

Minutes of a Meeting of the Industrial Commission of North Dakota

Held on July 28, 2023 beginning at 9:00 a.m.

Bank of North Dakota 3rd Floor Conference Room

Present: Governor Doug Burgum, Chairman

Attorney General Drew H. Wrigley Agriculture Commissioner Doug Goehring

Also Present: This meeting was open through Microsoft Teams so not all attendees are known.

Agency representatives joined various portions of the meeting.

Governor Burgum called the meeting of the Industrial Commission to order at approximately 9:15 a.m.

BANK OF NORTH DAKOTA

This is a joint meeting of the Industrial Commission and the Bank of North Dakota Advisory Board regarding Bank of North Dakota Business.

Todd Steinwand and Karl Bollingberg gave an introduction of the Bank of North Dakota Advisory Board members. The BND Advisory Board consists of Karl Bollingberg (Chair), Dennis Johnson (Vice Chair), Pat Clement, Brenda Foster, Christie Obenauer, Bill Price, and Jean Voorhees.

Mr. Bollingberg stated that the advisory board is very pleased with all the work that is done by the bank's management team and all the employees at BND. Mr. Bollingberg said that both the culture and the performance of the Bank are strong which helps with the Bank's overall success. He mentioned that one area in which they could use the Commission's assistance is setting expectations around the utilization of bank profits, and the ability to manage BND's capital levels. It was stated that it is very difficult to plan, manage, and protect capital when there is so much uncertainty around how much and where BND's profits will be dispersed every two years during the legislative session. Mr. Bollingberg stated that it is important for BND to contribute to the General Fund as that is part of what they do, but there needs to be a way to make it more predictable rather than BND being viewed as another fund to pull money from. Governor Burgum stated that there is one hundred percent alignment from the Governor's office with keeping more capital in the Bank and mentioned that collectively they need to put together a stronger case as to why capital should not be drained from the Bank when there ends up being a surplus of money in the general fund by June 30th. The Commission members, the Advisory Board, and BND plan to put together an action plan prior to next legislative session on how utilization and allocation of BND's profits should be handled.

Mr. Bollingberg gave a report on the Bank of North Dakota Recruitment and Retention Study. He stated that recruiting and retaining employees is more important now than ever. BND needs to be able to compete with other banks and employ and retain the brightest and best employees. He stated that the Bank and the Advisory Board are both ready to start the recruitment and retention study that was set forth in HB 1014 and asked for any insight, direction, and next steps from the Industrial Commission. Governor Burgum stated that the Office of the Industrial Commission staff, the Bank, and the Advisory Board should all play a role in this study and create a team taskforce. Governor Burgum stated that this study is important not only for BND but statewide as there are approximately 3000-4000 state employees that are eligible for retirement in the next 5 years, and the state must recruit the younger

generation and also pointed to the new defined contribution plan that will be a competitive recruiting tool. There was an emphasis on how important it is for the State of North Dakota to understand how crucial recruitment and retention is now and going forward.

Mr. Bollingberg led discussion around the Role of the Advisory Board in the Bank of North Dakota's Executive Succession Planning. Todd Steinwand has not announced a retirement date yet, but indicated he will not be President of BND for the 2025 legislative session. Mr. Bollingberg stated that the Advisory Board would like to be involved in the succession planning process. Governor Burgum stated that the Advisory Board will help play a role when it comes to helping search for qualified candidates and building the applicant pool, but ultimately the final decision and appointment of the new President of BND will remain with the Commission.

Todd Steinwand presented the report on the Bank of North Dakota ESG Study. The ND ESG Study Steering Committee met on Thursday, July 27th where they discussed committee administration, SWOT analysis, and areas of focus. The 2023 North Dakota Legislature outlined an ESG study to be completed by June 1, 2024. The focus will be on trends, laws and policies that impact businesses and industries in the state. Primary industries include energy, agriculture, insurance, investments, economic development, contracting and finance.

The Steering Committee is made up of members of state government, private industry and non-profit organizations that are navigating ESG.

The Steering committee members will share insights to direct the outcome of the ESG study to ensure that industries in North Dakota can capitalize on ESG trends, laws and policies that will strengthen the economy and enhance quality of life for North Dakota citizens, and to mitigate identified risks.

BND will author the study report in collaboration with stakeholders representing state government, private industry and non-profit organizations, to create a dynamic report outlining industry-specific public policy strategies for immediate and long-term implementation to help the state continue to be a global leader in energy and agriculture.

