

Minutes of a Meeting of the Clean Sustainable Energy Authority Technical Review Committee

Held on September 8, 2022 at 1:30 p.m.

DMR West Conference Room, 1000 E Calgary Ave

Present: Lt. Governor Brent Sanford, Chair
Lynn Helms
Justin Kringstad
Rachel Retterath
Todd Steinwand
Dave Glatt
Rich Garman
John Weeda
Kelvin Hullet
Al Anderson
Karlene Fine
Reice Haase

Also Present: Not all attendees are known as this meeting was held through Microsoft Teams.

Lt. Governor Brent Sanford called the meeting of the Clean Sustainable Energy Authority Technical Review Committee to order at 1:30 p.m.

Lt. Governor Sanford mentioned that there is a quorum present in this meeting.

Under other business, Mr. Al Anderson requested input from the technical committee on policy recommendations.

It was moved by Mr. Steinwand and seconded by Retterath that the September 8, 2022 agenda be approved as presented. The motion carried unanimously.

It was moved by Ms. Retterath and seconded by Kringstad to approve the May 10, 2022 meeting minutes as presented. The motion carried unanimously.

Ms. Karlene Fine, Industrial Commission Executive Director/Secretary, provided a financial summary as follows:

The administrative costs were increased to \$60,000. There is \$5.9 million in grant funds available, \$10 million available for hydrogen. An explanation of what hydrogen dollars are was given, explaining it only gets dispersed because it is ARPA federal dollars. So far \$4 million has been expended from federal grants, and there is currently a \$20.9 million cash balance.

Lt. Governor Sanford requested the members to declare any conflicts of interest, to which there were no conflicts.

The review of applications began: There were five applications, but two applicants withdrew. The three remaining projects had positive technical reviews.

C-03-01 Liberty H2 Hub

- \$10 million grant request
- Mr. John Weeda shared concerns about hydrogen thermodynamics but is overall generally supportive. He shares the Governor's concern that there should only be one hub from North Dakota.
- Glatt shared concerns about throwing money at it and it fizzles, but agreed it is getting a lot of attention nationally.
- Mr. Todd Steinwand mentioned that there is a lot of large-scale federal funding available, and that North Dakota has the opportunity to drive this technology forward as real dollars are being committed here. It was also mentioned that the market will choose which hub is more feasible and that having the right management and right time will help pull it off.
- Mr. Justin Kringstad is encouraged to see TC Energy as a player. Marathon has a long-standing track record with midstream, and the team has strong assets and expertise.

C-03-02 Newlight

- \$4.185 million grant request
- The technical reviewers' comments were mostly positive and believe the research and development to be cutting edge.
- The risks that were noted were the lack of commitment to build in North Dakota, they are building a plant in Ohio currently, the concern of there being enough demand to support two plants, and whether there is enough capacity to raise funds.
- Ms. Rachel Retterath noted that they mentioned having a location identified in North Dakota and asked what sets North Dakota apart. Lt. Governor Sanford responded that we have feedstock and one of the individuals involved is from North Dakota.
- Mr. Kelvin Hullet said the Investment Committee had similar concerns with providing funding without commitment.
- Mr. Kringstad asked if there was any volume information in the application to which there was not.
- Mr. Al Anderson made a suggestion of having a mutual agreement with the applicant that North Dakota funding would only fund the North Dakota FEED study.
- Mr. John Weeda commented that he hopes we can make this work, stating that infrastructure needs big picture approach at Marley Crossing.
- Mr. Lynn Helms stated that he would have liked more firm commitment to North Dakota over Ohio, but he is still strongly in favor of the project and that we have the right geography.
- Lt. Governor Sanford completed the conversation with stating that this project would be a great opportunity for the state of North Dakota.

C-03-03 Enerplus Geothermal

- \$1.09 million grant request
- Two technical reviewers rated this project as favorable, and one reviewer rated the project as questionable.
- The risks that were noted were cost competitiveness of power generation, and concerns about CSEA reporting and lack of technical information.

- Overall, they are going forward with the proposal and additional information will be learned and shared. It was mentioned that this could reduce net carbon footprint for the state of North Dakota.
- Mr. Weeda stated that this project is interesting, but that there is not enough technical information to satisfy thermal curiosity. He believes a pilot test is in order and that it would be difficult if the primary source of electricity is from utility. His vote would be to support this project.
- Mr. Kringstad said he is a big fan of geothermal. He mentioned concerns related to volumes on page 9 of the application stating that they are mostly targeting flowback water. UND and EERC had a similar project looking at lower flow in the Cedar Hills, and if this equipment requires this large of a flow, it will limit it. There are no comments about how long it can run before it needs to be turned off.
- Mr. Helms stated that the area that Enerplus operates in is a lower-water cut area, but they are seeing more development in lower-tier areas with higher water cut. He said the project is innovative and that they've seen projects with incredible amounts of heat being wasted with chillers. He mentioned this area is challenged with getting electricity from the RECs and that it would be incredible to deploy this in the fringes in the Bakken. He ended by stating that this is a solid company that can follow-through on the project.
- Lt. Governor Sanford ended the conversation with stating that Enerplus's last project was to reduce emissions from on-site generation, that this project would complement that, and that most of these projects are not connected to the grid.

Lt. Governor Sanford asked for a motion to be made to enter into executive session to discuss confidential information.

A motion was made by Mr. Steinwand and seconded by Mr. Helms that under the authority of the N.D.C.C. 54-63.1-06 and 44-04-19.2.1 that the Clean Sustainable Authority Technical Review Committee enter into an executive session for the purpose of considering Clean Sustainable Energy confidential information.

