

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

Held on July 18th, 2023 at 9:00 a.m.

BND Missouri River Conference Room, 1200 Memorial Highway, Bismarck, ND

Present: Rep. Glenn Bosch, Chair
Sen. Dale Patten
Rachel Retterath
Josh Teigen
Dave Glatt
Lynn Helms
Justin Kringstad
John Weeda
Charles Gorecki
Todd Steinwand
Rich Garman
Tom Oakland
Clair Vigesaa
Courtney Heiser
Al Christianson
Kelvin Hullet
Reice Haase
Brenna Jessen

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

Rep. Glenn Bosch called the meeting of the Clean Sustainable Energy Authority Technical Review Committee to order at 9:02 a.m.

Rep. Bosch mentioned that there is a quorum present in this meeting.

Mr. Reice Haase, Industrial Commission Deputy Executive Director, provided the committee with a report on Industrial Commission activities and a summary of the 2023 legislative session actions which relate to the Clean Sustainable Energy Authority.

Mr. Haase provided a financial summary as follows:

There are currently 10 active projects. \$44.3 million in grant dollars have been awarded, \$15.6M of that has been paid to date, with the exception of the Bakken Energy de-obligation/ hydrogen bucket. Cash available for grants is \$30.4 million.

Mr. Haase also provided a project highlight of the Valence project, which was funded by CSEA, that reduced over 155,000 tons of CO₂ emissions and generated \$31.3 million in additional tax revenue to the state. It was noted that the amount of tax revenue surpassed the available grant dollars in the program currently.

Rep. Bosch requested the members to declare any conflicts of interest, to which Todd Steinwand and Charles Gorecki responded. Mr. Steinwand declared that Bank of North Dakota currently has loans with Bushel, Inc., and Rainbow Energy Center. Mr. Gorecki stated that his agency works closely with Minnkota Power Cooperative and HydroStrat GP.

It was moved by Sen. Patten and seconded by Lynn Helms to allow a vote from Bank of North Dakota representative Todd Steinwand and SERC Designee Charles Gorecki.

On a roll call vote Rachel Retterath, Josh Teigen, Dave Glatt, Lynn Helms, Justin Kringstad, John Weeda, Charlie Gorecki, and Todd Steinwand all voted aye. The motion carried unanimously.

The review of applications began: There were nine applications in total, and all had positive technical reviews.

C-04-A Bushel Farm Traceability Dashboard

- \$5.529 million grant request
- Mr. John Weeda expressed support for the Ag community but questioned if this really fit the description of “technology to reduce emissions”.
- Mr. Dave Glatt shared concerns about work already being done on this area through other companies.
- Mr. Lynn Helms asked about staff being from North Dakota, and if not, where would they be housed? He concurred that this seems to be more of an ag production project than an energy production project.
- Mr. Todd Steinwand mentioned that this is an “add-on” for ag producers to effectively track and measure their CO₂ emissions reduction. To Mr. Helms’ point, he offered that agriculture is going to be playing a larger role on the energy stage when it comes to CO₂ emissions reduction.
- Ms. Courtney Heiser added that the applicant currently has 184 employees total and 2/3 of them live in North Dakota. They are headquartered out of Fargo, and they are going to be utilizing their current staff for this project.
- Ms. Retterath stated that this would be an added cost to the farmers.
- Mr. Teigen shared that he believes this project could unlock a lot of private investment. He stated that there is some hesitation due to Carbon intensity and this could help validate it so institutional capital investment can start flowing.

C-04-B SAFuels X

- \$5 million grant and \$25 million loan request
- The technical reviewers’ comments were mostly positive and believe the proposal to be a great opportunity for North Dakota.
- The risks that were noted were the use of CSEA grant dollars to design a natural gas pipeline when there are other technologies to produce hydrogen with significantly less environmental impact.
- Mr. Weeda asked is this had been brought before the committee previously.
- Mr. Haase explained that they applied in the 2nd grant round and withdrew after the technical review to work on some management team, engineering and permitting issues. They have now addressed those concerns.
- Ms. Retterath asked if the applicant was able to accommodate the timeline set forth with the financing they’ve secured so far.
- Mr. Haase mentioned he would flag that for the presentation next week.

C-04-C Smart Well Hub

- \$705,000 grant request
- Two technical reviewers rated this project as questionable.
- The concerns noted were a lack of details to evaluate the potential of the project to be technically sound, as well as barriers to adoption of the technology and how they would approach those challenges.
- Mr. Helms stated that several oil & gas operators are already doing this, and he'd like to see some letters of industry support to show that this would actually make a difference for them.
- Mr. Weeda agreed with Mr. Helms.
- Mr. Steinwand added that he believes this to be a game-changing technology that is really going to move the needle.
- Mr. Helms reiterated that Marathon and Conoco-Phillips are already converting their facilities with automated methane-leak scanning technology. He suggested that the Oil & Gas Research Program might be a better fit for this type of project.

