



**DEPARTMENT OF COMMERCE COMMENTS ON STATE PLAN TO REDUCE CARBON DIOXIDE
EMISSIONS**

NOVEMBER 12, 2015, 7:00 P.M.

BEULAH CIVIC CENTER

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COMMERCE**

I'm Mike Fladeland, Manager of Energy Business Development, North Dakota Department of Commerce, providing comments on behalf of Commerce Commissioner Al Anderson.

The Department of Commerce's vision is to "improve the quality of life for the people of North Dakota" and our mission is to "lead North Dakota's efforts to attract, retain and expand wealth." Accordingly, I'll focus my comments on the impact and importance of this added-value industry to our state's business environment.

Recently, the publication, Spotlight on North Dakota Energy, published by the Great Plains Energy Corridor, provided the following facts:

- The lignite industry employs 3,979 workers directly and another 11,497 indirect workers.
- 80% of the lignite that's mined is used to generate electricity consumed by North Dakota customers and those in neighboring states. Thirteen percent is used to make synthetic natural gas and 7 percent is used in the production of fertilizer.
- North Dakota's power plants have invested around \$1 billion in new technology since 2006 to reduce emissions and increase efficiencies. One example is Great River Energy's Spiritwood station, a combined heat and power plant that uses beneficiated coal, through their patented Dry-fining technology, to operate a combined heat and power plant. In addition to power production, they produce steam that is sold to multiple users at the Spiritwood Energy Park near Jamestown.
- Lignite industry companies paid through total annual taxes, including sales, personal and corporate income taxes, an estimated \$100 million in 2014. From 1975 through 2014, the lignite severance and coal conversion taxes have generated more than \$1 billion in revenue.

Those are a few of the benefits derived from the coal industry. But there's also another important factor to consider. Among Commerce's strategic priorities is "Business, Community, and Industry Development," by delivering initiatives, programs and services for growth in those areas. Mine-mouth power plants, using lignite coal, help in keeping the costs low and help us to promote one more advantage of locating a company's facility in our state. Reasonably priced and reliable energy sources helps North Dakota's manufacturers remain competitive in our global economy and also helps North Dakota attract new primary sector businesses to the state.

That said, the people and businesses in our state, know and appreciate the unquestionable importance of clean air and water. The companies in our state that produce and add value to this long-term resource are diligently striving to operate responsibly. During a recent tour of the The Coteau Properties Company's Freedom Mine near Beulah, led by Kent Neustel, Vice President, a group of us observed the results of their reclamation efforts. While reclamation is not necessarily an example of what they do relative to air quality, it serves as an additional aspect of their and our state's regulatory regard for the environment. It's an example of what must be recognized in preparing a state plan that responds to economic and environmental concerns, while maintaining an acceptable balance between the two.