

House Bill 1579

Presented by: Randy Christmann, Chair
Public Service Commission

Before: House Energy and Natural Resources Committee
The Honorable Todd Porter, Chair

Date: January 31, 2025

TESTIMONY

Chair Porter and members of the House Energy and Natural Resources Committee, I'm Randy Christmann, Chair of the Public Service Commission, here to testify on HB 1579. I am testifying on my own behalf.

The road to this bill has been long, and started with Rep. Novak grilling me about what we can do to hold down utility bills for people without sacrificing reliability. I'm sure she was taking heat from constituents served by MDU about a large bill rider increase that the PSC had recently assessed, and from constituents served by OTP about a large rate increase that was at that time still under consideration. And to her credit, she understood that the Commission cannot just say no. Costs of doing business are increasing for the utilities just like everyone else. They are entitled to recover their costs of providing services to their customers, and they are entitled to a reasonable rate of return on their investments. But she wondered if any of these costs can be avoided?

I pointed out that a large part of the MDU costs, over \$30 million, were related to congestion charges, and better planning could have significantly reduced those fees.

To be clear here, the congestion charges I am referring to are imposed by regional transmission organizations. ND utilities are in two RTO's, SPP and MISO. The utilities own their transmission lines but have delegated operational control of the grid to the respective RTO's for the purpose of efficient coordination. Electricity flows on the path of least resistance, so even though a company may have their own transmission line available, their electricity may be flowing on someone else's line, and the company gets billed for the use of that line by the RTO.

When a transmission line anywhere in the system is being used too heavily, the RTO adds congestion fees. The point of the congestion fees is to cause other electric generators closer to the demand to come online to reduce the congestion.

In the case Rep. Novak and I were discussing, a data center which the PSC has no jurisdiction over had been opened in an area of ND that was already facing significant grid congestion issues. (near Trenton) I do not have data, but believe it uses a little over 200 MW. The congestion fees that MDU was assessed, during only a six-month period, are being recovered over two years, and are costing the average residential MDU electric customer about \$7.40 per month. The reason these congestion fees were discontinued after six months is equally concerning. SPP made operational changes, including suspension of these congestion fees. But those operational changes, including the suspension of the congestion fees, have that region, especially the McKenzie Co area, facing significantly elevated risks of curtailment of electric service.

It is important for perspective that I demonstrate what a 200 MW load is. MDU's entire service area for Bismarck, Mandan, and the refinery near Mandan,

peaks at around 180 MW. At our technical conference last summer, the Department of Commerce informed us that they are fielding interest from data center operators who are talking about individual facilities needing thousands of MW.

The dilemma we face is that we will be entertaining new large loads popping up very suddenly, requiring far more electricity than Bismarck, Mandan, and the refinery combined, and there may be no public planning of grid impacts and no notification of other utilities or consumers who could get hit by increased costs. Imagine if that data center, which caused the spike I mentioned for MDU customers, had been 2000 MW instead of 200 MW!

Now I want to emphasize that I am not a critic of data centers or other large loads in general. The vast majority of them will likely be wonderful new additions to North Dakota's flourishing economy that provide secondary benefits to everyone involved. Another data center in Ellendale, currently operating at about 180 MW, is served by MDU itself. It has been operational for almost a year and a half and is SAVING the average MDU customer around \$4.00/ month! They will be expanding soon, and the expansion is anticipated to enhance those systemwide benefits even more! So, I welcome this industry with open arms, but believe it is our responsibility to our current citizens and industries to proceed with reasonable caution.

This legislation provides that reasonable caution. It simply requires these large loads of 50 MW or more to obtain a Certificate of Public Convenience and Necessity from the PSC. The applicant would explain their project and we will put

out a public notice providing others with an opportunity to comment or request a hearing. This should allow other impacted utilities and customers, as well as other large loads who have invested billions in our state, to protect their investments and possibly minimize impacts, as well as avoid costly litigation. (MDU is currently taking steps to litigate issues related to the congestion issues I described. Reasonable oversight may avoid future litigation.)

As you see in #4 of Section 4, our grounds for denial of a certificate for a large load is if they interfere with utility service, increase rates for non-serving utilities, impact reliability, or cause unreasonable transmission congestion. More likely, when negative impacts are presented, the Commission will set reasonable conditions for the operations to proceed.

What this legislation does not do is require a cooperative electric utility to seek a certificate to serve the load because we do not regulate the cooperatives and do not desire to.

This legislation is about transparency. Making sure impacted neighbors are heard. It's about safety, because overloading the grid can cause long term outages that can potentially be deadly. And it's about cost containment, because putting these large loads in the right places can prove enormously beneficial, but in the wrong places they drive up costs and threaten reliability for everyone.

Chair Porter, this concludes my testimony. Thank you for your time and I will be happy to answer any questions.