

ENVIRONMENTAL AND SUBSIDY EVALUATION
OF CANADIAN ELECTRIC POWER TRADE WITH
U.S. IN VIEW OF PROPOSED AMENDMENTS
TO THE CLEAN AIR ACT

PROPOSED BY THE AD HOC COALITION
ON INTERNATIONAL ELECTRIC POWER TRADE

FRED T. WERTZ, SECRETARY/TREASURER

MARCH 1, 1988

REQUEST: \$10,000.00



THE NORTH AMERICAN COAL CORPORATION

WESTERN DIVISION

2000 SCHAFER STREET • BOX NO. 5800 • BISMARCK, NORTH DAKOTA 58502-5500

(701) 258-2200

February 24, 1988

Mr. John W. Dwyer
President
North Dakota Lignite Research Council
PO Box 2277
Bismarck, ND 58502

✓ State Industrial Commission
Governor's Office
State Capitol Building
Attention: Ms. Karlene Fine
Bismarck, ND 58505

Dear Sir and Madam:

Enclosed is a grant application entitled "Environmental and Subsidy Evaluation of Canadian Electric Power Trade with U.S. in View of Proposed Amendments to the Clean Air Act," submitted on behalf of the Ad Hoc Coalition on International Electric Power Trade pursuant to Article 43-03 of the North Dakota code related to contracts for lignite development and land reclamation research and hydroelectricity impact studies. Also enclosed is check number 141, in the amount of \$100.00, made payable to the State of North Dakota, to cover the application fee.

This application is submitted in accord with Chapter 43-03-04 Application Requirements.

Please feel free to contact me if there are any questions in regard to this application.

Sincerely,

AD HOC COALITION ON
INTERNATIONAL ELECTRIC POWER TRADE

Fred T. Wertz
Secretary-Treasurer

FTW:dj
Enc.

SUMMARY

Research will be performed to gather and interpret data related to the production, pricing, and marketing of North Dakota lignite as it relates to power production in the face of growing competition from the Canadian electricity exports to the United States.

This information will be used to aid state and other public officials in expanding North Dakota's production of energy and energy products.

The information will be generated and interpreted for use over the next twelve months, however, should be of continuing use for some years to come.

The project cost would be ten thousand dollars.

Research will be conducted by the Ad Hoc Coalition on International Electric Power Trade using data input from private and public agencies.

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OBJECTIVES

The proposed research study will identify the cost of subsidies to Canadian electric power and will assess the impact of lower Canadian environmental standards upon a common environment. It will also, to the degree possible, evaluate cost advantages associated with the differences. Attention will be devoted to projecting anticipated effects of revisions to the U.S. Clean Air Act upon North Dakota's lignite industry.

BACKGROUND

The prosperity of North Dakota's lignite industry is intimately related to the competitiveness of electric power it generates. Canadian electricity is a substantial threat to domestic power sales because of its low price and availability.

Low pricing has been made possible because Canadian power enjoys substantial government subsidies and is subject to lower environmental standards than in the U.S.

GOALS

The study will provide data to describe the extent of Canadian subsidy practices and environmental differences that exist in Canada. This information may be used to evaluate state programs to enhance lignite and power development and to appraise the effects of federal legislation and other programs upon the state's lignite industry.

METHODS

The work involves data collection from a wide range of sources such as government and industry documents and reports in the United States and Canada. Existing data banks will be used as much as possible.

TIMETABLE

The information will be provided upon demand, all work is to be completed by December 31, 1988.

PERSONNEL

The project will be supervised by Mr. Fred T. Wertz who is Secretary/Treasurer of the Ad Hoc Coalition on International Electric Power Trade. Mr. Wertz has nineteen years' experience

in the mining industry, 9-1/2 years as an executive with The North American Coal Corporation, Bismarck, North Dakota. Mr. Wertz has has a masters degree from the Wharton School, University of Pennsylvania. Mr. Wertz will use outside resource persons as are required drawing from consultants, trade lawyers, environmental experts and others qualified in their fields.

QUALIFICATIONS OF APPLICANT

The Ad Hoc Coalition is an unincorporated, not for profit association of energy related organizations interested in the development of electric power. The Coalition, over the past 18 months, has been involved with the collection and dissemination of information related to Canadian subsidy and environmental practices in electricity generation. The Coalition has diverse contacts with government and private information sources and recognized U.S. authorities in interpreting data collected.

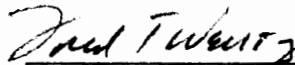
BUDGET

No salaries or administrative expenses will be applied to the project. Mr. Wertz's services will be donated by the Coalition as well as necessary administrative services.

A total of \$10,000.00 will be required to pay travel, consultation, and meeting expenses of those associated with data collection and evaluation to include hundreds of documents and other instruments, attendance at government and private hearings, discussions, and seminars.

Qualified experts will be employed as required.

The Coalition intends to match the value requested with more than \$50,000.00 it has received from private industry parties and in kind services to the project. It will provide the benefits of its existing research files to the project and make its findings available to the appropriate state agencies.



Fred T. Wertz
Secretary/Treasurer

This contract is between the State of North Dakota acting by and through its Industrial Commission, hereafter called Commission, and Ad Hoc Coalition on International Electric Power Trade, hereafter called Contractor.

