

2017 HOUSE ENERGY AND NATURAL RESOURCES

HCR 3031

2017 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Coteau –A Room, State Capitol

HCR 3031
3/2/2017
28651

- Subcommittee
 Conference Committee

Committee Clerk Signature

Kathleen Davis

Explanation or reason for introduction of bill/resolution:

to consider studying the provision of natural gas service to underserved communities in this state and the means of financing natural gas pipeline infrastructure

Minutes:

Attachment #1

Chairman Porter: Called the committee to order on HCR 3031 and the clerk read the short title.

Rep. Marvin E. Nelson presented Attachment #1.

3:27

Chairman Porter: questions? What was the bill # that passed? Who was the prime sponsor?

Rep. Nelson: Rep. John Nelson.

Chairman Porter: That was a bill to deal with the infrastructure, the rural communities, and doing what the study also says?

Rep. Nelson: A narrow slice of it. The way I understood the study it would help cities like Rugby and Harvey that probably form their own natural gas city utility. But not going to serve other towns. Some of these towns may start out with a tank. When you look at a tanker load of liquefied natural gas, that's about 1000 dekatherms. Cold day in the winter, it's about 1 dekatherm a house would use, that gives you an idea of the scale. In some of these cases there may be a community tank. This isn't to say things can only be one way. What I do know is where we don't have the infrastructure in a lot of the state and still looking for a way to do that.

Chairman Porter: Isn't one of the bigger hang-ups to get the end users to convert, pay the money to put the new furnace or heat system in? The companies would love to have more customers but if you don't get them in big blocks it doesn't pay to put the pipe down.

Rep. Nelson: Residential service is not where I'm going. In some towns there'd be some residential use. In most towns it's on industry. Residential is not the focus of this.

Rep. Anderson: Has the industry studied this at all?

Rep. Nelson: yes. In general, we're caught in the chicken and egg problem. We don't have demand because we don't have gas but can't get the gas there because we don't have the demand. Kind of like the REC's, if you happen to be along the line you could get electricity but most of rural ND didn't. So we had a program for low interest loans and the lamp oil manufacturers hated it because we put electricity in the homes. The thing we haven't done for ND for 125 years, diversified our economy in ND and I would argue that part of that is we actually haven't provided them the necessary infrastructure to do so.

Rep. Anderson: I think the residents in these small towns will never use this. They'd have to tear up the streets to use this.

9:00

Rep. Nelson: This isn't looking at residential development. It's that manufacturing plant or industry that comes to the edge of town and provides jobs.

Rep. Roers Jones: Converting a furnace from propane to natural gas doesn't require changing out a whole furnace, just changing the orifice which isn't a significant change. It's not AS big as changing out a whole system. I still don't know if a lot of people would be open to doing it or not.

Chairman Porter: questions? Testimony in support?

10:30

Jeff Simon, Western Dakota Energy Association. I want to testify more as an individual interest in this. I have experienced expansion of a natural gas system in my past. When I was a city commissioner in the early 90's in SD, MDU expanded its natural gas system at that time and it's an expensive undertaking. The company lost money on the system for the first 15 years of its operation. The president of the utility wanted to serve the capital city of SD, he was determined to get it done and it happened. Justin Kringstad is here and can tell you it's about a million a mile to extend a natural gas pipeline to serve one of these communities. I was a little surprised at these communities in western ND where natural gas is produced and don't have natural gas in their communities. It includes Beulah Haze, New Town, Mandaree, Parshall, Crosby, Kenmare, Mohall, Hettinger (Hettinger has a propane system by the way) Bottineau, Velva and Towner, all in or very near the gas producing regions of the state. HB 1398 that did pass, looks at compressed natural gas. We produce all this natural gas in ND and we ought to try to figure out ways to use more of it here. To add value and create economic development opportunities that Rep. Nelson described.

Chairman Porter: questions? Testimony in support? Opposition? Closed the hearing.

2017 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Coteau –A Room, State Capitol

HCR 3031
3/2/2017
28654

- Subcommittee
 Conference Committee

Committee Clerk Signature

Kathleen Davis

Explanation or reason for introduction of bill/resolution:

to consider studying the provision of natural gas service to underserved communities in this state and the means of financing natural gas pipeline infrastructure

Minutes:

Chairman Porter: Called the committee to order on HCR 3031 and the clerk read the short title.

Rep. Devlin: I would move a Do Pass on HCR 3031 and place on the Consent Calendar.

Rep. Ruby: second

Chairman Porter: I have a motion from Rep. Devlin, second from Rep. Ruby for a Do Pass on HCR 3031 and place on the Consent Calendar. Any discussion? Seeing none the clerk will call the roll for a Do Pass on HCR 3031 and place on the Consent Calendar.

Yes 12 No 0 Absent 2 Motion carries. Rep. Mitskog is carrier.

