Exhibit Q

ENERGY DEVELOPMENT AND TRANSMISSION COMMITTEE

Tuesday, October 6, 2020
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Rich Wardner, Chairman, called the meeting to order at 8:30 a.m.

Members present: Senators Rich Wardner, Brad Bekkedahl, Kathy Hogan, Ray Holmberg, Merrill Piepkorn, David S. Rust; Representatives Dick Anderson, Mike Brandenburg, Alisa Mitskog, Todd Porter, Don Vigesaa

Member absent: Representative Tracy Boe

Others present: Representative Karen M. Rohr, Mandan, member of the Legislative Management
Senator Jessica Unruh-Bell, Beulah
See Appendix A for additional persons present.

It was moved by Senator Holmberg, seconded by Representative Vigesaa, and carried on a voice vote that the minutes of the September 16, 2020, meeting be approved as distributed.

REPORTS

Recycling Produced Water in Oil and Gas Operations

The committee received a report on October 1, 2020, regarding the Industrial Commission's study on recycling produced water in oil and gas operations (Appendix B) pursuant to Section 19 of House Bill No. 1014 (2019).

EmPower ND Commission

Chairman Wardner called on Mr. James Leiman, Director, Economic Development and Finance Division, Department of Commerce, for testimony (Appendix C) regarding the EmPower ND Commission's energy policy recommendations.

In response to a question from Senator Piepkorn, Mr. Leiman said the largest petrochemical product produced in North Dakota is a variety of plastics.

In response to a question from Senator Hogan, Mr. Leiman said to encourage infrastructure development projects, the Legislative Assembly should consider supporting additional road capacity installation to accommodate any increase in transportation demands and also invest in salt caverns.

FLARE GAS MANAGEMENT

Chairman Wardner called on Mr. Edward Woods, Vice President, Business Development, Alkane Midstream LLC., for testimony (Appendix D) regarding flared gas management and methane distribution.

In response to a question from Senator Bekkedahl, Mr. Woods said Alkane Midstream uses dry-low emission turbines that emit at the parts per million level. He said the turbines would be considered a major source if they exceeded the 50 megawatts of power threshold.

In response to a question from Representative Mitskog, Mr. Woods said the biggest challenge to doing business in North Dakota is the lack of pipeline infrastructure and pipes of sufficient diameter.

In response to a question from Senator Rust, Mr. Woods said the Coronavirus (COVID-19) pandemic and the decline in oil and gas prices have caused 50 percent of Alkane Midstream employees to be furloughed.

NATURAL GAS CONVERSION

Chairman Wardner called on Representative Brandenburg, for testimony (Appendix E) regarding the conversion of natural gas to megawatts.

In response to a question from Senator Rust, Representative Mitskog said Cargill, Inc., has not tapped into the Alliance pipeline because the pipeline is 23 miles from Wahpeton. She said an option would be to either tap into the Mapleton line, which would require 50 miles of new pipeline infrastructure, or the Alliance pipeline, which would require 23 miles of additional pipeline.

ELECTRIC POWER

Chairman Wardner called on Mr. Michael Nasi, Senior Advisor, Life:Powered, and Partner, Jackson Walker LLP, for testimony (Appendix F) regarding a regulatory and market update on electric power.

In response to a question from Senator Bekkedahl, Mr. Nasi said the production tax credit for wind and solar energy subsidizes energy into the market place, which means wind and solar energy providers get paid for putting megawatts on the grid and therefore are incentivized to dump on the grid because the providers get paid only when they generate, not for having capacity. He said this significantly suppresses the power price off peak and distorts the market. He said the distortion will not happen with a research and development credit like the 45Q because the credit pays for the reduction of carbon and not for artificially lowering the generation cost of the power.

In response to a question from Senator Unruh-Bell, Mr. Nasi said the providers of electricity should be held to a reliability standard. He said the providers should not be able to retire an asset or an infrastructure paid for by the citizens of a state and retrofitted with cutting edge technology unless the provider ensures there is another reliable energy source in the state and compares carbon capture utilization and storage with the other alternative energy resource available.

COUNTY PERSPECTIVE ON ENERGY POLICY ISSUES

Chairman Wardner called on Mr. Ladd Erickson, McLean County State's Attorney, for testimony (Appendix G) regarding energy policy issues from the county perspective.

In response to a question from Representative Anderson, Mr. Erickson said if a surface structure is impeding mining, the coal company is responsible for incurring the costs related to removing the surface structure from the land before mining.

TRANSMISSION LIMITATIONS

Chairman Wardner called on Mr. John Weeda, Director, North Dakota Transmission Authority, for testimony (Appendix H) regarding transmission limitations and options to overcome the limitations.

In response to a question from Chairman Wardner, Mr. Weeda said transmitting power to western states where power is a premium, like California, would require a transmission line from North Dakota to make a significant impact. He said such a transmission line most likely would have to go from Coal Creek Station to the interconnect in Miles City, Montana, or to the transmission plant in Colstrip, Montana.

In response to a question from Senator Piepkorn, Mr. Weeda said the companies interested in purchasing Coal Creek Station and the transmission line most likely will retain a majority of the plant's current employees. He said the companies interested from the wind perspective will result in the plant closing. He said a reduction in coal-fired generation of electricity in the transmission system could result in more room for wind-generated electricity but the best North Dakota can offer with wind generation is a 50 percent capacity factor.

In response to a question from Senator Unruh-Bell, Mr. Weeda said replacing a baseload power provider like a coal-fired power plant with a renewable power provider would require stabilizing and investing in Coal Creek Station and the DC transmission line to have a higher renewable content because of the variability of renewable generation and the necessity to be able to respond to the variations in wind or solar energy.

OIL AND GAS

Chairman Wardner called on Mr. Lynn Helms, Director, Department of Mineral Resources, Industrial Commission, for testimony (Appendix I) regarding the abandoned oil and gas well plugging and site reclamation fund and a brine pond remediation study update.

FOSSIL FUEL INDUSTRY

Chairman Wardner called on Mr. Charles Gorecki, Chief Executive Officer, Energy and Environmental Research Center, for testimony (Appendix J) regarding headwinds in the fossil fuel industry.

In response to a question from Representative Anderson, Mr. Gorecki said unlike North Dakota, Wyoming has a significant amount of helium.

COMMITTEE DISCUSSION

It was moved by Senator Rust, seconded by Representative Anderson, and carried on a voice vote that the Chairman and the Legislative Council staff be requested to prepare a report and to present the report to the Legislative Management.

It was moved by Representative Vigesaa, seconded by Representative Mitskog, and carried on a voice vote that the committee be adjourned sine die.

No further business appearing, Chairman Wardner adjourned the committee sine die at 2:25 p.m.

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Christopher S. Joseph
Counsel

ATTACH:10