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2003 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1339

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#### 2003 HOUSE STANDING COMMITTEE MINUTES

#### BILL/RESOLUTION NO. HB 1339

House Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 1-62-0

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Committee Clerk Signature

Minutes: Chairman Klein: opened the hearing on HB 1339. All committee members were present.

Mike Brandenburg, Edgeley: There is \$85,000,000 worth of wind development going up in our area by a number of developers. 3 or 4 years ago I thought wind didn't have any value what so ever, so I'm here today on a matter of education. There is value to all of us in wind and coal because we are a coal state, coal has been very good for N.D. But the trouble we have right now is getting the coal out of the state as well as the wind. And transmission is the key. The load centers is what I want to talk about. There is a lot of environmentalists in the city. Coal and wind have to work together to get this done, so N.D. can grow together. When the wind doesn't blow we need the wind. We can get transmission 50 miles out of the city.

The Governor is looking at working together with a multi state entity working on transmission. The wind resource in Minnesota is 13-15 miles per hour, and North Dakota is 22-25 miles per hour which is great but we don't have transmission. We need major transmission so we can carry

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Page 2
House Government and Veterans Affairs Committee
Bill/Resolution Number HB 1339
Hearing Date 2-06-03

500 mega watts. We are working out a deal that we are buying the power from, whether it be coal or wind.

Representatiave Kempenich: testified in favor of HB 1339 also a sponsor of the bill. A couple pieces of amendments to change this basically what we are trying to do is get some constraint within the transmission address and find out where this is going to to and I guess the main purpose of what this bill is trying to do is promote that. You can consider the amendment, and I think the amendment addresses it and and it shows the state is in support of what they are doing. John Dwyer, President of the Lignite Energy Council: I support this bill as amended by Representative Kempenich. We do not support the original bill as drafted, lack of accountability your creating another board, and I don't really know if that is the right approach. There is already activites under way within the industrial commission that is looking at the export constraint. The Industrial Commission is looking at a coalition of wind and coal interests to talk about this very thing. I have some testimony here, basically what the testimony does is try to identify the most cost effective routes for coal and wind projects. (SEE ATTACHED

TESTIMONY).

Bob Harms, Governors Office: I'm here in support of HB 1339, the Governor, and the Industrial Commission, recognize that transmission is a key impediment to developing energy supplies whether it is wind or coal. So we have been involved with activities at the time.

Governors Office believes raising public awareness of transmission and expressing a public policy stating transmission is an important issue is a good idea.

Illona Jeffcoat-Sacco, Director, Public Utilities Division, PSC: appeared neutral in testimony on HB 1339 and provided a written statement. (SEE ATTACHED TESTIMONY).

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Page 3 House Government and Veterans Affairs Committee Bill/Resolution Number HB 1339 Hearing Date 2-06-03

Hearing closed.

Representative Haas: made a motion to amend as presented by Representative Kempenich.

Representative Potter: SECOND the motion.

Motion carried to amend.

Representative Haas: made a **DO PASS MOTION** on HB 1339.

Representative Meier: SECOND the do pass motion.

**<u>VOTE 12</u>** YES 2 NO 0 ABSENT.

Motion passed as amended.

Meeting adjourned.

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#### Requested by Legislative Council 02/10/2003

Amendment to:

HB 1339

1A. State fiscal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to

funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005	Biennium	2005-2007 Biennium		
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	
Revenues	\$0	\$0	\$0	\$0	\$0	\$0	
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0	

1B. County, city, and school district fiscal effect: Identify the fiscal effect on the appropriate political subdivision.

2001	001-2003 Blennium			3-2005 Bienn	ium	2005-2007 Biennium			
Counties	Cities	School Districts	Counties	Cities	School Districts	Countles	Cities	School Districts	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

2. Narrative: Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

House Bill 1339 as amended declares the Legislature's intent that the issue of electricity transmission export constraints be given priority. No specific costs are indicated in the bill.

- State fiscal effect detail: For information shown under state fiscal effect in 1A, please:
  - A. Revenues: Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.
  - B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line Item, and fund affected and the number of FTE positions affected.
  - C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the blennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Karlene Fine	Agency:	Industrial Commission	
Phone Number:	328-3722	Date Prepared:	02/10/2003	

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#### FISCAL NOTE

### Requested by Legislative Council 01/15/2003

Bill/Resolution No.:

**HB 1339** 

1A. State fiscal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to

funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005	Biennium	2005-2007 Blennium		
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	
Revenues							
Expenditures			\$9,500		\$9,500		
Appropriations			\$9,500		\$9,500		

1B. County, city, and school district fiscal effect: Identify the fiscal effect on the appropriate political subdivision.