C-04-D Project Tundra

- \$150 million loan request
- All three technical reviewers rated this project as favorable.
- One reviewer requested more information regarding how previous CSEA funding has been used as well as how the additional funding will be used.
- Mr. Weeda commented that the applicant seems to still be figuring things out and doesn't quite know what direction they want to go with this project.
- Mr. Steinwand addressed Mr. Weeda's concerns and explained that they're going to be doing a final review and making a final decision in late 2023 or early 2024.
- Mr. Helms commented that the capture side of things is still in question. He believes the Carbon storage side of the project is secure as they have 4 storage facilities approved.
- Mr. Steinwand said he believes they've assembled the right partners for the project.
- Mr. Gorecki expanded on Mr. Steinwand's comment by explaining that Mitsubishi, the partner for the carbon capture side of things, is the only team whose done capture on this scale. He stated that its all about financing at this point for Minnkota.

C-04-E Project Phoenix

- \$150 million loan request
- One technical reviewer rated this project as favorable, and one reviewer rated the project as questionable.
- The risks that were noted were climate concerns as well as procurement/marketing distances may prove to be a restrictive issue.
- It was mentioned that the demand for this product is strong, and it really fits the CSEA program.
- Mr. Kelvin Hullet explained that the applicant is experiencing some permitting issues with their facility in OHIO, but that they already have the product, this is really about

commercialization at this point.

- Mr. Steinwand added that they are planning on moving forward with this project in North Dakota, whether they move forward in OHIO or not. Their plan is to have projects in both states.
- Mr. Helms reiterated that Marathon and Conoco-Phillips are already converting their facilities with automated methane-leak scanning technology. He suggested that the Oil & Gas Research Program might be a better fit for this type of project.
- Mr. Helms commented there's synergy with the location of another project and it fits the clean & sustainable criteria. He'd like to see the loan broken up into phases.
- There was continued discussion on how to break up the funding.

C-04-F Lignite Combustion Product Enhancements

- \$42.5 million loan request
- All three technical reviewers rated this project as favorable.
- There was discussion that this project has received funds from the Lignite Council for feasibility studies.
- John Weeda stated that he is excited for this project because it contributes to- rather than being a burden to- our economy.

C-04-G Unlocking the Full Potential of Produced Water

- \$5 million grant and \$50 million loan request
- There was only one technical reviewer for this application, who rated this project as favorable.
- The risks that were noted were permitting considerations for Class 2 well versus a Class 1 well.
- Mr. Glatt expressed concern over the significant waste that produced water produces and how they intend to deal with that.
- Mr. Helms agreed but noted there is synergy with the site location and other projects and ultimately this is a good thing, long term.
- There was some discussion about class 1 wells versus class 2 wells. Mr. Helms explained that anything related to Oil & Gas is going to use a class 2 well as they have an aquifer exemption and less expensive to construct and operate/maintain.

C-04-H Enhancement of Energy Infrastructure

- \$10 million grant request
- There was only one technical reviewer for this application, who rated this project as questionable.
- The reviewer noted that while the project could be a valuable asset to the state, they are not sure that it meets the goals of CSEA.
- Mr. Weeda stated that this seems like an overly ambitious proposal, and that he didn't have quite enough of an understanding of the project to make a decision.
- Mr. Helms agreed there is too much to look at all together and suggested breaking it down and only funding partially.

C-04-J Project CAN

- \$5 million grant request
- One technical reviewer rated this project as favorable, and one reviewer rated the project as questionable.
- A concern was noted that this proposal has no identified location in the State of North Dakota.
- Mr. Teigen stated that the Commerce has some involvement in this project, and he is super excited about this because it's clear that Minnesota isn't going to permit an industrial project like this. Currently, 100% of the nation's pig iron comes from Russia, China, and Brazil so North Dakota has an opportunity now to be the 1st and only producer of this type of steel in the country. He also noted that contrary to the technical reviewer's comments, the team working on this is highly experienced.
- Mr. Steinwand commented that this application was late, and there is no way to judge the economic feasibility because no financial information was included.

Rep. Bosch asked for a motion to be made to enter into executive session to discuss confidential information.

A motion was made by Mr. Weeda and seconded by Ms. Retterath 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 Rachel Retterath, Josh Teigen, Dave Glatt, Lynn Helms, John Weeda, Charles Gorecki and Todd Steinwand all voted aye. The motion carried unanimously.

Rep. Bosch 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. Rep. Bosch reminded those present that the discussion must be limited to the announced purpose which is projected to last approximately 1 hour.

The executive session began at 10:45 a.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:

Rep. Glenn Bosch

Sen. Dale Patten

Todd Steinwand

Courtney Heiser

Justin Kringstad

Dave Glatt

Lynn Helms
Rachel Retterath
Al Christianson
John Weeda
Josh Teigen
Charles Gorecki
Clair Vigesaa
Reice Haase
Brenna Jessen

Executive session ended at 12:01 p.m. and reconvened in open session.

Voting results are as follows:

C-04-A:

- Average 32.625, feasible with conditions
- Mr. Weeda stated his condition that it is to be determined by CSEA to be in alignment with their criteria.

