Trends in North Dakota Energy Policy and Legislation

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• Overview of ND’s energy industry composition:
• ND energy legislation progression, 2000-2011;
• Common themes in ND energy legislation;
• 2013 energy legislation;
• ND Energy Policy, future direction; and
• Question and Answer.
ND’s Electric generation is comprised of coal, natural gas, renewables, and hydro.

- In 2010, coal powered generation was responsible for approximately 82% percent of all electric generation in ND.

- ND’s energy resources include petroleum, natural gas, lignite, wind, geothermal, hydroelectric, recovered energy, solar, synthetic natural gas, ethanol, and biomass/biofuels/biodiesel.
ND Energy Industry Issues

- ND energy issues include:
  - Production (mining, harvesting, capturing, etc.)
  - Transportation (moving energy source to processing place or market)
  - Generation (creation of electricity from product)
  - Transmission and distribution (moving electricity from place of process to consumer)
  - Environmental concerns (varied)
  - Regulation (zoning, health, rates, etc.)
Additional energy issues

- Taxation and business climate
- Workforce
  - Housing
  - Education
  - Childcare
  - Community support
  - Healthcare
  - Retail
  - Social and recreational
Early 2000s: energy legislation was firmly focused on coal.
  - Occasional changes to reclamation process;
  - Attempts to thwart federal involvement; and
  - Tweaks to tax policy.
Mid-2000s: Bakken only an concept. Boom not anticipated yet.
  - Biofuels and renewables took the forefront in energy legislation.
2007: Bakken starts rockin’
  - Framework for current energy policy set
  - Still heavily focused on renewables
  - 25 x 25 initiative codified
  - Groundwork for the EmPower Commission laid
  - Pipeline Authority, Renewable Energy Council created
History, continued

- 2009: Shift toward oil and gas development
  - Surface owner’s bill of rights passed.
  - Natural Gas flaring becomes an issue for the first time of this boom.
  - Environmental policies considered: carbon sequestration, climate change, off-shore drilling.
- Renewables expand: Ethanol Council created.
- Infrastructure/local funding issues become major focus.
- Tribal/State production/extraction compact authorized/codified.
2011: Taxes and infrastructure take forefront
- Legislature adopts official ND energy policy
- Takes steps to protect fracking from federal action
- Trying to deal with increase in pipeline activity
- Landowners want more protection
- Renewables relatively quiet, green diesel codified and incentivized.
- Byproduct of energy development considered: potash discussed.
Common Themes: State Supremacy / Anti-Fed

- Pro-ND/Anti-fed control
  - Resolutions urging Congress/EPA to stay away
    - EPA needs permission to inspect/state agency to approve EPA rule or invalid (failed)
  - Urge opening of oil drilling in Arctic National Wildlife Refuge
  - Anti-climate change based regulation
  - Develop state regulatory framework to satisfy feds of state control
    - Equip ND Dept of Health, Public Service Commission, Industrial Commission, etc., to provide whatever services the feds require for state’s to maintain control
    - Pass legislation clearly stating ND’s acceptance of activity (fracking, coal-combustibles, etc.)
Common Themes: Surface/Mineral Rights

- Define rights of each
- Provide for damages
- Provide for methods of resolving conflict
  - Mediation
Common Themes: Taxation

- Tax rates for:
  - Production/Extraction
  - Generation/transmission/distribution
  - Corporate tax rates
  - Royalties/income rates
- Tax incentives and exemptions
- Tax distributions to local political subdivisions
- Tax distributions for infrastructure needs
- Tax policy for mining non-renewable resources
Common Theme: Regulation and Environmental Concerns

- Routing and permitting pipelines, transmission lines
- Generation planning: authority of PSC, rate recovery, site determination
- Consumer and environmental protection
Common Themes: Impact of Growth

- Community infrastructure
  - Courts
  - Schools
  - Roads
  - Housing
  - Social concerns
  - Healthcare and emergency services
2013 Energy Legislation

• Natural gas flaring: mandates, incentives
• Pipeline safety, siting
• Transmission development: eminent domain
• Oil production/extraction tax policy
• Infrastructure development
• Impact mitigation
• Environmental/Consumer issues
  • Setbacks, remediation, coal combustibles
• Off the wall bill of the session: thorium
North Dakota’s Comprehensive State Energy Policy 2010-2025
• Developed by the EmPower Commission
  • Commission includes members from refining, agriculture, petroleum marketers and oil and gas, biodiesel, generation/transmission cooperatives, investor-owned utilities, wind, ethanol, lignite, transmission, biomass, the Department of Commerce and ex officio members from across industry.
  • Energy policy includes 20 energy goals with action items to achieve those goals.
  • Beyond the development of the Comprehensive State Policy, the commission meets to identify critical components in meeting the future vision of energy in ND, reports them to the legislature, and works toward creating and maintaining a strong framework for energy legislation and policy.
Direction past 2013

• From a policy standpoint, ND should be in a good position to address energy based concerns proactively and logically rather than reactively.
  • EmPower will continue to provide critical analysis of energy industry issues.
  • Legislation coming from the work of the commission should keep the focus on common sense resolutions to state energy goals.
  • Energy development will continue to diversify.
Conclusion and Questions

Questions?