200	2001-2003 Blennium 2003-2005 Blennium 2005-2007 Blenn				2003-2005 Blennlum			nium
Countles	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

The present language of HB1339 does not reference compensation or travel reimbursement to any members except legislators. The fiscal note includes travel expenses for the Governor or his designee and legislative members.

- 3. State fiscal effect detail: For information shown under state fiscal effect in 1A, please:
  - A. Revenues: Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.
  - B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

The expenditures include \$3,900 of travel costs for the Governor's Office and \$5,600 compensation and travel to legislative members.

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the blennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Sandy Paulson	Agency:	OMB for Governor's Office
Phone Number:	328-2148	Date Prepared:	01/22/2003

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Operator's Signature

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Prepared by the Legislative Council staff for Representative Kempenich February 5, 2003

HOUSE

AMENDMENTS TO HOUSE BILL NO. 1339 6 V A 2-07-03

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act for resolution of electricity transmission export constraints.

### BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Governmental public purpose - Electricity transmission export constraint priority. The legislative assembly finds and declares that it is an essential governmental function and public purpose to assist with the removal of electrical transmission export constraints and to assist with the upgrading and expansion of the region's electrical transmission grid in order to facilitate the development of the state's abundant natural resources for export to the region's consumers. The industrial commission shall give priority to those projects, processes, or activities that assist with the resolution of electricity transmission export constraints in this state."

Renumber accordingly

Page No. 1

30557.0101

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Date: 2-6-03

Roll Call Vote #:

# 2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 1239

House GOVERNMENT	AND VI	TERA	NS AFFAIRS	Committee
Check here for Conference Conference	mmittee			
Legislative Council Amendment Nu				
Action Taken	More	to	amend as pr	esente a
Motion Made By Rep. Ho	aas	Se	econded By Pep. Fo	Stter
Representatives	Yes	No	Representatives	Yes No
Chairman M.M. Klein			B. Amerman	
Vice Chairman B.B. Grande			L. Potter	
W.R. Devlin			C. Williams	
C.B. Haas			L. Winrich	
J. Kasper				
L.R. Klemin				
L. Meier				
M. Sitte				
W.W. Tieman				
R.H. Wikenheiser				
Total (Yes) 13		No		
Absent				
Floor Assignment		•		
If the vote is on an amendment, brief	ly indicate	e intent		

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Operator's Signature

Date: 2.6-03

Roll Call Vote #:

# 2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 13.39

House C	OVERNMENT A	AND VI	ETERA	NS AFFAIRS		(	Comr	nittee
Check here for	Conference Com	mittee						
Legislative Council	Amendment Nun	nber _						
Action Taken _	DP		as	Amer	ide d		· <del></del>	
Motion Made By	Pep. Ha	<u>as</u>	Se	conded By	Pup.	Meie	2/	
Represen	ntatives	Yes	No	Repres	entatives	7	es	No
Chairman M.M. K	lein	K		B. Amerman			Ł	
Vice Chairman B.	B. Grande		<u> </u>	L. Potter			X.	
W.R. Devlin		<u> </u>		C. Williams			<b>k</b>	
C.B. Haas		X		L. Winrich			<b></b>	
J. Kasper		X	<u> </u>					
L.R. Klemin			<u> </u>					
L. Meier		X						
M. Sitte W.W. Tieman		X	L					
R.H. Wikenheiser		$\frac{\lambda}{\lambda}$						
K.n. Wikefuleiser								
				·			-+	
Total (Yes)	12		No	2				
Absent	٥							
Floor Assignment	Ref	). H	aas			المنسبية فالمواجع والمستواد		
If the vote is on an a	mendment, briefly	y indicat	e intent	4				

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Module No: HR-24-1969

Carrier: Haas

Insert LC: 30557.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1339: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1339 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act for resolution of electricity transmission export constraints.

#### BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

**SECTION 1.** Governmental public purpose - Electricity transmission export constraint priority. The legislative assembly finds and declares that it is an essential governmental function and public purpose to assist with the removal of electrical transmission export constraints and to assist with the upgrading and expansion of the region's electrical transmission grid in order to facilitate the development of the state's abundant natural resources for export to the region's consumers. The industrial commission shall give priority to those projects, processes, or activities that assist with the resolution of electricity transmission export constraints in this state."

