

ND PSC Big Stone 2 hearing

Opening statement before the North Dakota Public Service Commission

June 26, 2007

Carrie La Seur, on behalf of intervenors Dakota Resource Council and Mark Trechock. Thank you for the opportunity to provide a brief opening statement. The Applicants have brought a very detailed application before three PSCs, in South Dakota, Minnesota and in North Dakota. The Intervenors have a few simple points to make, so we're not going to dance around a lot.

This prudence proceeding comes down to one basic question: What is good for North Dakota ratepayers, or more simply, what's good for North Dakota? The analysis done by the Applicants looks at the big picture of energy needs across a six state region, and Intervenors will question certain important aspects of that analysis. But always this proceeding has to come down to the best interests of North Dakota ratepayers and North Dakota's economy. It's not what's prudent for South Dakota or Minnesota or even MDU or OTP as corporate investors. What's good for North Dakota? That's a different question, one not addressed directly by most of the materials before the Commission.

Intervenors notice a few things about this application.

- First, it's for a power plant in eastern South Dakota. No North Dakota jobs.
- Second, it's for a plant that burns Powder River Basin coal. No North Dakota coal.
- Third, this plant uses supercritical pulverized coal technology that can't be economically retrofitted for carbon sequestration. No North Dakota profits from sequestration.
- Fourth, producing electricity in South Dakota and transmitting it to North Dakota is inefficient. We could produce this power in-state, lose fewer watts in transmission and keep rates down.
- Fifth, this 630MW plant stands more or less in the transmission pathway between the country's best wind resource, in the West River, and the markets to the southeast. Applicants will tell you that building this plant will somehow benefit North Dakota's wind industry, but common sense says that if your product is at point A, the market is at point C, and someone manages to produce the same product in large quantities at point B, you're going to lose out. So the greatest wind resource in the country – North Dakota's clean energy future – stands to suffer from the construction of Big Stone 2.

And finally, getting to the substance of the testimony Intervenors will bring, this project exposes North Dakota ratepayers to an enormous downside when Congress passes carbon regulation, and all indications are that Congress will. Without getting into any numeric costs or quantified values, we can show a strong probability that carbon costs will be part of this plant's future. Considering that probability is as important to understanding the true internalized cost of Big Stone 2 as considering coal price forecasts. It's not good for North Dakota to take on a major economic risk on energy prices without taking a hard look at what that risk is likely to be.

South Dakota's PUC has already approved this plant, as I expect this commission would have done if Applicants proposed to spend \$1.3 billion in this state. Minnesota's administrative proceeding is pending. But the outcomes of the South Dakota and Minnesota proceedings can't tell us whether or not buying into Big Stone 2 is good for North Dakota. The facts are different.

North Dakota's interests are different. Fortunately, this Commission need not feel that it has the fate of Big Stone 2 in its hands. Because as Mr. Guerrero said in his opening statement to the Minnesota tribunal on December 5, 2006, this project is "self-healing." If a particular Applicant pulls out, Mr. Guerrero says, the developers "have a commercial arrangement in place that would allow one or the other utilities to pick up the slack." So if this plant isn't good for North Dakota, it's okay to say no thanks. It's also okay to say not yet, to ask for more data, or for alternatives that would bring income into North Dakota instead of taking it out.

The world of energy is changing before our eyes. There are many questions about this application still unanswered and the regulatory environment is uncertain. An altered climate holds more risks for North Dakota than higher energy prices. Scientific consensus is that within our lifetimes we will see increased drought in this region, decreased soil moisture as heat intensifies, more violent storms, and the spread of invasive plant and animal species because of milder winters.

What's good for North Dakota? I myself have really wrestled with this question in reviewing all the testimony and the South Dakota and Minnesota records and talking with Mr. Schlissel. What's good for North Dakota? Wind is fantastic for North Dakota: not just wind farms but wind component factories, consulting businesses, research and development. Energy efficiency retrofits for low income housing across the state to offset rising energy prices. That's a win for everyone. Taking advantage of carbon sequestration potential is good for North Dakota. Producing power as close as possible to where it will be used – also good for North Dakota. But buying into an out-of-state power plant that gets its fuel from Wyoming, can't sequester CO₂, hasn't accounted for major regulatory risks, and stands between North Dakota power sources and the biggest regional markets? That is plainly not good for North Dakota. Thank you.