Date: 3-2-17

Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 3031

House Energy & Natural Resources Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation

- Adopt Amendment
- Do Pass Do Not Pass Without Committee Recommendation
- As Amended Rerefer to Appropriations
- Place on Consent Calendar

Other Actions Reconsider _____

Motion Made By Rep Devlin Seconded By Rep Ruby

Representatives	Yes	No	Representatives	Yes	No
Chairman Porter	✓		Rep. Lefor	AB	
Vice Chairman Damschen	✓		Rep. Marschall	✓	
Rep. Anderson	✓		Rep. Roers Jones	✓	
Rep. Bosch	✓		Rep. Ruby	✓	
Rep. Devlin	✓		Rep. Seibel	✓	
Rep. Heinert	K				
Rep. Keiser	AB		Rep. Mitskog	✓	
			Rep. Mock	✓	

Total (Yes) 12 No 0

Absent 2

Floor Assignment Rep Mitskog

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HCR 3031: Energy and Natural Resources Committee (Rep. Porter, Chairman)
recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR**
(12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HCR 3031 was placed on the
Tenth order on the calendar.

2017 SENATE ENERGY AND NATURAL RESOURCES

HCR 3031

2017 SENATE STANDING COMMITTEE MINUTES


Energy and Natural Resources Committee

Fort Lincoln Room, State Capitol

HCR 3031
3/16/2017
JOB #29290

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution: Requesting the Legislative Management to consider the provision of natural gas service to underserved communities in ND and the means of financing natural gas pipeline infrastructure.

Minutes:

Attch#1=Representative M.Nelson;

Chairwoman Unruh: Let's open HCR 3031.

Rep. Marvin Nelson: I am here on behalf of HCR 3031. (see Attch#1) Many in the oil patch do not have natural gas. That is amazing to me. We are to diversify but this is not possible without natural gas. This is not a simple solution but please do pass. (5.40)

Chairwoman Unruh: This has been studied in the last interim, and there was no recommendation. What would be different in the next interim?

Rep. Nelson: That committee dropped the study rather quickly. They said. Basically, there will not be a pot of gold. No money available to do this. What is the use of studying it? I looked at using the Legacy Fund to populate the Loan Fund. Not to consume the money but to create the funds so it could recirculate in a no interest loan program. That got people thinking. That is changed from last interim and now. We are sitting on billions of dollars. I did not win that argument in the House. (8.60)

Chairwoman Unruh: Any more in support? Any in opposition?

Mike Rud, ND Propane Gas Association: (9.15) Similar to what I testified on HB1408. It took \$100 M from the Legacy Fund and put it toward natural gas development. We think this interferes with the free market process. Excel and MDU can do whatever they want in ND. This was studies and they pushed it aside, because they realized the danger of entering into a situation to choose one free market energy over another. There is not real public outcry for this out there. Gwinner has been using propane for over 50 years. They have never come to our association and said we do not like your product. Please No Not Pass. (11.00)

Vice Chair Kreun: Any more opposed? Any agency testimony? Seeing none, we are closed.

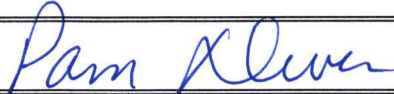
2017 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Fort Lincoln Room, State Capitol

HCR 3031
3/16/2017
Job #29300

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Minutes:

Committee work

Chairwoman Unruh: Take a look at HCR 3031.

Sen. Roers: Does this play into other bills dealing with natural or compressed gas getting to rural communities. Is this a part of that? Does this study take care of the questions?

Chairwoman Unruh: The other bill we have in front would allow cities to set their own rates for natural gas. If we choose to pass that bill, that information would be included if we pass HCR 3031. The interim committee would have to take those decisions we made on that bill into consideration as they look at this study. Representative Nelson would like some sort of tax incentive. We have seen many bills about this. We always hear the same thing from propane providers is that it creates an unlevelled playing field. There are advantages to having natural gas, and it is hard to argue against that fact. The legislature just has not had the appetite to get this on the books. I cannot support this resolution because we just studied this last interim. (2.49)

Vice Chair Kreun: There are only 11 communities of 1500 or more that would benefit. That leaves 360 smaller population towns. Is this financially feasible to do like HB1408? 300-400 population is not feasible to get natural gas.

Sen. Oban: A lot of issues brought before us are people who want to save rural ND. Most we can't do. I do not think this study hurts anything. We incentivize infrastructure in other ways across ND and we incentivize the development of another resource. I don't see that as a negative. Two years is a long time in how we look at things. I will be supporting the resolution. (5.14)

Sen. Roers: Does anyone here know the cost to do this study?

Chairwoman Unruh: That depends on what specific issues and how much time the committee takes to study the issue. May be additional meetings. Touch to figure out.

Vice Chair Kreun: This is utilizing a resource. The natural resources are already there. We are not looking for new ones, just looking to utilize them.