The Steering Committee Members are as follows:

- Charlie Gorecki (Co-Chair): Chief Executive Officer; Energy & Environmental Research Center
- Kelvin Hullet (Co-Chair): Senior Vice President of Business Development; Bank of North Dakota
- Kayla Ver Helst (Project Lead): Sustainability Officer; Bank of North Dakota
- Anna S. Novak (State Legislator): Representative; R – District 33
- Dale Patten (State Legislator): Senator; R – District 26
- Tammy J. Miller: Lieutenant Governor, State of North Dakota
- Doug Goehring: Commissioner; ND Department of Agriculture
- Jon Godfread, Commissioner; ND Insurance Department
- Randy Christmann, Commissioner; ND Public Service Commission
- Thomas Beadle: Treasurer; ND State Treasurer
- Claire Vigessaa: Director; ND Transmission Authority
- Dave Glatt: Director; ND Department of Environmental Quality
- Jan Murtha: Executive Director; ND Retirement and Investment Office (RIO)
- Lynn Helms: Director; ND Department of Mineral Resources

- Reice Haase: Deputy Director; ND Industrial Commission
- Tom Oakland: Energy Research & Development Manager; ND Department of Commerce
- Ashley Zickefoose: Director of Environmental, Safety & Health; ONEOK
- Blu Hulse: Sr. VP of Environmental, Safety & Health; Continental Resources
- Chris Kunkle: Director of State Affairs, Apex Clean Energy
- Kathleen Nessel: President/Geologist; NESET Consulting
- Nick Martin: Director of Strategy & Advocacy; Xcel Energy
- Stephanie Barth: VP, Chief Accounting Officer & Controller MDU Resources Group
- Todd Brickhouse: Interim CEO & General Manager; Basin Electric Power Cooperative
- Jason Bohrer: President & Chief Economic Officer; ND Lignite Energy Council
- Jesse Beckers: Energy Program Manager; ND Natural Resources Trust
- Ron Ness: President; ND Petroleum Council

The BND Advisory Board Members left the meeting at this time.

Mr. Rob Pfennig gave a presentation of the College SAVE Audit Report – December 3, 2022. The auditing firm was Landmark CPA and they expressed a clean and qualified opinion regarding accounting practices and the report on internal controls showed no deficiencies.

Mr. Pfennig gave a presentation of the Second Quarter 2023 Performance Highlights. Reviewing BND's balance sheet, the Bank ended June 2023 at \$10.4 billion, personal loans were lower than budget, but the Bank was still experiencing strong activity on the commercial side. Ag loans were higher than budget this quarter due to the strong volume in the livestock rebuilder program, and student loans were lower by about \$11.6 million. On the income statement, bank income was at \$96.2 million through June, interest income was higher by about \$4.6 million - \$3.3 million is securities related income, interest expense was about \$12.9 million higher than budget, and the non-interest expense was lower than budget by about \$2.2 million largely due to timing of incurrence. Governor Burgum asked Mr. Steinwand to remind him how much was bank profit was to be transferred as a result of legislation. Mr. Steinwand stated that there was about \$235 million appropriated, but also around \$50 million to be taken from the previous biennium's profits, so the total is roughly \$280 million that will be transferred from BND profits. Governor Burgum stated that North Dakota had hundreds of millions of dollars in revenue by biennium end in June, so they need to manage the transfers prudently to maximize return rather than do all of the transfers now.

Kirby Evanger and Kelvin Hullet presented for consideration of approval Amendments to the General Loan Policy. The first section of the loan policy changes are related to CECL, which has now been implemented, and BND had to make some changes in terminology related to loan modifications and Troubled Debt Restructuring. The second section is due to laws that were passed that affect BND's legislatively directed programs, which in turn calls for the loan policy to be updated.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accept the recommendation of the BND Advisory Board and approve the presented amendments to the Bank's General Loan Policy to incorporate changes resulting from implementation of Current Expected Credit Loss (CECL) standards and legislation passed during the 2023 legislative session.

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

Mr. Steinwand presented the April 19 and May 17, 2023 Non-confidential Finance and Credit Committee Minutes.

Mr. Steinwand presented the April 20, 2023 Non-confidential Audit and Risk Management Committee Minutes.

Mr. Steinwand presented the May 18, 2023 Non-confidential Leadership Development and Compensation Committee Minutes.

Mr. Steinwand presented the April 20 and May 18, 2023 Non-confidential Advisory Board Committee Minutes.

Governor Burgum requested a motion to move into Executive Session.

It was moved by Attorney General Wrigley and seconded by Commissioner Goehring that under the authority of North Dakota Century Code Sections 6-09-35, 44-04-18.4, 44-04-19.1, 44-04-19.2, the Industrial Commission enter into executive session for the purposes Bank of North Dakota confidential business.

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

The Commission is meeting in executive session regarding Bank of North Dakota business pursuant to N.D.C.C. 6-09-35 to consider those items listed on the agenda under Bank of North Dakota confidential business. Only Commission members, their staff, Commission staff, and BND staff will participate in the executive session.

Any formal action taken by the Commission members will occur after it reconvenes in open session.

Governor Burgum reminded the Commission members and those present in the executive session that the discussions must be limited to the announced purposes which is anticipated to last approximately 20 minutes.

