

2021 HOUSE ENERGY AND NATURAL RESOURCES

HB 1067

2021 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Coteau AB Room, State Capitol

HB 1067
1/14/2021

Relating to the authority of the PSC to adopt rules and request a fee to cover the cost of investigating a public utilities integrated resource plan
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Chairman Porter opened the hearing on HB 1067 at 2 PM. Roll Call: Present Reps. Todd Porter, Chuck Damschen, Dick Anderson, Glenn Bosch, Bill Devlin, Ron Guggisberg, Pat D. Heinert, Zachary Ista, George Keiser, Mike Lefor, Andrew Marschall, Shannon Roers Jones, Matthew Ruby, Denton Zubke. Members absent: Rep Roers Jones.

Discussion Topics:

- Fees for completing an investigation into the integrated resource plans of public utilities serving ND customers
- Retiring coal plants
- Solar and wind power acquisition
- Energy and efficiency programs

Julie Fedorchak, Commissioner, PSC #788

Rep Heinert moved a Do Pass on HB 1067, second by **Rep. Lefor**. Roll call vote.

Representatives	Vote
Representative Todd Porter	Y
Representative Chuck Damschen	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Bill Devlin	Y
Representative Ron Guggisberg	Y
Representative Pat D. Heinert	Y
Representative Zachary Ista	Y
Representative George Keiser	Y
Representative Mike Lefor	Y
Representative Andrew Marschall	Y
Representative Shannon Roers Jones	A
Representative Matthew Ruby	Y
Representative Denton Zubke	Y

Motion carried. 13-0-1 **Rep. Heinert** is carrier.

Additional Written testimony:

Carlee McLeod, USND #758

Chairman Porter closed the hearing at 2:10 PM.

Kathleen Davis, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1067: Energy and Natural Resources Committee (Rep. Porter, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB
1067 was placed on the Eleventh order on the calendar.

House Bill 1067

Presented by: Julie Fedorchak, Public Service Commissioner
Public Service Commission

Before: House Energy and Natural Resources Committee
The Honorable Todd Porter, Chairman

Date: January 14, 2021

TESTIMONY

Mr. Chairman and committee members, I am Commissioner Julie Fedorchak of the Public Service Commission. I am here to introduce HB 1067, which allows the Commission to assess a fee reasonably necessary for completing an investigation into the integrated resource plans of public utilities serving North Dakota customers.

As you well know, the energy industry, and specifically the utility industry, is in the throes of a transformation due to technological changes, aging infrastructure and state and federal policies. As a result, many states through their utility commissions are requiring regulated utilities to file their integrated resource plans for review and in some cases approval by the commission. An integrated resource plan is a utility's prospective modeling of future electricity demand (looking 15- 20 years or more ahead) and their plans for obtaining the generation resources to meet this demand.

An Integrated Resource Plan – which the industry refers to as an IRP – provides an opportunity for regulators to review the company's plans, question their projections, discuss costs, and engage in a discussion over the optimum mix of resources to meet the anticipated demand. States like Minnesota review and

approve their utilities' IRPs, and the plan is ultimately quite prescriptive. It is a tool Minnesota uses to achieve their state's energy policy goals.

The North Dakota PSC, through its authority, has required the filing of integrated resource plans for many years. Here is a copy of the last IRP filed by Xcel Energy in North Dakota. The plan covers the company's entire integrated system serving Minnesota, Wisconsin, North and South Dakota, and provides a global view of each of their individual resource decisions. The IRP outlines Xcel's overall goals, which facilities are targeted for retirement, new resource additions and provides rationale for all of these choices.

As you can imagine, meaningful review of these plans is both resource and time intensive. The utilities have large teams of planners and modelers who develop these plans. As a Commission, we do our best with existing staff to review these plans, but we are very limited by the already large workload in economic regulation to oversee three electric and three gas utilities.

Currently, we largely engage in resource planning through the advanced determination of prudence process and the normal course of ratemaking. However, this results in a process that is piecemeal and problematic. It's piecemeal in that we review each resource addition in isolation and don't receive the full picture of how resource additions tie together and impact the company's entire fleet. For example, how additions of a new portfolio of wind generation might impact five years from now the decision to retire a coal unit early. Another problem of using existing tools like the ADP or rate cases is that those decisions come very

late in the planning process, after companies are already well committed to the course of action.

The language provided in HB 1067 gives us the ability to assess a filing fee of up to \$250,000 to complete a more holistic review of a utility's plan to meet forecasted energy and peak demand. We would use these funds to hire outside experts who can dig into the IRP, question the models and assumptions, and, in a timely manner, arm us with insights into what the plans call for, highlight areas of concern regarding costs and reliability, and identify plans that run contrary to North Dakota energy policy or preferences as established by this legislature.

