

North Dakota Industrial Commission



Doug Burgum
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

For Immediate Release

March 4, 2024

NextEra accepts, Prairie Horizon declines Clean Sustainable Energy Authority Fertilizer Development Loan

The North Dakota Industrial Commission, consisting of Gov. Doug Burgum, Attorney General Drew Wrigley and Agriculture Commissioner Doug Goehring, announced today that NextEra Energy Resources Development has accepted loan terms under the state's Clean Sustainable Energy Authority (CSEA) Fertilizer Development Loan Program, while Prairie Horizon Energy Solutions has declined.

The fertilizer loan was authorized by House Bill 1546 during the November 2023 special session, which required the production of hydrogen "by the electrolysis of water" and directed the CSEA to forgive the loan "upon completion of construction of the fertilizer production facility." The forgiven loan will be paid from the Strategic Investments and Improvement Fund, which receives its funding from oil tax revenue and royalties from state-owned minerals.

At its Jan. 24 meeting, the Industrial Commission approved a CSEA recommendation to authorize \$50 million in loan funding to NextEra and \$75 million to Prairie Horizon for fertilizer production facilities in Stutsman and Stark counties, respectively. The CSEA recommendation also provided for an applicant to receive the full \$125 million if the other applicant were to decline funding.

For media inquiries related to NextEra Energy Resources Development, please contact Media.Relations@NextEraEnergy.com or (561) 694-4442.

For media inquiries related to Prairie Horizon Energy Solutions, please contact MediaRelations@marathonpetroleum.com or (419) 421-3577.

More information about the Clean Sustainable Energy program may be found on the Industrial Commission's website at <https://www.ndic.nd.gov>.

Enclosures:

NextEra CSEA Fertilizer Loan Acceptance Letter

Prairie Horizon CSEA Fertilizer Loan Declination Letter

February 23, 2024

NEXTERA ENERGY RESOURCES DEVELOPMENT, LLC
700 UNIVERSE BLVD
JUNO BEACH, FL 33408

Dear NextEra Energy Resources Development, LLC:

On January 24, 2024, the Bank of North Dakota (BND), as administrator of the Clean Sustainable Energy fund, established under NDCC 54-63.1, approved a \$50,000,000 Forgivable Fertilizer Loan under the Clean Sustainable Energy Loan Program to **NEXTERA ENERGY RESOURCES DEVELOPMENT, LLC, or to one or more affiliated project entities formed to own, develop, construct, and operate "Spiritwood Fertilizer Project" (the "Facility", and such borrower, the "NextEra Energy Project Company")**, on the terms and conditions set forth in this letter.

1. BORROWER'S NAME: To be formed – NextEra Energy Project Company
2. TOTAL FORGIVEABLE LOAN AMT: \$50,000,000.00
3. PURPOSE: Forgivable Fertilizer Loan (the "Loan")
4. REPAYMENT TERMS: No repayment required
5. SECURITY: Unsecured
6. PROGRAM CONDITIONS:
 1. To be eligible for the fertilizer development incentive program:
 - a. The fertilizer production facility must be located within the state;
 - b. The owner of the fertilizer production facility must be an entity domiciled in the United States or Canada;
 - c. The owner must borrow money under a program administered by the Bank of North Dakota; and
 - d. The fertilizer production facility must use hydrogen produced by the electrolysis of water.
 2. The Borrower shall comply with all covenants established by the Clean Sustainable Energy Authority as a term of the Loan.
7. LOAN CONDITIONS:
 1. Forty percent (40%) of the forgivable Loan will be disbursed when Final Completion has been met.
 - a. BND must receive a signed American Institute of Architects (AIA) Form or equivalent.
 - b. BND must receive a signed agreement from the Borrower and general subcontractor signing off that all subcontractor liens, claims and change orders have been satisfied.
 2. Sixty percent (60%) of the forgivable Loan will be disbursed when the Borrower demonstrates that the Facility is selling 75% of their name plate production capacity into the market as approved by the Clean Sustainable Energy Authority on 1/24/2024.