The executive session began at 10:41 a.m.

Meeting Closed to the Public for Bank of North Dakota Executive Session Pursuant to NDCC 6-09-35, 44-04-18.4, 44-04-19.1 and 44-04-19.2

BANK OF NORTH DAKOTA EXECUTIVE SESSION

Industrial Commission Members Present

Governor Doug Burgum

Attorney General Drew H. Wrigley

Agriculture Commissioner Doug Goehring

BND Members Present

Todd Steinwand, BND

Kelvin Hullet, BND
Kirby Evanger, BND
Rob Pfennig, BND
Craig Hanson, BND

Others in Attendance

John Reiten Governor's Office
Dutch Bialke Dept. of Agriculture
Claire Ness Attorney General's Office
Karen Tyler Industrial Commission Office
Reice Haase Industrial Commission Office

The executive session ended at 11:09 a.m. and the Commission reconvened in open session.

During the Bank of North Dakota executive session, the Commission discussed Bank of North Dakota confidential business pursuant to N.D.C.C. 6-09-35. No formal action was taken by the Commission.

DEPARTMENT OF MINERAL RESOURCES

Dr. Lynn Helms presented for consideration of approval the following cases:

- i. **Order 32652 for Case 30043** regarding a petition of Foundation Energy Management, LLC for an order to unitize and operate the Camel Hump-Red River Unit located in Golden Valley County, ND.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order No. 32652 issued in Case No. 30043 to provide for the unitized management, operation, and further development of the Camel Hump-Red River Unit, located in Golden Valley County, ND; for approval of the Unit Agreement and the Unit Operating Agreement constituting the plan of unitization for the Camel Hump-Red River Unit; for approval of the plan of operation; for vacating the applicable spacing orders; and for such other and further relief as the Commission deems appropriate.

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

- ii. **Order 32653 for Case 30044** regarding a petition of Foundation Energy Management, LLC for an order to determine that the Unit Agreement and Unit Operating Agreement for the Camel Hump-Red River Unit have been signed, ratified, or approved by the required percentage of lessees and royalty owners.

It was moved by Commission Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves Order No. 32653 issued in Case No. 30044 determining that the Unit Agreement and Unit Operating Agreement constituting the plan of unitization for the Camel Hump-Red River Unit, Golden Valley County, ND, has been signed, ratified, or approved by lessees and royalty owners owning the required percentage of working interest and royalty interest within said unit, contingent upon the signing, ratifying, or approval by over 55% of the working and mineral interest owners

within the same unit, and granting the Director of the Department of Mineral Resources the authority to sign the order once the same threshold has been reached.

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

Dr. Helms presented an update on the following Litigation:

- i. Case No. 31-2020-CV-0018 - Northern Oil and Gas, Inc. vs. Continental Resources, Inc; Board of University and School Lands and ND Industrial Commission et al – Ordinary High Water Mark challenge
- ii. Blue Appaloosa – appeal of Industrial Commission Order 31208
- iii. Dominek v Equinor et al – allocation of production from overlapping spacing units
- iv. Liberty Resources vs. NDIC et al – appeal of Industrial Commission Order 31792
- v. North Dakota Industrial Commission v. U.S. Department of Interior – quarterly lease sales
- vi. Northwest Landowners vs. NDIC et al

Dr. Helms gave an update on the Dakota Access Pipeline Environmental Impact Statement cooperating agency comments. They are still waiting on leadership approval to publish. Governor Burgum asked Dr. Helms for his thoughts and asked if they did not like what they read with the comments. Dr. Helms said his read is that they held the conference of all cooperating agencies and opened the door to virtually anyone who lives in the watershed of the Missouri River. He believes that they are struggling on pulling all the diverse comments together into something they can release. They are also trying to get comments out of the Cheyenne Sioux Tribe.

Dr. Helms gave an update on EPA Section 111 GHG/Carbon Rule. There was a new memo that was sent out that changed the mathematics behind the tables, and they have yet to look at the remodeling. A deadline extension request letter was created for cooperating agency comments. This would push back the current deadline of August 8th. If the request is granted, the comments will be brought to the Commission at the September 7th meeting. Dr. Helms stated that DMR is a minor player in this, but that this rule attacks everything that Governor Burgum has tried to do in carbon capture and storage.

ND PIPELINE AUTHORITY

Mr. Justin Kringstad presented the Pipeline Authority Midstream Update. In all cases, it is projected that the United States will remain a net exporter of petroleum products through 2050. Light-duty vehicle fuel economy and electric vehicle market share should increase through 2050 due to rising CAFE Standards and other incentives. Our liquified natural gas exports drive production and domestic consumption remains stable.