Renumber accordingly

(2) DESK, (3) COMM

Page No. 1

HR-24-1969

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2003 SENATE FINANCE AND TAXATION

HB 1339

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Danua Sallar

10/3/03

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### 2003 SENATE STANDING COMMITTEE MINUTES

#### BILL/RESOLUTION NO. HB1339

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date March 3, 2003

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#### Minutes:

Senator Urlacher opened the hearing on HB1339. All committee members are present. This bill is a resolution of electricity transmission export constraints.

Representative Keith Kempenich (mtr #2915) - Introduced the bill and explained the intent. The bill is a statement of purpose.

Senator Syverson (mtr #3126) - Question regarding the use of the term "assist" in the bill. What does assist involve.

Representative Kempenich (mtr #3155) - Can be as broad as it can. Assistance could be in development. Legislature could assist but would not be obligated.

Senator Nichols (mtr #3275) - Does this bill go into the code?

Representative Kempenich (mtr #3290) - Not sure of the answer.

John Dwyer, President, Lignite Energy Council (mtr #3372) - Testified in support of HB1339.

To answer an earlier question by Senator Nichols, yes, it would go into code, not amending but

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Page 2 Senate Finance and Taxation Committee Bill/Resolution Number HB1339 Hearing Date March 3, 2003

adding to. Further written testimony is attached. To answer Senator Syverson's question, not obligated but gives the Industrial Commission the ability to assist. Went over the difficulties of building new transmission lines. Those difficulties include physical and regulatory constraints. Building of new transmission capabilities is perceived as risky. This bill makes it a matter of record that the legislature views this as a key issue to future development and that the Industrial Commission is supposed to make this a priority of theirs. Urges a do pass.

Senator Syverson (mtr #4040) - Experiment at this time with a new type of transmission cable. If it works, what kind of impact would that have on current transmission capabilities.

Mr. Dwyer (mtr #4090) - Would have a significant impact. Would be an upgrade. The technology has not been proved yet.

Senator Syverson (mtr #4152) - Has the Industrial Commission participated in the concept.

Mr. Dwyer (mtr #4175) - They have not participated directly. Although, did look at different technologies.

Senator Syverson (mtr #4258) - If technology is viable and effective, and we replace current lines, how many years would that give us before another upgrade?

Mr. Dwyer (mtr #4316) - We export 75% of energy produced. Not able to give a timeline. We have an immediate need. Can't finance a project without solving the transmission problem. Senator Urlacher (mtr #4465) - The proposed new technology, with that addressed, question about the relationship to the western part of the state.

Mr. Dwyer (mtr #4493) - We have looked at routes to tie the east and west. Mostly east because that is where the market is.

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Page 3
Senate Finance and Taxation Committee
Bill/Resolution Number HB1339
Hearing Date March 3, 2003

Bob Harms, Governor's Counsel (mtr #4582) - Testified in support of HB1339. Written testimony is attached.

Senator Urlacher (mtr #4843) - Given no further testimony or opposition to the bill, the hearing is closed.

Senator Wardner (mtr #4914) - Motion for a Do Pass. Second by Senator Tollefson.

Senator Syverson (mtr #4970) - For discussion purpose, still have a question about the term

"assist" How broad is that. Would it be fiscal?

Senator Urlacher (mtr #5043) - The issue is to open to decide if it would be financial.

Senator Wardner (mtr #5084) - This bill authorizes no spending. If dollars are involved, it would be a separate issue.

Senator Syverson (mtr #5140) - An additional question regarding the responsibility of the Industrial Commission.

Senator Tollefson (mtr #5200) - Understands that this bill is a prioritizing tool.

Senator Wardner (mtr #5308) - Demands for energy has increased. Need to upgrade

transmission lines and welcome new technology. Would help the economy of our state.

Senator Syverson (mtr #5504) - Observation, if transmission issue is fixed, should there be a sunset date in this bill?

Senator Urlacher (mtr #5613) - New technology is part of the overall development.

Senator Syverson (mtr #5650) - Reviewed the wording in the bill. More questions on wording.

Senator Seymour (mtr #5758) - I don't see a problem with priority.

Senator Wardner (mtr #5792) - Agree, don't think it would bind the Industrial Commission.

Senator Urlacher (mtr #5915) - Next session could make changes.

