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Engrossed Senate Bill 2313—Testimony in Support

House Energy and Natural Resources, Chairman Porter

March 18, 2021

Chairman Porter, members of the committee, I am Carlee McLeod, President of the Utility Shareholders of North Dakota (USND), and I come before you to testify in support of Engrossed Senate Bill 2313 on behalf of my members, including ALLETE, Montana Dakota Utilities, Otter Tail Power Company, and Xcel Energy.

When this bill was heard in the Senate committee, it was in the midst of the weather event (Feb 14-20) that crippled the south and disrupted power in several transmission organizations, including the Southwest Power Pool (SPP), Electric Reliability Council of Texas (ERCOT), and Midcontinent Independent System Operator (MISO). Since that time, we've gleaned some clear-cut information, but it will be months of investigation before we see the full picture. Much of what we know is too complicated for the soundbite driven crowd, and messaging of varying levels of truth have filled the void that hasn't been or can't be filled quickly or simply. As this body moves to develop germane energy policy, it is imperative that we all understand the same truths about this event and what they mean about our reliability and resource adequacy. Without that common understanding, subsequent policy is unlikely to address any real, substantive issues. Bearing that in mind, we want to thank you for your time and attention last week as representatives from regional transmission organizations (RTOs) and utilities shared information about their experiences during the event. It was a lot of information packed into 3-hour window, so I'll highlight the lessons we know to date.

- ERCOT is unlike North Dakota and much of SPP and MISO which feature vertically integrated utilities. Unlike our vertically integrated structures, ERCOT is comprised of companies at various points within electric generation and delivery which are not compensated for the sorts of investments necessary to ensure reliability, like weatherization, and which are not responsible for the whole of the delivery from generation to distribution.
- Southwest Power Pool is comprised of many vertically integrated utilities, and those doing business within North Dakota understand and implement proper weatherization. Still, within the weather event, there were generation failures in the southern areas of SPP stemming from improper weatherization.
 - As demand increased—caused by the needs arising with cold weather, and generation failures occurred, SPP entered into emergency protocol.

- Two periods of outages occurred—these were rolled so that only some customers were affected at a time, and each outage was limited in time.
 - Feb 15—regional energy consumption needed to be lessened 1.5% for 50 minutes.
 - Feb 16—regional energy consumption needed to be lessened by 6.5% for approximately 3 hours. This was the event in which some ND customers lost power for 45 minutes or less.
- MISO is the RTO in which all ND investor-owned utilities participate. Our customers were not subject to MISO-led outages. MISO was affected by the weather events which increased demand, and in response, did issue emergency warnings. MISO is a very large RTO with multiple regions within its footprint. Its size in both load and distance adds to its ability to withstand major weather events. As a result, only MISO's southern region was affected with any minor outages.
- There is no perfect fuel source. That is not to say that baseload resources don't have value, because they do, and they should be valued accordingly. However, that does not mean a grid based on 100% coal would be infallible. In planning for demand, utilities and RTOs consider the strengths and weaknesses of each resource and plan accordingly. For instance, wind does not usually generate at temperatures below -22 degrees. Utilities and RTOs know that and switch their models accordingly. Traditionally, coal, gas, and nuclear energy is available regardless of weather. During this weather event, which wasn't out of the normal realm of possibility of local weather, local generation performance varied. In ND and MT, there were periods of outage at one coal plant unrelated to the weather but caused equipment failure and Covid-related delay in part availability. At another coal plant and a natural gas plant, low water levels caused brief system failure. These sorts of outages do occur on occasion, and they are routinely handled within utilities and RTOs by shifting loads from other sources and regions without causing customer outages. In this event, they were handled similarly and did not add to the need for SPP to shed load. Likewise, during this event, locally, some wind was down, and some operated beyond expectations at -37 degrees. Nuclear and other coal facilities operated perfectly during this time. In general, our generation mix operated as expected, and no plant failures in our region caused disruption. The disruption came from southern states from baseload and intermittent resources. There is no perfect fuel source.

Other information will come from the investigations the Federal Energy Regulatory Commission (FERC) and the North American Electric Reliability Corporation (NERC) have launched, as well as the investigations within each RTO. This event highlighted weaknesses across the country, and the RTOS and stakeholders have already begun discussions to reform markets accordingly. These are important conversations, and our utilities will participate robustly. It will be important to have ND perspective in these conversations. As a state that exports roughly half of its generation, and which did not fail to generate enough electricity to serve its load and that of its neighbors during these events, it is critical that the RTOs

understand and value the tenets that supported our mix of fuel and reliability practices. That leads to the reason behind our support of this bill.

In its engrossed version, SB 2313 reinforces the importance of the role of North Dakota Transmission Authority. The bill language expands information available to the authority, directs the authority to compile information, and directs reporting to the legislature and RTOs. Most importantly, it directs the authority to participate in transmission option studies. This additional voice could be helpful as RTOs work to address reliability through appropriate transmission development. We support these goals, and we ask for your support of the engrossed bill.

We understand there may be amendments proposed to this bill. To date, we have not reached support of the concepts we've heard. Our reaction to any amendments proposed during this hearing will be addressed in our oral testimony, and if helpful to the committee, we would whatever oral remarks we have in writing upon hearing the amendments proposed.

Thank you.

