

EMPOWER NORTH DAKOTA COMMISSION ACTIVITIES AND ISSUES
MARCH 20, 2012, 1:30 P.M.
ENERGY DEVELOPMENT AND TRANSMISSION COMMITTEE
ROUGH RIDER ROOM, STATE CAPITOL
SENATOR RICH WARDNER, CHAIRMAN

MIKE FLADELAND – MANAGER OF ENERGY DEVELOPMENT, ND DEPARTMENT OF COMMERCE

Good morning, Mr. Chairman and members of the committee, my name is Mike Fladeland. I am manager of Energy Business Development at the North Dakota Department of Commerce and in that position coordinate the activities of the EmPower North Dakota Commission. I'm speaking on behalf of Al Anderson, Commissioner of the North Dakota Department of Commerce, and Chair of the EmPower ND Commission.

- The EmPower ND Commission (referred to as the Energy Policy Commission in statute) was established by the legislature in 2007. The members, representatives from all of North Dakota's energy industries, are appointed by the Governor. Its role is to make energy policy recommendations to the Legislative Assembly and the governor.
 - The Commission met most recently on Wednesday, March 7th at the Mandan Tesoro Refinery. Earlier in the year, they met at the NDSU Research and Technology Park in Fargo.
 - The Energy Development & Transmission Committee can expect policy recommendations from the EmPower ND Commission later this summer.
- The EmPower ND Commission has focused on four key areas that impact all energy industries. Since late in 2011, committees addressing each of the areas have been meeting to discuss problems, current activities, and preliminary recommendations. These areas include:
 - **Infrastructure** – Commission discussions were instrumental in initiating the 2012 Western Infrastructure Development Meetings. State agencies visited 14 western North Dakota cities in January 2012 to gain the perspectives of local leaders and to provide an update on the state's progress to address infrastructure development, safety, and planning throughout the region. Based on information gathered during the community tours, agencies involved have compiled findings on where the state of North Dakota may have the greatest impact. The findings and next steps call for industry, as well as government, commitment. An example of the government commitment is the work of the Department of Transportation and the Director, Francis Ziegler. The Bakken has been referred to as an unconventional oil play and it has required of state agencies extraordinary measures. A number of communities have requested by-passes to ease the amount of truck traffic they're experiencing, in some cases through their main thoroughfare. DOT has stepped up and committed to completing by-passes for Williston and New Town within the next six months. These would normally take in excess of 3 years to complete.
 - **Research & Development** – This has been covered from two perspectives. As with the Regional Haze issue, it's important that the state can provide scientific

and factual findings that will support the state's position in response to Federal regulators. Further, while conducting research toward development of existing industries, (e.g. power and oil production), we will want to consider research in support of value-added energy development. This can include the potential for conversion of natural gas to propylene leading to the formation of a petrochemical industry or using ethanol for production nano-fibers.

- **Workforce** – We continue to grow our workforce by training more students for energy industry and energy research jobs. The North Dakota State College of Science has a cooperative relationship with Case International and Caterpillar. Students take part in internship programs with those and other companies which lead directly to a job with the company upon graduation. It is important to build stronger connections between industry and education and improve awareness of energy career opportunities among teachers and career counselors. The state has a need for many jobs from commercially qualified truck drivers to welders to petroleum engineers. David Farnsworth, chair of the Governor's Workforce Development Council, spoke to the Commission during the meeting at the Tesoro Refinery
 - **Regulations** – The Commission recognizes the need to develop relationships with regulators at all levels. Recently the EPA agreed to approve the bulk of the state's regional haze air quality plan, despite previously calling it inadequate and threatening to assume regulatory authority in the heavily coal-powered state. The decision followed a meeting between EPA Administrator Lisa Jackson and Gov. Jack Dalrymple. The Regulations Committee has considered the following: 1.) the need to encourage federal agencies to recognize environmental issues unique to the state and to develop regulations accordingly; 2.) the need for additional staff and other resources for state agencies; 3.) encouraging state officials to develop closer working relationships with federal regulatory.
- Between now and July, the Empower North Dakota Commission will continue to meet and discuss these and other items of mutual interest to the state and the energy industry. The success of the Commission has been due, in large part, to the willingness of a diverse group of energy industry representatives to recognize the importance of a comprehensive state energy policy and to commit their time and resources. Their commitment is valued and appreciated. Chairman Anderson and the other Commission members look forward to working with the Energy Development and Transmission Committee and other legislators to formulate policy or assist with drafting legislation.
 - Committee members are encouraged to attend EmPower ND Commission meetings. The next meeting will be held April 4 at the Tharaldson Ethanol Plant, Casselton. There will be a meeting in May in Bismarck to begin preparation of the policy recommendation document. We expect to have a final draft by July or August to present to this Committee.

Mr. Chairman and members of the Energy Development and Transmission Committee, thank you for allowing me the time to visit with you today. That concludes my testimony and I am happy to entertain any questions.