving grid reliability.

Mr. Randy Christmann, Commissioner, Public Service Commission, presented testimony regarding the impacts of large energy consumers and data centers on the state. He noted:

- The costs for providing utilities are going up and are passed onto consumers. These rate increases are approved by the PSC to guarantee that utility providers can receive the return on investment to which they are entitled.
- Better planning could have reduced congestion costs charged by MDU in northwestern North Dakota after a data center in Williams County went online.
- The Applied Digital data center is a good example of building in areas that have excess power supplies.
- The PSC has no jurisdiction over data centers and data centers can be built with no public planning and discussion, which makes it difficult for the PSC and utility providers to plan ahead.

In response to a question from committee members, Mr. Christmann noted:

- MISO's Long Range Transmission Planning and associated project costs likely will total over

\$100 billion.

- Because some of the costs are due to policy choices in different states, it is unfair for North Dakota to pay extra due to external policy choices. However, all ratepayers will bear the costs associated with these projects.
- The demand for electricity in northwestern North Dakota grew faster than expected and projects take a long time to complete. The industry followed the normal path for developing transmission and generation capabilities, but the sudden addition of a large data center tipped the scales and resulted in large congestion fees.
- Off-grid power generation does not cost anything to the public. So called "behind the meter" is different from off-the-grid and must be assessed based on the terms of each individual contract.

EFFECT OF APPLIED DIGITAL DATA CENTER ON ELLENDALE SCHOOL DISTRICT

Mr. Jeff Ringstad, Superintendent, Ellendale Public Schools, presented testimony regarding local workforce and classes relating to data centers. He noted:

- The school district has seen enrollment growth and positive impacts on the tax base.
- Potential teachers are declining job offers due to the housing market.
- The data center provides additional educational opportunities to teach students 21st century skills.

In response to questions from a committee member, Mr. Ringstad noted:

- Student enrollment was 298 in spring 2025 and has increased to 309.
- Although it is difficult to project future enrollment, he expects steady growth rather than a big surge.

OTHER COMMENTS

A committee member expressed the desire to have a more robust report on the economic impacts of data centers on communities.

No further business appearing, Chairman Novak adjourned the meeting at 3:56 p.m.

Austin Gunderson
Counsel

ATTACH:5