Updates to pipelines were reported: ONEOK is acquiring Magellan for \$18.8 billion, and the initial proposed 12” pipeline to East Grand Forks, MN is no longer proceeding. Both the WBI Energy – Grasslands South Project and the TC/Energy Kinder Morgan: Bakken XPress Projects were highlighted. Mr. Kringstad discussed the challenges related to gas expansion to Eastern North Dakota and emphasized that demand growth is crucial to the potential project success.

WBI Grasslands will provide 94,000 Dekatherms Per Day and the Bison XPress will provide 430,000 Dekatherms Per Day to have a combined 524,000 Dekatherms per day of needed gas takeaway capacity.

At \$3.30 in oil/gas tax value per Dekatherm x 524,000 Dekatherms = \$1,745,400 per day. That would be \$637+ million per year in oil and natural gas taxes to the State of North Dakota.

ND TRANSMISSION AUTHORITY

Mr. John Weeda and Mr. Claire Vigesaa presented a report on the Midcontinent Independent System Operator (MISO) and Southwest Power Pool (SPP) Resource Adequacy Studies. In 2022 SPP expected to see its reserve margin fall from 22% to 13.6% by planning year 2027, approaching the then-planning reserve margin of 12%. SPP has since updated its planning reserve margin to 15%. SPP had planned to base wind and solar accreditation on their effective load carrying capacities (ELCC). After initially being approved by FERC, the Commission reversed its decision arguing all generators should be required to undergo an ELCC analysis, not just wind and solar. FERC Commissioners also disagreed on whether SPP had failed to define seasonal net peak load. This leaves the accreditation of wind and solar in limbo as SPP continues to go through the FERC rehearing process.

SPP's 2022 Capacity Values of Electricity Generation Technologies are as follows: Wind- 14.5%, Solar- 43.6%, Coal- 88%, Natural Gas- 83%, and Nuclear- 92%.

Methodology – Cost at SPP:

Assessment of the retail cost of replacing existing coal and natural gas resources with planned natural gas, wind, solar, and battery storage capacity.

- i. SPP Interconnect queue data were used to input 2.9 GW of new natural gas to replace retiring coal and gas facilities.
- ii. Wind, solar, and 4-hour battery storage capacities were determined based on a cost-optimized model.

Assumptions include:

- i. Capital costs based on weighted average of SPP regions in EIA's Assumptions to the Electricity Market Module.
- ii. Rate of return assumption of 9.88 percent with debt/equity split of 47.06/52.94 based on the rate of return and debt/equity split of the six-largest investor-owned utilities in SPP.
- iii. Property tax costs of 1.3 percent of the rate base.
- iv. Transmission costs in accordance with NREL's estimates for achieving 80 percent wind and solar and average cost of active projects at the point of interconnect, which is about \$48,000 per MW of wind and solar installed.
- v. New natural gas fuel cost of \$4.49 per MMBtu.

Conclusions in SPP were as follows:

1. The findings represent a best-case scenario for reliability due to our HCD accreditation standard.
2. Different standards, such as seasonal accreditation ELCC being explored by SPP, will produce varying levels of reliability that must be examined in light of these results.
3. Costs were relatively modest due to the large amount of thermal capacity remaining on the SPP system through 2035, but costs increase substantially as more thermal retirements occur and Load Responsible Entities (LREs) attempt to replace this lost generation with wind, solar, and battery storage.

4. Policymakers must understand the challenges regarding reliability, resiliency and affordability that are growing every year.

How the rules affect MISO Resource Adequacy:

- i. MISO resource adequacy is challenged by a changing energy mix.
 - a) MISO had a 1,200 MW capacity shortfall from the Planning Reserve Margin (PRM) in the summer of 2022.
 - b) Max Gen Declarations have become more common over the last six years.
- ii. Planned retirements and additions show a continued decline in thermal generation and an increase in weather-dependent renewables.
- iii. Given these trends, there is critical need to assess short term reliability risks to the MISO region.
- iv. MISO capacity auction results released in May 2023 went back to low prices (\$10).

North Dakota's study MLQ approach differs from MISO's new seasonal accreditation approach:

- i. MLQ accreditation values for wind are consistent with MISO's F1-25 values.
- ii. MLQ accreditation values for solar are lower than MISO's F1-25 values but higher than their F1-2039 values.

MLQ approach is valuable for a few reasons:

- i. MLQ provides consistent metrics for evaluating wind & solar that are independent of future modeling & not linked to significant adjustment of seasonal reserve margins.
- ii. As more wind & solar are added to the grid, net peak will become more challenging than peak load demand.
- iii. MLQ manages the downside of wind & solar at net peak compared to ELCC and is more empirical than the options MISO is considering as they move away from ELCC to a Direct-LOL accreditation approach.