On a roll call vote Dave Glatt, Lynn Helms, Justin Kringstad, Rich Garman, Rachel Retterath, and Todd Steinwand all voted aye. The motion carried unanimously.

Lt. Governor Sanford stated that the Clean Sustainable Energy Authority Technical Committee is entering into executive session to discuss confidential information. He stated that only CSEA members and ND Industrial Commission staff will be present during executive session. Any formal action will be taken in open session. Lt. Governor Sanford reminded those present that the discussion must be limited to the announced purpose which is projected to last approximately 30 minutes.

The executive session began at 2:15 p.m.

The Meeting Closed to the Public for Executive Session Pursuant to NDCC 54-63.1-06 and 44-04-19.2.1.

CLEAN SUSTAINABLE ENERGY AUTHORITY TECH COMMITTEE EXECUTIVE SESSION

Present:

Lt. Governor Brent Sanford
Lynn Helms

Justin Kringstad
Rachel Retterath
Todd Steinwand
Dave Glatt
Rich Garman
John Weeda
Kelvin Hullet
Karlene Fine
Reice Haase
Karen Tyler

Executive session ended at 2:52 p.m and reconvened in open session.

Voting results are as follows:

C-03-01:

- Average 41, feasible
- Ms. Retterath would like to see a condition to ensure that everyone is working together and not against one another.
- Mr. Anderson said they would need to think about how to build that into a contract.
- Lt. Governor Sanford mentioned that it was not built into the first award.
- Mr. Steinwand said they could strongly suggest it, but that these are private entities, and they will likely be reluctant.
- Lt. Governor Sanford said that it needs to happen on DOE application.
- Mr. Anderson said they have several options, whether they fund full or partial.
- Mr. Helms stated that he does not want to handicap one of the parties with a condition that was not placed on the other and suggested that no conditions be placed.

A motion was made by Mr. Helms and seconded by Mr. Kringstad to recommend fully funding the C-03-01 Liberty H2 Hub for the \$10 million grant request.

On a roll vote Lynn Helms, Justin Kringstad, Rich Garman, Rachel Retterath, Todd Steinwand, and Dave Glatt all voted aye. Motion carried unanimously.

C-03-02:

- Average 39, feasible with conditions
- Mr. Helms stated that he would like to see a condition to ensure infrastructure is built in North Dakota.
- Lt. Governor Sandford asked if it should be contingent on land purchase or if it should be left to the CSEA board to make that decision.
- Mr. Steinwand mentioned that they have a call with them and can explore covenant possibilities ahead of the CSEA board meeting.

A motion was made by Mr. Glatt and seconded by Ms. Retterath to recommend funding C-03-02 Newlight, with the added conditions for the \$4.185 million grant request.

On a roll vote Lynn Helms, Justin Kringstad, Rich Garman, Rachel Retterath, Todd Steinwand, and Dave Glatt all voted aye. Motion carried unanimously.

C-03-03:

- Average 38, feasible with no conditions

A motion was made by Mr. Garman and seconded by Mr. Helms to recommend funding C-03-03 for the \$1.09 million grant request.

- Mr. Glatt asked if they can provide how much energy they saved and how much emissions they averted.
- Mr. Anderson said yes, and that we need someone to monitor what they provide back to us. He mentioned that someone who has the expertise should assist in drafting the contract such as Dave.
- Mr. Helms stated that they are eager to share information with the NDIC, which should ensure they have robust results presentations, and maybe present at petroleum conferences, etc. They are willing to share non-proprietary information so we should hold them to it.
- Mr. Kringstad asked if that should be included as a condition?

A motion was by Mr. Helms and seconded by Mr. Garman to amend the previous motion to recommend funding C-03-03 with the added conditions for the \$1.09 million grant request.

On a roll vote Lynn Helms, Justin Kringstad, Rich Garman, Rachel Retterath, Todd Steinwand, and Dave Glatt all voted aye. Motion carried unanimously.

Under other business, the following policy recommendations were discussed:

The first policy recommendation was that no grant rounds will be held if remaining funding does not meet minimum application levels.

- Mr. Glatt said he would like to schedule follow-up meetings to track project statuses.
- Mr. Steinwand agreed that it makes sense to not hold a grant round if funding does not meet minimum application levels.
- Mr. Anderson mentioned that so far, all projects are on task, and he plans on providing the numbers to the CSEA board.
- Mr. Glatt stated that it is good to have checks, and that the technical committee can provide input as projects progress.
- Mr. Anderson said that he will have a template to share at the full CSEA board meeting.

The second policy recommendation was that rejected applications are only eligible for reconsideration if certain changes are met.

- Mr. Anderson took the recommendations from the LIFT program.
- Mr. Steinwand agreed that the criteria necessary to be reconsidered makes sense.
- Mr. Helms stated that six months seems short and that he would have gone with a year. He also mentioned that he didn't understand what "financial judgement" means.
- Mr. Steinwand stated that one could interpret it to mean change in financial situation from original application.

- Mr. Hullet mentioned that this policy recommendation would change the Bank's evaluation of feasibility and profitability.
- Mr. Helms made a suggestion to change the language to "financial feasibility".
- Mr. Steinwand stated that things change rapidly, but could enough change happen in six months?
- Mr. Helms stated that he does not want to see the same projects at every meeting.
- Ms. Retterath said that a lot can change in a six-month period.
- Mr. Glatt agreed with Ms. Retterath that situations can change rapidly.

Another policy recommendation was that projects that have received grant funding cannot receive more funding except for extenuating circumstances.

- Lt. Governor Sanford agreed saying it is putting existing practice into writing.

With no further business, Lt. Governor Sanford adjourned the meeting at 3:15 p.m.



Karlene Fine, Recording Secretary