

## **Testimony on Activities of ND Transmission Authority Energy Development and Transmission Interim Committee**

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Since we last spoke during the legislative session, the ND Transmission Authority (Authority) has continued its efforts to facilitate the development of new transmission in North Dakota. Commissioner Clark has addressed many of the planning activities occurring at the regional and national level. The Authority is actively involved in several of those planning processes including the Regional Generation Outlet Study, the Upper Midwest Transmission Planning Initiative and the Eastern Interconnection Planning process. In addition, the Authority continues to meet with various wind farm developers and independent transmission developers, including representatives from the ITC Holding Company's *Green Power Express*. This morning I would like to specifically address two separate projects started by the Authority since the end of the session

First, the Authority is engaged in a financial planning process based upon the action you took during the session on SB 2376. Senate Bill 2376 allowed up to 30% of the cost of a transmission project to be financed by selling bonds that include the moral obligation of the State of North Dakota. Under the new law up to \$240 million of the Authority's total \$800 million bonding authority may be sold with the moral obligation of the state.

With the new law came a need to develop a process by which transmission projects may be evaluated for associated risk and potential success. Recognizing the need for expertise in the finance area, the Authority assembled a team consisting of representatives from the North Dakota Industrial Commission, the Bank of North Dakota, North Dakota Public Finance Authority and the Attorney General's Office.

The team's focus is to develop due diligence protocols that will be used by the Authority to review projects submitted by transmission developers interested in securing financing through the sale of transmission bonds. In order to assure that a uniform and financially-sound risk assessment is included in the protocols, the group received permission from the Industrial Commission to solicit proposals for bond counsel and senior underwriting services. We received proposals from 5 bond counsel firms and 13 proposals for underwriting services. Bond counsel interviews are scheduled for Thursday of this week and the underwriter interviews will occur at the end of the month. The Authority anticipates having the due diligence protocols completed by the end of 2009.

Finally, Senate Concurrent Resolution 4015, as passed by the 2009 ND Legislative Assembly, requires the ND Industrial Commission to study the economic impacts of proposed federal, regional, and state carbon cap and trade systems, including the Minnesota Next Generation Energy Act of 2007, on the State of North Dakota and to report its findings and recommendations to the Legislative Council by September 1, 2010. The Commission asked the Transmission Authority to serve as the project manager for the studies. I am in the process of developing the strategies for implementing the studies at this time, and hope to have at least one study completed by the end of September.

That concludes my portion of the transmission update. Thank you for your kind attention.