MISO Conclusions:

1. Our findings represent a best-case scenario for reliability due to our HCD accreditation standard, which is more stringent than MISO's prior accreditation process and could enhance their recently-adopted Seasonal Accreditation Construct (SAC).
2. Different standards, such as seasonal accreditation being explored by MISO, will produce varying levels of reliability that must be examined in light of these results.
3. Costs were relatively modest due to the large amount of thermal capacity remaining on the MISO system through 2035, but costs increase substantially as more thermal retirements occur and Load Serving Entities (LSEs) attempt to replace this lost generation with wind, solar, and battery storage.
4. Policymakers must understand the challenges regarding reliability, resiliency and affordability that are growing every year.

Mr. Reice Haase presented for consideration of approval the authorization to contract with EERC for administrative services related to the IJJA Grid Resilience grant.

The proposal reads as follows:

“On May 23, 2023, the U.S. Department of Energy (DOE) announced that North Dakota joined three other states and two tribal nations in receiving the first Grid Resilience State and Tribal Formula Grants under the Infrastructure Investment and Jobs Act (IIJA). North Dakota was awarded \$7.5 million, which will be administered by the North Dakota Industrial Commission through the Transmission Authority. During the 2023 legislative session, the North Dakota Legislature appropriated a \$1.1 million state match, leading to a total amount of \$8.6 million available for the 2023-2025 biennium.

DOE requires the Commission to complete a Project Management Plan, Demographic Report, regular Quarterly Reports, and several other reports prior to dispersing the funds. The rules of the IIJA grant program allow the Commission to use up to 5% of the funds to contract for administrative services. The Commission had previously contracted with the State Energy Research Center (SERC) for the purpose of applying for the grant dollars. SERC staff have indicated that they are prepared to continue offering administrative services to the Commission.

Therefore, I recommend that the Commission approve the contracting with the State Energy Research Center (SERC) for the purpose of providing administrative services related to the IIJA Grid Resilience Formula Grant, not to exceed \$430,000 during the 2023-2025 biennium, and direct the Office of the Industrial Commission to enter into such a contract with SERC.”

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approves the contracting with the State Energy Research Center (SERC) for the purpose of providing administrative services related to the IIJA Grid Resilience Formula Grant, not to exceed \$430,000 during the 2023-2025 biennium, and direct the Office of the Industrial Commission to enter into such a contract with SERC.

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

Ms. Karen Tyler presented for consideration of approval the appointment of Claire Vigesaa as Director of the North Dakota Transmission Authority.

The memo reads as follows:

“During the 68th Legislative Session, the legislature appropriated \$300,000 from the General Fund to the Commission to contract directly for the Transmission Authority Executive Director position in the 2023-2025 biennium. This funding resides in the administrative office budget, which will facilitate and manage the contract on behalf of the Commission. The shift of the funding source for this contract to General Fund dollars from lignite grant dollars was driven by the evolution of the role of the Authority and its growing workload involving non-lignite energy sources, and the change was supported by relevant stakeholders.

At the April 25th, 2023 Industrial Commission meeting, Mr. John Weeda announced his intent to retire from the Transmission Authority Executive Director role.

A public solicitation for applications for the contract for the role of Transmission Authority Executive Director has been completed, and I am pleased to recommend awarding the contract to Mr. Claire Vigesaa, who has been serving in the role of Deputy Director to Mr. Weeda.

Claire has a decades-long and diverse career in the energy industry which included management roles at Northern Plains Electric in Carrington, Cass County Electric in Fargo and at Tri-State Generation and Transmission Association in Denver prior to his eleven years as General Manager at Upper Missouri Power Cooperative. He was also involved with both the Mid-Continent Independent System Operator (MISO) and Southwest Power Pool (SPP) in his management role at Upper Missouri Power Cooperative, building relationships that will be of great value in the role of Transmission Authority Executive Director.

Claire has served on several industry boards and committees including the Western States Power Corporation board of directors, Midwest Electric Consumers Association board of directors, and the National Touchstone Energy Committee. He was involved in the development of several value-added ag processing projects including Dakota Growers Pasta in Carrington and the High Value Irrigated Task Force which culminated in the construction of the Cavendish Potato processing facility near Jamestown. He also served on other economic development corporation boards including President of the Carrington Economic Development Corporation and on the executive board of the Greater Fargo Moorhead Economic Development Corporation.

Claire's technical expertise, executive experience, and stakeholder relationships position him to be an impactful leader for the North Dakota Transmission Authority.

Therefore, I recommend that the Commission appoint Mr. Claire Vigesaa as Director of the North Dakota Transmission Authority, effective August 1, 2023, and direct the Interim Executive Director to execute a contract with Mr. Vigesaa for services in the role of Transmission Authority Executive Director during the 2023-2025 biennium."

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accepts the recommendation to appoint Claire Vigesaa as Director of the North Dakota Transmission Authority, effective August 1, 2023, and direct the Interim Executive Director to execute a contract with Mr. Vigesaa for services in the role of Transmission Authority Executive Director during the 2023-2025 biennium.

