

Senate Bill 2206

Presented by: Julie Fedorchak, Chair
Public Service Commission

Before: House Finance and Taxation Committee
The Honorable Craig Headland, Chair

Date: March 16, 2021

TESTIMONY

Mr. Chairman and committee members, I am Julie Fedorchak, Chair of the Public Service Commission. I am here to testify in support of SB 2206.

As you well know, the energy industry, and specifically the utility industry, continues to undergo rapid transformation due to technological changes, market forces, federal policies, and policies set forth by individual states. This has led many, including the commission, to have concerns related to the impacts this may have on the grid.

To illustrate that particular point, one would only need to look at pricing maps last month from the Midwest Independent System Operator (MISO) and Southwest Power Pool (SPP), the two regional transmission organizations that our cooperatives and investor-owned utilities (IOUs) are members of.

The locational marginal pricing in both MISO and SPP skyrocketed due to adequacy concerns. SPP went into Energy Emergency Alert Level 3 which is the highest level of emergency, requiring operation reserves below the required minimum or asking members to implement controlled service interruptions to

“safeguard continued reliability of the regional grid.” Portions of the MISO grid in Southeast Texas also went into forced curtailments.

This bill accomplishes two goals. In addition to encouraging IOUs to research and develop carbon capture and sequestration technologies utilizing North Dakota lignite, it provides an opportunity for IOUs entering into a purchase power agreement with a facility utilizing North Dakota lignite, to receive a reasonable financial incentive if the facility is deemed necessary to protect grid reliability.

With that in mind, the Commission believes this bill is an appropriate step to incentivize IOUs to again, evaluate the implementation of carbon capture technology and purchase power agreements with owners of in-state baseload generation for the purpose of maintaining system reliability.

Thank you for this opportunity to speak with you and I stand available for any questions.