

Senator Wardner
SB 2287 Written Testimony

Mr. Chairman and members of the committee,

I believe the North Dakota lignite coal industry is crucial for the state and region's continued power generation. As a significant power-producing state, we must have the best understanding of the issues and problems affecting our ability to produce power. One of these new problems which will affect the lignite industry, in the state and around the nation, is Environmental Social Governance (ESG). You will hear from others a much more in-depth analysis of ESG. Still, to put it briefly, it is specific criteria and principles that investment and insurance organizations use to inform their investment decisions. Specifically, these organizations use ESG figures and statistics to divest and remove themselves from companies they believe are not adhering to their ESG principles. Many believe that it has a direct negative impact on North Dakota's lignite entities.

Insurance rates have been drastically increasing in recent years because of these "ESG scores." This study will delve into the different and unique artificial pressures being placed on the industry. At the conclusion of the study, the goal is for the State of North Dakota and the insurance commissioner to have a complete analysis and understanding of the pressures this industry faces regarding insurance premiums. Additionally, to determine if there is anything the lignite companies, the insurance commissioner, or the state can do to alleviate the issue.

The energy demand will always be increasing. Yes, the energy industry is continually growing with new renewables each year. However, these new and emerging energy technologies are not significant enough to offset the lignite industry in North Dakota and the region. This is why it is imperative to find solutions before it is too late for the industry. I believe once the coal-powered industry leaves our state, the industry will not be back.

If North Dakota wants cheap, reliable energy for decades to come, we must understand the new risks to these increasingly essential sectors.