

MEETING MINUTES  
**LIGNITE RESEARCH COUNCIL-SPECIAL MEETING**  
Monday, June 8, 2020 – 12:00 p.m. (CT) via WebEx

**LRC VOTING MEMBERS (or their authorized alternates) PRESENT:**

Jason Bohrer – Lignite Research Council  
John Bauer – Great River Energy  
Wade Boeshans – BNI Coal, Ltd.  
Randy Christmann – North Dakota Public Service Commission  
Jeff Delzer, Representative – ND House of Representatives – District 8  
Brad Erickson (alternate for Bryan Walther) – North American Coal Company  
Rita Faut – ND Farm Bureau  
Dave Glatt – North Dakota Dept. of Environmental Quality  
Charlie Gorecki - Energy & Environmental Research Center (EERC)  
Mark Hager – IBEW 11<sup>th</sup> District (ND)  
Don Hochhalter - North Dakota Department of Commerce  
Ray Holmberg, Senator – ND Senate District 17  
Jay Kost – Falkirk Mining Company  
Gavin McCollam – Basin Electric Power Cooperative  
Ed Murphy – North Dakota Geological Survey  
Gerry Pfau – Minnkota Power Cooperative  
John Phillips – Coal Conversion Counties  
Bill Sawyer – Allete Energy  
Jay Skabo – Montana-Dakota Utilities Co.  
Rich Southwick – Great Northern Properties LP  
Brad Tollerson – Otter Tail Power Company

**OTHERS PRESENT:**

Mike Holmes – Lignite Research Program  
Karlene Fine – North Dakota Industrial Commission  
Andrea Pfennig- North Dakota Industrial Commission  
Dave Allard – Lignite Energy Council  
Angie Hegre - Lignite Energy Council  
Jonathan Fortner – Lignite Energy Council  
Jeff Zueger – Midwest Ag Energy Group (presenter)  
Adam Dunlop - Midwest Ag Energy Group (presenter)  
John Weeda – North Dakota Transmission Authority (former LRC member)

**GUESTS:**

Jessica Unruh – North American Coal  
Rudie Martinson – Primacy Strategy Group  
Jason Ehlert – ND Building Trades Unions  
Amy Sisk - Bismarck Tribune  
Dave Thompson – Prairie Public  
Lance Gaebe

## I. CALL TO ORDER

### Meeting called to order:

Lignite Research Council (LRC) Chairman, Jason Bohrer, called the special LRC meeting to order at 12:10 p.m. (CT) on June 8, 2020 via WebEx conferencing.

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## II. UPDATE FROM INDUSTRIAL COMMISSION MEETING

Jason Bohrer briefed the LRC on why the meeting was scheduled. Bohrer stated the meeting had been called because at the last Industrial Commission (NDIC) meeting members of the NDIC expressed general support for the Midwest AgEnergy project. Based on the contingency, however, they had a couple questions and asked the LRC to convene again and answer those questions. Based on our conversation with the NDIC about the source of funding for the Lignite Research Program, they made a motion to fund the project without a contingency. Bohrer shared that this meeting was to review the source of funds, learn more about the Advanced Energy Technology funding and also get a project update. We asked for this time so we can obtain the information requested by the NDIC and give them time to act on the motion they have before them. The NDIC asked the LRC to weigh in on whether it would have supported this project without the contingency if the LRC were given the opportunity to do so.

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## III. BUDGET

Karlene Fine shared the 2019-2021 budget with the LRC. She stated the available money within the Small Research, Education and Demonstration Projects were \$5.7 million and a \$10.7 million balance was available in the Advanced Energy Technology Projects line item. Fine stated the total funds that were available for commitment were \$16.4 million.

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## IV. ADVANCED ENERGY TECHNOLOGY FUND

Wade Boeshans shared a presentation and reviewed the creation of the Advanced Energy Technology funding, purpose and history. (A copy of his presentation is available in the LRC files.) He shared that this funding originated through the EmPower ND 2016 Commission subcommittee that John Weeda and Wade Boeshans co-chaired. The purpose of the subcommittee was to identify R&D priorities for North Dakota's Energy Industry and make policy recommendations that would enable R&D success. Boeshans shared the 2017 Legislative action that created the Advanced Energy Technology Funding with the primary focus to advance energy science in a way or ways that benefit the residents of ND. It opened the Renewable Research Program fund to CO<sub>2</sub> projects, statutorily limited to up to \$500,000 per project and designated Lignite Research Council to receive and administer and NDIC to govern the newly appropriated Advanced Energy Technology funding. Boeshans also shared funding information for Lignite Research and Advanced Energy Technology Funding. He showed the Advanced Energy Technology Fund actual 2017-2019 biennium total \$9.1 million from Strategic Investment and Improvement Fund (SIIF) and coal severance tax. He shared the forecasted 2019-2021 biennium of \$13.2 million with coal severance tax and oil and gas tax allocation. He shared the funding for Lignite Research Funding 2017-2019 biennium totaling \$6.4 million and

forecasted \$6.6 million for 2019-2021 biennium. Boeshans stated that the LRC and the NDIC in essence has the ability to appropriate that money between Lignite Research and Advanced Energy Technology. Boeshans felt this was important information for the LRC to understand the history, purpose, intent and funding. John Weeda concurred with the information that Boeshans had presented. Jason Bohrer shared that the chart provided a great visual to explain the budget that we have. Bohrer asked the committee if anyone had any questions, no committee members responded.