We don't envision a process that ultimately results in a formal decision that is binding for rate making purposes or even gives the company an "assumption of prudence" regarding their plans. Such a process would be more than we can accomplish even with additional funds. However, this would facilitate a very productive advance discussion of the utility's long term plans. We can offer clear feedback to the company about future resources additions that appear consistent with North Dakota objectives, and those that raise concerns and may be contrary to North Dakota's expectations regarding cost and reliability.

This is an important tool to help North Dakota be a more active player in the evolution of our electric grid and to put our stamp on the resource mix serving North Dakota customers.

Thank you Mr. Chairman. That concludes my testimony. I'll stand for your questions.



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House Bill 1067 Testimony by Carlee McLeod in **Support**

House Energy and Natural Resources Committee, Representative Porter, Chair

January 14, 2021

Chairman Porter, members of the committee, USND supports this bill on behalf of its members which include ALLETE, Montana-Dakota Utilities, Otter Tail Power, and Xcel Energy. We come before you today mostly in support of HB 1067.

To the end that review of Integrated Resource Plans allows the PSC to make more informed decisions, we support this concept. We feel the \$250,000 fee cap is high. However, we understand that the commission is unsure of the cost of such a review, so a number was chosen. We would feel more comfortable with a fee more in line with other filing fees capped around \$150,000. As rules are promulgated and we can gain a better understanding of the scope and outcome of any such review, we might feel more comfortable with any related fee schedule.

Thank you.



2021 SENATE ENERGY AND NATURAL RESOURCES

HB 1067

2021 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Peace Garden Room, State Capitol

HB 1067
2/11/2021

A BILL for an Act to create and enact section 49-05-04.4 of the North Dakota Century Code, relating to the authority of the public service commission to adopt rules and request a fee to cover the cost of investigating a public utilities integrated resource plan.

Chairman Kreun called the committee to order at 3:53pm
Senators Patten, Roers, Kreun, Piepkorn, Bell, Schaible present

Discussion Topics:

- IRP
- Process and Projections
- Cost of review of the IRP

Julie Fedorchak, Public Service Commissioner introduced the Bill and testified in favor #6305 (3:53 pm)

Carlee McLeod, President Utility Shareholders of ND testified in favor #6124 (4:06 pm)

Senator Roers, moved DO PASS (4:08 pm)

Senator Patten, seconded DO PASS (4:09 pm)

DO PASS	Vote
Senator Curt Kreun	Y
Senator Jim P. Roers	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Donald Schaible	Y
Senator Jessica Unruh Bell	Held

A Roll Call Vote was taken on a Do Pass 5-0-1. (4:10 pm)

Senator Roers will carry the Bill when passed out of Committee. (4:11 pm)

Chairman Kreun determines to keep the vote open until Senator Bell returns (4:12 pm)

Chairman Kreun called the hearing to a close. (4:13 pm)

Dave Owen, Committee Clerk

House Bill 1067

Presented by: Julie Fedorchak, Public Service Commissioner
Public Service Commission

Before: Senate Energy and Natural Resources Committee
The Honorable Curt Kreun, Chairman

Date: February 11, 2021

TESTIMONY

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Senate Energy and Natural Resources Committee, Senator Kreun, Chair

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2021 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Peace Garden Room, State Capitol

HB 1067
2/12/2021

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Chairman Kreun called the committee to order at 9:31am
Senators Bell, Schaible, Patten, Piepkorn, Roers, and Kreun all present

Discussion Topics:

- Concerns over cap
- Reconsideration
- Fees and Bidding

Senator Bell, returned to vote on the held motion from 2-11-21 and asks the committee to reconsider (9:31am)

Chairman Kreun ruled, that since the vote had not been finished the correct procedure was to rescind the existing motion rather than a motion to reconsider (9:41am)

Senator Roers, rescinded his DO PASS motion (9:41am)

Senator Patten, rescinded his second to the DO PASS motion (9:41am)

Chairman Kreun called the hearing to a close at 9:45am

Dave Owen, Committee Clerk

2021 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Peace Garden Room, State Capitol

HB 1067
4/1/2021

Relating to the authority of the public service commission to adopt rules and request a fee to cover the cost of investigating a public utilities integrated resource plan.

Hearing called to order, [10:45] all senators are present: **Bell, Schaible Piepkorn, Roers, Patten, and Kreun.**

Discussion Topics:

- Committee Work,

Senator Roers [4:08] moved to DO PASS HB 1067

Senator Patten [4:08] seconded the motion

Senators	Vote
Senator Merrill Piepkorn	Y
Senator Dale Patten	Y
Senator Jim Roers	Y
Senator Donald Schaible	Y
Senator Jessica Unruh Bell	Y
Senator Curt Kreun	Y

Senator Bell finalized her vote [11:01]

The motion passes 6-0-0

Senator Roers [11:01] will carry

Hearing adjourned [11:09]

Sheila Froehlich, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1067: Energy and Natural Resources Committee (Sen. Kreun, Chairman)
recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB
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