A motion was made by Mr. Weeda and seconded by Ms. Retterath to recommend funding the C-04-0A Bushel Farm Traceability Dashboard with the added condition for the \$5.529 million grant request.

On a roll vote Rachel Retterath, Josh Teigen, Dave Glatt, Lynn Helms, Justin Kringstad, John Weeda, Charlie Gorecki, and Todd Steinwand all voted aye. Motion carried unanimously.

C-04-B:

- Average 38.625, feasible

A motion was made by Mr. Steinwand and seconded by Mr. Weeda to recommend fully funding C-04-B SAFuels X for the \$5 million grant and \$25 million loan request.

On a roll vote Rachel Retterath, Josh Teigen, Dave Glatt, Lynn Helms, Justin Kringstad, John Weeda, Charlie Gorecki, and Todd Steinwand all voted aye. Motion carried unanimously.

C-04-C:

- Average 28, not feasible
- Mr. Justin Kringstad stated his issue with this is that they don't have an industry partner.
- Mr. Gorecki stated that was his same concern.

A motion was made by Mr. Helms and seconded by Ms. Retterath to recommend funding the C-04-C Smart Well Hub with the condition that they secure an industry partner before contracting.

On a roll vote Rachel Retterath, Josh Teigen, Dave Glatt, Lynn Helms, Justin Kringstad, John Weeda, Charlie Gorecki, and Todd Steinwand all voted aye. Motion carried unanimously.

C-04-D:

- Average 45.75, feasible

A motion was made by Mr. Steinwand and seconded by Mr. Kringstad to recommend fully funding C-04-D Project Tundra for the \$150M loan request.

On a roll vote Rachel Retterath, Josh Teigen, Dave Glatt, Lynn Helms, Justin Kringstad, John Weeda, Charlie Gorecki, and Todd Steinwand all voted aye. Motion carried unanimously.

C-04-E:

- Average 42.875, feasible with conditions
- Mr. Helms stated that he would like to see a condition to only fund an approximate amount for Phase 1 of this project.

A motion was made by Mr. Helms and seconded by Mr. Steinwand to recommend partial funding C-04-E Project Phoenix, with the added condition.

On a roll vote Rachel Retterath, Josh Teigen, Dave Glatt, Lynn Helms, Justin Kringstad, John Weeda, Charlie Gorecki, and Todd Steinwand all voted aye. Motion carried unanimously.

C-04-F:

- Average 43.25, feasible

A motion was made by Ms. Retterath and seconded by Mr. Kringstad to recommend fully funding C-04-F Lignite Combustion Product Enhancements, for the \$42.5 million loan request.

On a roll vote Rachel Retterath, Josh Teigen, Dave Glatt, Lynn Helms, Justin Kringstad, John Weeda, Charlie Gorecki, and Todd Steinwand all voted aye. Motion carried unanimously.

C-04-G:

- Average 38.43, feasible
- Mr. Gorecki abstained from voting due to his proximity to this project.

A motion was made by Mr. Steinwand and seconded by Mr. Helms to recommend funding C-04-G Unlocking the Full Potential of Produced Water, for the \$5 million grant and \$50 million loan request.

On a roll vote Rachel Retterath, Josh Teigen, Dave Glatt, Lynn Helms, Justin Kringstad, John Weeda, and Todd Steinwand all voted aye. Charles Gorecki abstained from voting. Motion carried.

C-04-H:

- Average 31.86, feasible with conditions
- Mr. Helms stated that he would like to see a condition to partially fund per certain deliverables.

- Mr. Gorecki abstained from voting due to his proximity to this project.

A motion was made by Mr. Helms and seconded by Mr. Steinwand to recommend partial funding for C-04-H Enhancement of Energy Infrastructure, with the added condition.

On a roll vote Rachel Retterath, Josh Teigen, Dave Glatt, Lynn Helms, Justin Kringstad, John Weeda, and Todd Steinwand all voted aye. Charles Gorecki abstained from voting. Motion carried unanimously.

C-04-J:

- Average 32.75, feasible with conditions
- Ms. Retterath stated that she would like to see a condition to provide financial information to be analyzed before funding.
- Mr. Teigen asked if it needed to be audited financials for if it could be unaudited.
- Mr. Steinwand stated that they needed to be acceptable internal statements.
- Mr. Helms added that he'd like to see a second condition that they provide clarity around their carbon capture strategy.

A motion was made by Mr. Helms and seconded by Ms. Retterath to recommend funding C-04-J Project CAN, with the added conditions of adequate financial and technical information provided to the committee.

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

Other Business

- Mr. Steinwand shared appreciation for the vetting process that these projects go through. Rep. Bosch mentioned that the original CSEA legislation was designed to carefully scrutinize projects in order to effectively meet the goals of the program.
- Sen. Patten mentioned that he'd like to engage more conversation around infrastructure at the next grant round.

With no further business, Rep. Bosch adjourned the meeting at 12:24 p.m.



Brenna Jessen, Recording Secretary