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Page 4 Senate Finance and Taxation Committee Bill/Resolution Number HB1339 Hearing Date March 3, 2003

Senator Tollefson (mtr #5950) - Priorities can change.

Senator Urlacher - Is a motion on the table for a Do Pass and a second by Senator Tollefson.

Roll call vote 6 yea, 0 nay, 0 absent. Carrier is Senator Wardner.

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Date: 3 3 . C3

Roll Call Vote #: \

# 2003 SENATE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 1551539

Senate Finance and Taxation				Com	mittee
Check here for Conference Com	ımitte <b>e</b>				
Legislative Council Amendment Nur	nber _				·
Action Taken \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\	<u> </u>				
Motion Made By Sun Lucia Co	200	Se	econded By	nesco	
Senators	Yes	No	Senators	Yes	No
Senator Urlacher - Chairman	1-1		Senator Nichols		
Senator Wardner - Vice Chairman	1		Senator Seymour	177	
Senator Syverson	7				
Senator Tollefson	77				
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the vote is on an amendment, briefly	indicate	intent			

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Danner Stolliarto

10/3/03 Date REPORT OF STANDING COMMITTEE (410) March 3, 2003 2:00 p.m.

Module No: SR-37-3768 Carrier: Wardner Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1339, as engrossed: Finance and Taxation Committee (Sen. Urlacher, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1339 was placed on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

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Page No. 1

SFI-37-3768

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2003 TESTIMONY

HB 1339

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Daniel Spillarth

10/3/03

Date

#3

## **Testimony of John Dwyer**

President, Lignite Energy Council
February 6, 2003
HB 1339

2/6/2003



### **NDIC Export Constraint Studies**

- NDIC has conducted several studies to address ND export constraints
  - Alternative routes identified
  - Cost estimates provided
  - Potential solutions identified
- NDIC in process of identifying most cost effective routes for coal / wind projects

2/6/2003

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Dearing Stallianth

10/3/03

Date





- Adding new transmission is difficult
  - Physical constraints
  - Regulatory constraints & uncertainties
  - ⇒ Financial risk!

2/6/2003



# **Physical Constraints**

- Problem: Long distances, complex system - Stability, overloads, and voltage limitations
- Solutions
  - Add equipment to maximize use of existing lines
  - Upgrade existing lines
  - Build new lines
  - ⇒ Physical constraints are complex but manageable (though costly).

2/6/2003

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### Regulatory Climate in flux



### Federal Energy Regulatory Commission (FERC)

- Regulates jurisdictional utilities directly, others indirectly
- Restructuring initiatives:
  - · Regional Transmission Operators (RTOs)
  - · Transmission Tariffs (Standard Market Design)
  - · Generator Interconnection Standards



#### States

- Transmission Line planning, permitting, & siting
- Eminent Domain authority
- Rate recovery

2/6/2001



# Regulatory Climate in flux

- Great uncertainty about:
  - Ability to get transmission permitted & built
  - Long term costs
    - to generating project
    - to transmission provider
    - to customers



⇒ Transmission investments are perceived to be extremely risky.

2/6/2003



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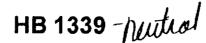
## **Transmission Strategies**

- NDIC involved in establishing Upper Great Plains **Transmission Constraint Coalition**
- Coalition objectives:
  - Advocate designation of ND export constraint as national interest transmission bottleneck by DOE
  - Advocate development of long-term solutions through regional planning processes (MISO, Multi-State Entitles or Regional State **Advisory Committees**)
  - Develop consensus positions on federal and regional issues

2/6/2003



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Presented by: Illona Jeffcoat-Sacco

Director, Public Utilities Division Public Service Commission

Before:

House Government and Veterans Affairs Committee

Honorable Matthew M. Klein, Chairman

Date:

6 February 2003

#### **TESTIMONY**

Mr. Chairman and committee members, I am Illona Jeffcoat-Sacco, director of the Public Service Commission's Public Utilities Division. The Public Utilities Division administers the Commission's jurisdiction over telephone, gas and electric public utilities in North Dakota. The Commission is neutral on this bill.

There are currently a number of groups in the state that are concerned about transmission constraints and are studying this issue. The Commission is represented on some of these groups, and is not a member of others, but all are working to solve the electric transmission constraints faced by our state. Generally, these groups have maintained good communication with each other and other stakeholders, and work to keep each other informed of developments.