Sen. Oban: I understand what this is saying. It is not asking for an incentive. It is looking to the future. Things are tough in rural communities.

Sen. Cook: We heard last week that a new MDU pipeline is going through Mandan right now. Its primary purpose is to bring natural gas to the Heskett Station which is converting

from coal to natural gas. They are paying the bill. Some will be put onto my bill. And everyone else's. We will get the pipeline that is needed. If a community needs a pipeline and they want one, number one they have to come together and figure out how to get it to their people. The pipe in the ground now has been paid for by the people that are benefitted by it. It is a waste of energy to think that the legislature has a duty to get natural gas to Gwinner or wherever. Just go do it.

Sen. Cook: To move this along, I move a Do Not Pass. **Sen. Schaible:** I second.

Chairwoman Unruh: Any discussion? Call the roll on HCR 3031.

YES 6 NO 1 -0- absent **Sen. Schaible** will carry the bill.

Date: 3/16/17
 Roll Call Vote #: 1

2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES HCR 303,1
BILL/RESOLUTION NO.

Senate Energy and Natural Resources Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Sen. Cook Seconded By Sen. Schaible

Senators	Yes	No	Senators	Yes	No
Chair Jessica Unruh	/		Sen. Erin Oban		/
Vice Chair Curt Kreun	/				
Sen. Kelly Armstrong	/				
Sen. Dwight Cook	/				
Sen. Jim Roers	/				
Sen. Don Schaible	/				

Total (Yes) 6 No 1

Absent -0-

Floor Assignment Sen. Schaible

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HCR 3031: Energy and Natural Resources Committee (Sen. Unruh, Chairman)
recommends **DO NOT PASS** (6 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING).
HCR 3031 was placed on the Fourteenth order on the calendar.

2017 TESTIMONY

HCR 3031

1
3-2-17
HCR3031
Nelson

HCR3031

2/3/2017

Representative Marvin E. Nelson

House Energy and Natural Resources Committee

Chairman Porter and members of the Energy and Natural Resources Committee, HCR3031 is a study resolution to try to continue looking for how to provide the critical infrastructure to our cities of natural gas. Natural gas is really very necessary for industry or manufacturing. While we have other energy sources, you will almost always be unsuccessful in attracting industry and manufacturing without natural gas access.

It has not been an easy problem to solve, but it is necessary if many parts of rural ND are not going to die. We need it to promote diversity in our economy. We need it to promote stability. I ask for your support to help continue to look for a solution to getting the necessary infrastructure in place in our state.

Thank you

HCR3031

Representative Marvin E. Nelson

3/15/2017

HCR 3031
3-16-17
AH #1
PS1

Senate Energy and Natural Resources Committee

Chairman Senator Jessica Unruh

HCR3031 is to ask Legislative Management to consider studying ways to build our necessary natural gas infrastructure in ND. Natural gas is critical infrastructure to attract industry and manufacturing. Natural gas is critical infrastructure to diversify our economy and make it more robust, more stable. Natural gas is critical infrastructure to bring or create the high paying jobs we desire for ND residents.

Natural gas infrastructure is costly, typical number one hears is a million dollars a mile for pipeline. Due to the costs, it doesn't get built until there is demand, but there is no demand because the gas is not available. North Dakota is in a chicken-egg cycle and so the critical infrastructure is not happening. This has been a factor in the shrinking of rural ND.

I look north to Manitoba, being 10 miles from the border, I have spent quite a bit of time in Canada, I've done business there too. I even had my own GST tax account for quite a few years. One thing that stood out to me was how normal it was driving across Manitoba to see a significant employer at the edge of most small towns. I was curious and wondered why. It was natural gas. Manitoba Hydro had decided to build natural gas infrastructure across the province. There was no demand at the time. It changed Manitoba, changed it for the better, made many of it's rural towns viable, even growing communities.

Contrast with ND. National headhunters for manufacturers will not even talk to us because we don't have natural gas. We were competing for a manufacturing facility one time and even though they considered it, the fact that it would be a nonstandard, electric plant made us noncompetitive.

Now you would certainly hear concern by some, feeling that they are competitors to natural gas, well, true, in some ways they are, especially for residential service, but we are not concerned here with residential. I think to that factory we couldn't get, if that had come, then some of those well paid workers would most likely have bought some of those farmsteads that disappeared over the last years, they certainly would have built houses, we would not have just had natural gas business increase, we would have increased business for propane and electric companies as well.

It is not just my community, Whapeton recently lost an ag processor to South Dakota because while they have natural gas, they are using what is available. They are in talks with other companies but they have really seen both sides to this, getting business when you have gas and not getting business when you don't. Many of our communities have never known the getting business side.

I ask you to put this study forward, MDU has indicated that several projects are close to viable, we need to find ways to grow, we need to figure out how to diversify our economy. Thank you.

original