1. Retirement System Status

Contractor is not a contributing member of the Public Employee's Retirement System and will be responsible for any federal or state taxes applicable to this payment. Contractor will not be eligible for any benefits from these contract payments of federal Social Security, unemployment insurance, workmen's compensation, or the Public Employees' Retirement System, except as a self-employed individual. Contractor is an independent contractor.

2. Statement of Work

- a. Contractor agrees to conduct research as provided in Exhibit A attached hereto and by this reference made a part hereof.
- b. Contractor agrees to provide a final report by February 1, 1989, on the study.
- c. The term of this agreement is from July 6, 1988 through February 1, 1989.

3. Consideration

- a. Commission agrees to grant to the Contractor an amount not to exceed the sum of \$10,000 to be paid on July 15, 1988.

4. Government Employment Status

- a. Contractor certifies it is not an employee of the State of North Dakota.

5. Subcontracts

Contractor shall not enter into any subcontracts for any of the work scheduled under this contract without obtaining prior written approval from the Commission.

6. Funds Available and Authorized

Commission certifies at the time the contract is written that sufficient funds are available and authorized for expenditure to finance costs of this contract within the Commission's current appropriation or limitation.

7. Termination

This contract may be terminated by mutual consent of both parties, or by either party upon 30 days' notice, in writing and delivered by certified mail or in person.

The Commission may terminate this contract effective upon delivery of written notice to the Contractor, or at such later date as may be established by the Department, under any of the following conditions:

- a. It is agreed that in the event appropriations or funding to the Commission is not obtained and continued at a level sufficient to allow for payments to the Contractor, for the services identified in Paragraph 2, the obligations of each party hereunder shall thereupon be terminated.

Any such termination of this contract shall be without prejudice to any obligations or liabilities of either party already accrued prior to such termination.

The Commission by written notice of default (including breach of contract) to the Contractor may terminate the whole or any part of this agreement:

- a. If the Contractor fails to provide services called for by this contract within the time specified herein or any extension thereof; or
- b. If the Contractor fails to perform any of the other provisions of this contract, or so fails to pursue the work as to endanger performance of this contract in accordance with its terms, and after receipt of written notice for the Commission, fails to correct such failures within ten days or such longer period as the Commission may authorize.

The rights and remedies of the Commission provided in the above clause related to defaults (including breach of contract) by the Contractor shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

8. Access to Records

The Commission, Office of Attorney General of the State of North Dakota, the federal government, and their duly authorized representatives shall have access to the books, documents, papers and records of the Contractor which are directly pertinent to the specific contract for the purpose of making audit, examination, excerpts, and transcripts.

9. Indemnity

The Contractor shall comply with all federal, state, and local laws and ordinances applicable to the work to be done under this agreement.

The Contractor shall save and hold harmless the State of North Dakota and the Commission, its officers, agents, employees, and members, from all claims, suits, or actions of whatsoever nature resulting from or arising out of the activities of the Contractor or its subcontractors, agents, or employees under this agreement.

10. Ownership of Work Product

All work products of the Contractor which result from this contract shall be governed by North Dakota Administrative Code Chapter 43-03-06.

11. Nondiscrimination

Contractor agrees to comply with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules, and regulations.

12. Applicable Law

This agreement shall be governed by and construed in accordance with the laws of the State of North Dakota.

13. Captions

The captions or headings in this agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions of this agreement.

14. Execution and Counterparts

This agreement may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

15. Amendments

The terms of this agreement shall not be waived, altered, modified, supplemented, or amended, in any manner whatsoever, except by written instrument signed by the parties.

16. Notices

All notices, certificates or other communications shall be sufficiently given when delivered or mailed, postage prepaid, to the parties at their respective places of business as set forth below or at a place designated hereafter in writing by the parties.

Industrial Commission of North Dakota
State Capitol, Ground Floor
Bismarck, ND 58505

Ad Hoc Coalition on International Electric Power Trade
Attn: Fred T. Wertz
P.O. Box 5500
Bismarck, ND 58502-5500

17. Successors in Interest

The provisions of this agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and assigns.

18. Attorney Fees

In the event a lawsuit of any kind is instituted on behalf of the state to collect any payment due under this contract or to obtain performance of any kind under this contract, Contractor agrees to pay such additional sums as the court may adjudge for reasonable attorney fees and to pay all costs and disbursements incurred therein.

19. Severability

The parties agree that if any term or provision of this contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the particular term or provision held to be invalid.

20. Waiver

The failure of the state to enforce any provisions of this contract shall not constitute a waiver by the state of that or any other provision.

21. Merger Clause

This agreement constitutes the entire agreement between the parties. No waiver, consent, modification or change of terms of this agreement shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this agreement. Contractor, by the signature below of its authorized representative, hereby acknowledges that the Contractor has read this agreement, understands it, and agrees to be bound by its terms and conditions.

AD HOC COALITION ON INTERNATIONAL
ELECTRIC POWER TRADE

By: _____
Name

Title

Date: _____

STATE OF NORTH DAKOTA

By: _____
Karlene Fine
Secretary to the Commission

Date: _____