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

A RESOLUTION OF APPRECIATION WAS MADE

Whereas, John Weeda has admirably served as Director of the North Dakota Transmission Authority since February 14, 2018; and

Whereas, John's distinguished career includes over 41 years of service with Great River Energy in various roles, culminating with the role of Director of North Dakota Plant Operations, in which he had served since 2010; and

Whereas, John's public service to North Dakota includes serving as a member of the EmPower Commission since its creation in 2007, during which time he actively contributed to the development of North Dakota's energy policy, which led to the stable tax and regulatory environment that fostered the significant growth of North Dakota's economy during the last decade; and

Whereas, During his tenure as the Director of the North Dakota Transmission Authority, John was instrumental in advancing the Commission’s energy goals, including overseeing the first ever bond issuance by the Authority, which was instrumental in saving North Dakota’s largest power plant, saving over 200 North Dakotans’ jobs, and ensuring that our electric grid remains reliable and resilient; and

Whereas, John played a key role in the advancement of North Dakota’s energy policy at the national level, leading to the prioritizing of energy reliability through organizations like MISO, SPP, the National Association of Regulatory Utility Commissioners, and the Midwest Governor’s Association; and

Whereas, John has announced his intention to retire as the Director of the North Dakota Transmission Authority.

Now, therefore, the North Dakota Industrial Commission hereby expresses deep gratitude to John Weeda for his service to the citizens of North Dakota and wishes him the very best in his retirement.

Adopted this 28th day of July, 2023.

ND OIL AND GAS RESEARCH PROGRAM

Mr. Haase presented the Oil and Gas Research Program Project Management and Financial Report. There are currently 22 active projects for the Oil and Gas Research Program, the program has awarded \$41.8 million thus far, and there is \$2.8 million in uncommitted cash available. For the 2023-2025 biennium, there was an appropriated income of \$20.5 million, where \$250,000 will go towards administrative expenses for grant management and digitization costs, \$100,000 will go towards the CO2 Utilization Commitment, \$3 million to Natural Gas Capture Commitment, \$3 million to Pipeline Leak Detection Commitment, and \$900,000 committed to the Pipeline Authority and Administrative Costs. This leaves estimated uncommitted funds available for 2023-2025 at \$13.25 million for Oil and Gas Research projects.

Mr. Haase presented for consideration of approval the following Oil and Gas Research Council recommendations for Grant Round 58 applications:

- i. G-058-01 – ONEOK Inc.: Roughrider Carbon Storage Hub, \$525,000**
 - a. The objectives of the Roughrider Carbon Storage Hub are to accelerate wide-scale deployment of carbon capture, utilization, and storage (CCUS) by assessing and verifying the feasibility of using stacked storage complexes in McKenzie County, North Dakota, for the safe and cost-effective commercial-scale storage of anthropogenic CO2 emissions captured from ONEOK and Cerilon (planned) hydrocarbon-processing facilities in northwestern North Dakota. Through the execution of the scope of work, the prospective CO2 storage resource of the area of interest in McKenzie County will be advanced to a contingent storage resource as classified under the Society of Petroleum Engineers CO2 Storage Resources Management System (SRMS). In addition, the proposed project will complete a thorough feasibility study for both technical and economic viability as well as develop and implement region-specific plans to engage communities and stakeholders. This project will provide new information to enable operators, investors, regulators, and other stakeholders to make informed decisions regarding potential CO2 storage resource in the central portion of the Williston Basin.

- ii. **G-058-02 – Cobra Oil and Gas: Maximizing Production from Residual Oil Zones in Western ND, \$2,000,000**
 - a. Cobra Oil & Gas Corporation (Cobra) is seeking funding for a research project to further investigate methods and strategies to maximize oil recovery within Madison oil fields in western North Dakota. The objective of the project is to use new and existing reservoir characterization and laboratory analytical data coupled with state-of-the-art static and dynamic computer modeling to design and implement pilot-scale field injection tests for developing and optimizing production strategies within residual oil zones (ROZs) of the Madison Group’s Mission Canyon Formation. The development and implementation of production strategies for North Dakota’s ROZ formations would create jobs, increase oil and gas investments, revitalize North Dakota’s legacy fields, and increase state tax revenue. Expected results include a series of field-tested operational and completion parameters for increasing production in the Mission Canyon ROZs. These parameters can be implemented to increase oil production in depleted or existing plays, enabling production of previously uneconomical oil resources in North Dakota.
- iii. **G-058-03 – EERC: Bakken Production Optimization Program 4.0, \$500,000**
 - a. The Energy & Environmental Research Center (EERC) proposes a 3-year extension of the existing and highly successful Bakken Production Optimization Program (BPOP). The first 9 years of BPOP were sponsored by the North Dakota Industrial Commission (NDIC) Oil and Gas Research Program (OGRP) and many of the Williston Basin’s premier operating companies. Objective: To provide technical solutions and tools that optimize oil production, reduce carbon intensity, and lead to the broad deployment of technologies, including enhanced oil recovery (EOR), that enable continued sustainable development of North Dakota’s vast Bakken resources. Expected results: Increased productivity and decreased carbon intensity of Bakken resources.
 - b. Participants: In addition to DOE, the EERC anticipates ongoing support of at least eight companies, including Chord Energy, ConocoPhillips, Devon, XTO Energy (a subsidiary of ExxonMobil), Hess Corporation, Liberty Resources LLC, Marathon Oil Company, and Petro-Hunt, L.L.C., which have supported previous BPOP phases. Additional partners are anticipated to join as the program continues.

