Western Dakota Energy Association
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Lewis and Clark Station is not located in North Dakota, but it's not far off and there's a strong connection to the state. The Sidney, MT, lignite-fired plant owned by Montana-Dakota Utilities will officially shut down on March 31. Plans to close the plant were announced by MDU two years ago. MDU's two coal units at Heskett Station in Mandan are also scheduled for retirement next year. Added to the 2018 closure of Stanton Station, that will bring to three the number of lignite plant shutdowns in the region. The good news of the week was word that Great River Energy is now in exclusive negotiation with a single buyer for Coal Creek Station, which GRE announced last year it intended to shut down in 2022. The closings and state efforts to save baseload (24/7) plants are part of the debate this legislative session about grid reliability. Baseload coal units are struggling financially due to competition from subsidized renewables and cheap natural gas, all of which is making the job of electric grid operators to keep the lights on more difficult. Legislation this session such as SB 2313 is aimed at establishing a state policy that North Dakota utilities must have generation capacity available to meet power demands at peak times. Policy makers have been frustrated by finger-pointing in the wake of the mid-February rolling blackout that hit North Dakota, with no party willing to assume responsibility for the deliberate power outage. An amendment to SB 2313, which is currently in the hands of a House Energy & Natural Resources subcommittee, is intended to place that responsibility squarely on the serving utilities, with potential penalties in the bill to motivate companies to be sure the regional transmission operators that control the grid understand rolling blackouts due to lack of generation are not acceptable in North Dakota.

There were developments with two other bills of significant interest to Coal Country. The Senate Finance and Taxation Committee amended HB 1412 to increase the amount of a temporary reduction in the coal severance tax. The original version from the House reduced the tax 60 percent, but the Senate amendment increases it to 85 percent, which represents the entire amount of the tax collected for the state's share. The remaining 15 percent is the share that goes to counties, cities and school districts in the coal-producing counties. The intent of the reduction is to give the lignite industry a break as electric markets evolve over the next five years. The amended bill gives coal counties the option of foregoing all or a portion of the severance tax revenue they receive, but thus far none have opted to do so.

The Senate Tax Committee also added to the bonding bill (HB 1431) a $250 million line item for a clean and sustainable energy fund. One of the possible uses of such a fund would provide gap financing for a CO2 capture and sequestration project, which could perhaps include Project Tundra, which is proposed at Milton R. Young Station near Center.

The legislature's Appropriations Committees adopted an updated budget forecast this week. The most significant item of interest to WDEA members is the oil price and production forecast. The legislature predicts that price and production for the remainder of the 2019-21 biennium will be $50 per barrel with production falling from 1.2 to 1.1 million barrels per day. Estimated price and production for the 2021-23 biennium has the price holding at $50/barrel and production decreasing from 1.1 to 1 million barrels per day. Forecasts presented by the legislature's two consulting firms, Moody's Analytics and IHS Markit, both showed slightly higher production numbers. House Committee Chairman Jeff Delzer, in explaining the forecast to committee members, said it was better to have upside risk than fall short of predicted revenue amounts. Click here to listen to Delzer's explanation. If the legislature's forecast is accurate, the state would collect $3.65 billion in oil tax revenue in the coming biennium.

Little noticed on the education front this session were two significant policy bills, both of which were signed into law this week by Gov. Doug Burgum. SB 2196 directs the Board of Public School Education to establish and certify a North Dakota "learning continuum." It basically allows students to learn at their own pace by waiving class-time attendance requirements for students who've mastered the course content in that class. SB 2147 is an important bill that should help students who are struggling academically to remain in high school. The bill allows GED exam results to substitute for some high school coursework to qualify for a high school diploma. Local school boards would be required to develop the criteria for the GED results to receive graduation credit.

Philosophical differences between the House and Senate chambers were evident in the defeat of two bills this week. Senators soundly rejected both a 3-cent/gallon increase in the gas tax (HB 1464) and a bill that would have legalized and regulated the adult use of recreational marijuana (HB 1420). Both bills had passed the House by a comfortable margin.

As the session moves into Week 13, work is concentrating in the Appropriations Committees. Click here to see next week's schedule of committee hearings on bills of interest to WDEA members.