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## V. PROJECT UPDATE (MIDWEST AG ENERGY)

Jeff Zueger shared that he already covered the merits of the project and technical aspects at the last meeting, but he wanted to revisit with the LRC whether they fund this with a contingency or not. Zueger shared this project will provide valuable data that doesn't exist today to potentially extend the life of Midwest AgEnergy's Blue Flint Ethanol plant and ensure it can continue to provide low carbon fuels and also to provide data that doesn't exist to the lignite and energy industry in that region around the ability to safely store CO<sub>2</sub> in geological formations in this area. He shared this data is needed because it is not existent at this point. Others will need the data as they try to advance the research and possible commercialization of technologies that are being contemplated for that area. Most of the entities that are looking at Coal Creek and Falkirk Mine for continued operations are saying it most likely will need to sequester and store CO<sub>2</sub>. This project would provide key data. Zueger shared it appears that this fits the objectives and goals of Lignite Research Council and advancement of energy science in the state of ND. He shared that this is development data at this point, it's not construction so a claw back provision seems inconsistent with potential projects and how they will be handled. Zueger asked the Council to reconsider, so they can move their project ahead, openly collaborate with others, share information. Zueger shared his hopes of moving the project ahead and inject CO<sub>2</sub> for years to come and Coal Creek can have an extended life with help from the data we are trying to provide here. Bohrer asked for questions, hearing none.

## VI. DISCUSSION

Public Service Commissioner, Randy Christmann kicked off the discussion by saying that having this question brought back to the LRC, didn't bother him in the least, however, some of the comments made by an Industrial Commission member bothered him. Christmann shared that there were comments made in regard to adding this contingency, that the LRC was basing their actions on emotion as though they hadn't thought things out. Christmann shared that he respects the people that voted against the motion to add the contingency as he said he always appreciates conflicting views but for the other twelve committee members that joined him in adding the contingency, he stated he has only the highest regards for their decision making capabilities and the processes of this LRC. Christmann shared the state LRC website description of the LRC has responsibilities to promote a coordinated research program to preserve and protect the lignite industry. Christmann shared he wanted to add to Boeshan's EmPower Commission history that we also have a Renewable Energy Program in North Dakota and its mission is to promote the growth of North Dakota's renewable energy industries through research, development, marketing and education. Christmann stated it sounds like what the LRC does is for lignite, and the Renewable Energy Program is for renewable energy. With that being said, as Boeshans stated in the 2017 legislative session, these additional funds were added to the LRC it came from the SIIF,

then in the 19<sup>th</sup> session some came from oil and gas. In any event the 2017 session, it was mentioned right in the legislation that these \$3 million SIIF funds to the LRC was for grants for advanced energy technology research and development. Christmann stated, however, in the very same bill of the NDIC budget of 2017 there is an intent section. It says, “It is the intent of the Legislative Assembly that the Industrial Commission consider applications for funding from the Renewable Energy Development Fund for Advanced Energy Technology Development projects”. Christmann felt these were such comparable languages for the direction funding can come from a couple different sources that it isn’t fair to say any decisions we made previously were just based on emotion. Christmann shared his hope that Coal Creek Station continues to run for a long time to come But if it can’t, it was his hope that if the fuel source changes, the Industrial Commission, through their own actions, consider at least a partial re-payment to the LRC from the Renewable Energy Development Fund or from other sources they deem appropriate. Christmann shared that the real point he wants to make, besides justifying and explaining what he thought was the actions of most of the LRC members last time is being just and reasonable. Randy Christmann shared his pride in working with the Lignite Research Council. Christmann shared he felt having the contingency was the best way, but also stated that, if asked, he would support funding without the contingency. He thinks this project is so important to the state of North Dakota that it is something we can’t let slip by us and even without the contingency, he felt we should continue to do it.

Jason Bohrer shared his similar thoughts to Christmann. Bohrer shared it is hard to balance, but when he asks himself and members if this is good for the lignite industry, the answer is yes. He also feels that this does increase the possibility that Coal Creek can continue to operate, it doesn’t guarantee it, but it increases the possibility. Bohrer related to Christmann saying if he went back in time and was asked if he supported the project without a contingency, he would say yes because he can make an easy argument backed up by everybody’s opinion that he has touched on that this makes our industry stronger and that it increases the odds to find a longer term solution for Coal Creek Station.

Jason Bohrer asked for additional thoughts or comments. No response from the LRC members.

Bohrer shared the voting slides and reminded the group, the question you are being asked is would you have supported this project without the contingency.

## **VII. VOTE**

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Due to the meeting being done in a WebEx format and not in person, there was two options for voting. A confidential email sent from a third-party voting site called Simply Voting was sent to the present voting members. The group also had the option to email Karlene Fine, ND Industrial Commission directly with their vote. The deadline given was 1:30 p.m.

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**GRANT ROUND XCII (92) Ballot Results:** Jason Bohrer announced (via email) following the meeting the results of the ballots concerning the LRC’s recommendations to the NDIC regarding the Grant Round XCII (92) proposal as follows

**LRC-XCII (92) B: Drill Stratigraphic Test Well & Determine Feasibility of Central ND Geology to Safely and Permanently Store Carbon Dioxide**

Submitted by: Midwest AgEnergy Group;  
Request for: \$3,388,000; Total Project Costs: \$6,956,000;  
Principal Investigator: Jeff Zueger; Project Duration: 12 months

**Fund:** 19 votes

Do Not Fund: 1 vote

Abstain: 1 vote

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**VIII. ADJOURN**

There being no further business, Bohrer requested a motion for adjournment of the LRC meeting. Wade Boeshans so moved; seconded John Phillips. Motion carried.

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The North Dakota Industrial Commission meeting, when this recommendation will be considered, will be held on June 19, 2020.

Angie Hegre, recording secretary