It was moved by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accept the recommendations of the Oil and Gas Research Council and approve funding of the following three projects in the total amount of \$6,525,000 and authorizes the Office of the Industrial Commission to enter into contracts with the applicants as noted below:

1. **ONEOK, Inc: Roughrider Carbon Storage Hub, \$525,000**
2. **Cobra Oil and Gas: Maximizing Production from Residual Oil Zones in Western ND, \$2,000,000**
3. **EERC: Bakken Production Optimization Program 4.0, \$4,000,000**

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

Mr. Charles Gorecki presented for consideration of approval the Oil and Gas Research Council recommendations for the following contract:

- i. **G-050-096 – EERC: PCOR Initiative to Accelerate CCUS Deployment – Authorization of next increment of funding in the amount of \$500,000.**
 - a. The PCOR Partnership addresses regional capture, transport, use, and storage challenges facing commercial carbon capture and storage (CCS)/carbon capture, utilization, and storage (CCUS) deployment. The PCOR Partnership focuses on:
 - i. Strengthening the technical foundation for geologic CO₂ storage and enhanced oil recovery (EOR).
 - ii. Advancing capture technology.
 - iii. Improving application of monitoring technologies.
 - iv. Promoting integration between capture, transportation, use, and storage industries.
 - v. Facilitating regulatory frameworks.
 - vi. Providing scientific support to policy makers.
 - vii. Engaging the public through outreach and education

A motion was made by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accept the recommendation of the Oil and Gas Research Council and approve an additional cost-share funding from the Commission in the amount of \$500,000 for Contract G-050-096.

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

CLEAN SUSTAINABLE ENERGY PROGRAM

Mr. Haase presented the Clean Sustainable Energy Program Project Management and Financial Report. There are currently 10 active projects and \$44.3 million in awarded dollars. The cash available for commitment in 2023-2025 biennium is \$30.4 million. The amount being requested for grant round 4 is \$8,500,000 in grants and \$222,500,000 in loans.

Mr. Haase presented for consideration of approval the following Grant Round 4 applications:

- i. **C-04-A Bushel, Inc.: Bushel Farm Traceability Dashboard, \$3,500,00 grant**
 - a. This project supports the creation of a farm traceability dashboard for tracking carbon reductions in production agriculture.
- ii. **C-04-D Minnkota Power Cooperative: Project Tundra, \$150,000,000 loan**
 - a. This project supports the installation of carbon capture system at the Milton R. Young Station capable of sequestering up to 4 million tons of CO₂ per year.
- iii. **C-04-E Newlight Technologies, Inc.: Project Phoenix, \$30,000,000 loan**
 - a. This project supports the construction of a facility in North Dakota that will manufacture AirCarbon, a plastics-alternative that is carbon-negative and biodegradable.
- iv. **C-04-F Rainbow Energy Center: Lignite Combustion Product Enhancements, \$42,500,000 loan**
 - a. This project supports the commercialization of recycling of bottom ash and flue gas desulfurization materials at Coal Creek Station for beneficial reuse.
- v. **C-04-G WellSpring Hydro: Unlocking the Full Potential of Produced Water, \$5,000,000 grant**

- a. This project supports the extraction of elements from oilfield produced water to manufacture industrial commodities, including lithium, caustic soda, hydrochloric acid, calcium chloride, and chlor-alkali products.

A motion was made by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accepts the recommendations of the Clean Sustainable Energy Authority and approves funding of the following five projects for a total amount of \$8,500,000 in grants and \$222,500,000 in loans, authorize the Office of the Industrial Commission to enter into contracts with the grant recipients, and authorize the Bank of North Dakota to execute loan agreements with the loan recipients, contingent upon the loan recipients meeting Bank of North Dakota underwriting requirements:

1. **Bushel, Inc: Bushel Farm Traceability Dashboard, \$3,500,000 grant**
2. **Minnkota Power Cooperative: Project Tundra, \$150,000,000 loan**
3. **Newlight Technologies, Inc: Project Phoenix, \$30,000,000 loan**
4. **Rainbow Energy Center: Lignite Combustion Product Enhancements, \$42,500,000 loan**
5. **WellSpring Hydro: Unlocking the Full Potential of Produced Water, \$5,000,000 grant**

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

LIGNITE RESEARCH, DEVELOPMENT AND MARKETING PROGRAM

Mr. Haase presented the Lignite Research, Development and Marketing Program Project Management and Financial Report. There are currently 36 active projects, and \$64.4 million awarded dollars. There is \$366,829 in uncommitted dollars available today. For the 2023-2025 biennium, the estimated income is \$18.5 million. There are commitments of \$500,000 to the Lignite Plant of the Future, \$250,000 for grant management and digitization costs, \$100,000 for CO2 Utilization education, and non-matching commitments of \$4.5 million.