- The ND Lignite Research Council has hired a staff member to find solutions to electric transmission issues.
- The Upper Midwest Legislative Forum formed a task group to explore ways to encourage solutions to the electric transmission constraints in the upper Midwest. Representative Ole Aarsvold and Senator Tom Fischer are members of the

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Operator's Signature

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Upper Midwest Legislative Forum. Their transmission constraint task group consists of people from Minnesota, Manitoba, North Dakota and South Dakota.

- The Governor's Office has an informal task group working on electric transmission issues facing North Dakota.
- The North Dakota Public Service Commission has held frequent meetings with stakeholders on electric transmission issues facing North Dakota, is monitoring regional and national developments, and has submitted comments to the Federal Energy Regulatory Commission on these very important issues.
- Wind on the Wires is an energy group advocating wind development and is studying electric transmission issues in our region.
- Powering the Plains is a group of people from 4 states and Manitoba which have been meeting for the past year to discuss energy issues, including electric transmission constraints in the upper Midwest.
- The legislature's interim Electric Industry Competition
   Committee received information and updates regarding electric transmission issues.

This completes my testimony. I will be happy to answer any questions that you may have.

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## **Testimony of John Dwyer**

President, Lignite Energy Council

March 3, 2003

HB 1339

3/3/2003

1



### **NDIC Export Constraint Studies**

- NDIC has conducted several studies to address ND export constraints
  - Alternative routes identified
  - Cost estimates provided
  - Potential solutions identified
- NDIC in process of identifying most cost effective routes for coal / wind projects

3/3/2003

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### **New Transmission**

- Adding new transmission is difficult
  - Physical constraints
  - Regulatory constraints & uncertainties
  - ⇒ Financial risk!

3/3/2003

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### **Physical Constraints**

- Problem: Long distances, complex system
  - Stability, overloads, and voltage limitations
- Solutions
  - Add equipment to maximize use of existing lines
  - Upgrade existing lines
  - Build new lines

3/3/2003

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### Federal Energy Regulatory Commission (FERC)

- Regulates jurisdictional utilities directly, others indirectly
- Restructuring initiatives:
  - · Regional Transmission Operators (RTOs)
  - · Transmission Tariffs (Standard Market Design)
  - · Generator Interconnection Standards



#### **States**

- -- Transmission Line planning, permitting, & siting
- Eminent Domain authority
- Rate recovery

3/3/2003



# Regulatory Climate in flux

- Great uncertainty about:
  - Ability to get transmission permitted & built
  - Long term costs
    - to generating project
    - to transmission provider
    - to customers



⇒ Transmission investments are perceived to be extremely risky.

3/3/2003



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- NDIC involved in establishing Upper Great Plains Transmission Constraint Coalition
- Coalition objectives:
  - Advocate designation of ND export constraint as national interest transmission bottleneck by DOE
  - Advocate development of long-term solutions through regional planning processes (MISO, Multi-State Entitles or Regional State Advisory Committees)
  - Develop consensus positions on federal and regional issues



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Testimony: HB 1339 Robert W. Harms Governor's Counsel

March 3, 2003

Mr. Chairman, members of the Committee, my names is Robert W. Harms, I am counsel to Governor Hoeven and appear in support of HB 1339. The bill simply expresses a state policy that transmission constraints to our electrical industry is an important public policy issue and directs the North Dakota Industrial Commission to give priority to those projects that will help alleviate those constraints.

As a matter of information for the Committee, the State is doing a number of things to help resolve the constraints that impact both our lignite industry and the wind energy that is beginning to develop in North Dakota.

#### Those activities include:

- Industrial Commission identified transmission as a key challenge in the Lignite Vision 21 program and is working vigorously to resolve this issue.
- Efforts are coordinated with the PSC
- Comments were submitted on the FERC recent rule proposal on SMD
- North Dakota is represented on National Governor's Electrical Infrastructure Task Force and has helped formulate that policy
- Participation with the National Wind Coordinating Committee
- Assembling a coalition of wind and lignite representatives to work together in formulating solutions to transmission constraints
- Contacts to Dept. of Energy for its assistance in establishing a NITB
- And funding detailed studies through Lignite Vision 21 to identify potential transmission constraints and potential solutions.

In short, transmission constraint is recognized by the Governor and the Industrial Commission as a significant public policy issue. They are dedicating significant state resources towards resolving the same. HB 1339 would affirm that policy priority. On behalf of the Governor, I urge a "DO PASS" on HB 1339.

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