In addition, the following conditions precedent must also be satisfied in a manner satisfactory to BND as determined in its sole discretion:

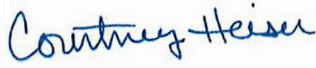
1. The Borrower will provide BND with semiannual progress check-ins and Borrower will provide BND with insights from Front-End Engineering Design stage meetings semiannually.
2. Borrower will provide BND with certification that is has obtained a positive Final Investment Decision.
3. Borrower will notify BND if any adverse change in the condition or operations, financial or otherwise, of the Borrower has occurred.
4. The Borrower shall provide any documents and assurances deemed necessary by BND. The Borrower shall have the right to redact any language in such documents that that it reasonably believes is commercially sensitive.
5. The loan documents are satisfactory in form and substance to BND as determined in its sole discretion and have been agreed to and executed by the Obligors and any required third parties.

BND reserves the right, in its sole discretion, to cancel this commitment if the conditions precedent listed above are not satisfied or there are adverse changes in the condition or operations, financial or otherwise to the proposed project as approved by Clean Sustainable Energy Authority.

This commitment shall become effective upon your written acceptance by signing and returning this letter by **March 1, 2024**. Any request for modifications or changes to this commitment must be submitted to BND in writing for approval.


Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such party's obligation hereunder have been duly authorized, and that the Agreement is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

Sincerely,



Courtney Heiser
Business Banker

Accepted this 1st day of March, 2024



Ross A. Groffman
Title: V.P.



Prairie Horizon Energy Solutions LLC

700 Louisiana St Suite 1300
Houston, TX 77002

February 29, 2024

Kelvin Hullet, SVP Business Development,
Courtney Heiser, Loan Administrator
Bank of North Dakota
PO Box 5509, 1200 Memorial Hwy
Bismarck, ND 58506-5509

cc: Clean Sustainable Energy Authority
North Dakota Industrial Commission
State Capitol – 14th Floor
600 East Boulevard Avenue, Dept. 405
Bismarck, ND 58505-0840

Subject: Clean Sustainable Energy fund, established under NDCC 54-63.1 and associated
Forgivable Fertilizer Loan under the Clean Sustainable Energy Loan Program

Mr. Hullet and Ms. Heiser,

On January 24, 2024, the Bank of North Dakota (“BND”), as administrator of the Clean Sustainable Energy fund, established under NDCC 54-63.1, approved the award of a \$75 million Forgivable Fertilizer Loan (the “Incentive Program”) under the Clean Sustainable Energy Loan Program to PRAIRIE HORIZON ENERGY SOLUTIONS LLC (“PHES”). PHES is a proposed joint development entity formed by TC Energy Development Holdings Inc. and contemplated by MPC Investment LLC (together, “Parties”).

PHES is in the early development phase of a proposed low-carbon hydrogen production facility in southwest North Dakota, which may include a proposed low-carbon ammonia production facility (the “Project”). As outlined in the application submitted by PHES to the Clean Sustainable Energy Authority (“CSEA”) in October 2023, the Project scope included a dual technology approach to produce hydrogen: (1) the electrolysis of water and (2) the autothermal reforming of methane.

PHES’s goal is to manufacture low-carbon hydrogen, which could be used to produce reliable and cost-competitive fertilizer products for North Dakota and the region. Through its ongoing engineering development process, PHES continues to optimize the technology selection for the proposed low-carbon hydrogen production. This process includes a recently detailed economic assessment of output cost relative to current and future markets.

As a result of the detailed economic assessment, and based on the specific technology requirement within the Incentive Program, PHES would likely become ineligible to accept the approved award. Autothermal reforming would utilize North Dakota's abundant natural gas supply to produce low-carbon hydrogen and fertilizer products in North Dakota, and PHES believes that the technology selection has a cost-competitive advantage compared to the technology required within the Incentive Program parameters.

Given the current state of project development, PHES is unable to commit to the technology requirements of the Incentive Program and cannot accept the \$75 million approved award at this time.

PHES thanks the CSEA and the North Dakota Industrial Commission for their support of the proposed PHES project. Additionally, PHES would like to thank the North Dakota state legislature for their forward-thinking and business-friendly climate, including the Forgivable Fertilizer Loan, which continues to drive investment to the state. PHES encourages future programs to be technology agnostic which would allow industry to develop both low-carbon and cost-competitive solutions to support North Dakota's robust agriculture industry.

Thank you again for the opportunity. PHES and the Parties are proud to partner with the State of North Dakota.

Sincerely,

Rachid Medarhri

Name: Rachid Medarhri
Title: VP Commercial Marketing
Company: TC Energy Development Holdings Inc.



Name: Dave R. Heppner
Title: SVP Strategy and Business Development
Company: MPC Investment LLC