Mr. Mike Holmes presented for consideration of approval the following Lignite Research Council recommendations for the following contracts:

- i. **LMFS-22-43 LEC: Enhance, Preserve and Protect the ND Lignite Industry (EPP) – Amendment to increase funding by \$204,418 and task changes**
 - a. This project builds on previous work to preserve and protect the existing lignite fleet in North Dakota and to identify opportunities to enhance the future of the state’s lignite resources. Previous regulatory policy jeopardized the future of North Dakota’s lignite resources, and that regulatory environment continues to be dynamic. This project will allow for flexibility and timeliness in working with the industry and regulators so that North Dakota can make the best use of its vast lignite resources.
 - b. Previously a technology development roadmap was developed, and the Advanced Energy Technology (AET) Program was initiated. In order to achieve project objectives, the EPP Project team will continue to develop and implement research & development, environmental, legal, power markets, and transmission strategies. The EPP Project team

will work with the ongoing AET Program partners; develop strategies and oversee legal activities that may require litigation due to state and federal statutes and regulations including, if needed, legal support; and participation in the planning processes focused on the development of new transmission infrastructure and other related transmission activities.

A motion was made by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accepts the recommendation of the Lignite Research Council and authorizes an amendment to Contract LMFS-22-43 as follows:

	Original	Amended
Project Management	\$596,978	\$598,297
Power Market	\$517,470	\$637,107
Research & Development	\$1,129,445	\$1,629,445
Environmental	\$392,008	\$392,008
Transmission	\$671,896	\$255,360
Legal/Marketing	\$211,391	\$211,391
Total	\$3,519,189	\$3,723,608

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

- ii. FY20-91-226 EERC: PCOR Initiative to Accelerate CCUS Deployment – Authorization of next increment of funding in the amount of \$500,000**
 - a. The North Dakota Industrial Commission (NDIC) committed to supporting PCOR’s 5-year effort by matching U.S. Department of Energy (DOE) funding with cash cost share:
 - i. Up to \$2M through the Lignite Research Program (LRP).
 - ii. Up to \$2M through the Oil and Gas Research Program (OGRP).
 - b. The EERC applied for \$5M in additional funding from DOE in 2022. DOE recompeted the appropriated funds through a new Funding Opportunity Announcement (DE-FOA-0002799). Likewise, 2023 appropriated funds will be recompeted per DOE’s Notice of Intent (DE-FOA-0003013).

A motion was made by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission accepts the recommendation of the Lignite Research Council and approves an additional cost-share funding from the Commission in the amount of \$500,000 for Contract FY20-091-226.

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

ND MILL AND ELEVATOR

Ms. Tyler presented the Report on the Profit Transfer FY 2023.

The memo reads as follows:

“North Dakota Century Code § 54-18-19 and 54-18-21 state the following:

54-18-19. Transfer of North Dakota Mill and Elevator profits to general fund. The industrial commission shall transfer to the state general fund fifty percent of the annual earnings and undivided profits of the North Dakota Mill and Elevator Association after any transfers to other state agricultural-related programs. The moneys must be transferred on an annual basis in the amounts and at the times requested by the director of the office of management and budget.

54-18-21. Annual transfer. Within thirty days after the conclusion of each fiscal year, the industrial commission shall transfer five percent of the net income earned by the state mill and elevator association during that fiscal year to the agricultural products utilization fund.

Mill management closed their books on July 21, 2023, and the transfers were made on July 21, 2023. The total amount transferred was \$9,050,089.20 -- \$861,913.26 to the Ag Products Utilization Fund and \$8,188,175.94 to the General Fund. These transfers were based on total earnings of \$17,238,265.15 for Fiscal Year 2023, ending June 30, 2023.

Respectfully submitted,

Vance Taylor

Karen Tyler”

OFFICE OF THE INDUSTRIAL COMMISSION

Ms. Tyler presented for consideration of approval the June 29th, 2023 Industrial Commission meeting minutes.

A motion was made by Commissioner Goehring and seconded by Attorney General Wrigley that the Industrial Commission approve the June 29, 2023 Industrial Commission meeting minutes.

On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.

With no further business, Governor Burgum adjourned the Industrial Commission meeting at 1:26 p.m.

North Dakota Industrial Commission



Brenna Jessen, Recording Secretary



Reice Haase, Deputy Executive Director



Karen Tyler, Interim Executive Director