

LMFS-04-37
LIGNITE VISION 21 PROGRAM - PHASE IV
ENGINEERING AND PERMITTING
OF
LIGNITE VISION 21 PROJECTS

CONTRACTOR: Lignite Energy Council

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PROJECT MANAGERS: Manager of Environmental & Transmission Services
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CONTRACT AMOUNT: \$982,000

Project Schedule – 15 Months

Contract Date – 03/5/2004
Start Date – 5/1/2004
Completion Date – 7/31/2005
Extended to – 3/31/06

Project Deliverables

Quarterly Report – 7/1/2004✓
Quarterly Report – 10/1/2004✓
Quarterly Report – 1/1/2005✓
Quarterly Report – 4/1/2005✓
Draft Final Report – 3/1/2006
Final Report – 3/31/2006

OBJECTIVE / STATEMENT OF WORK

The primary objective of the Lignite Vision 21 Program (LV21P) is to construct one or more new lignite-fired power plants in North Dakota. The objectives of this proposal are to: 1) coordinate and assist the LV21P participants; 2) develop and implement legal, marketing, generation, environmental, and transmission strategies; 3) manage the programs in order to eliminate any potential duplication; and 4) maximize value for the State of North Dakota.

The strategic vision for the LV21P is economic development through revitalization and growth in the lignite industry. Specific objectives and the vision of the LV21P for the State of North Dakota are to increase jobs, business growth, and tax revenue.

Specific tasks for the LV21P Phase IV program are:

- Project Management
- Legal and Marketing Strategies & Activities
- Advanced Generation Technology Strategies and Activities
- Environmental Strategies & Activities, and
- Transmission Strategies & Activities

STATUS

Phase III of the Lignite Vision 21 Program (LV21P) concluded on April 30, 2004. In January, 2004, the LV21P team submitted a Phase IV application to the LRC Executive Committee, which was approved by the NDIC on January 22, 2004. The Phase IV contract between the LEC and the NDIC was signed March 5, 2004. The primary objective of the LV21P is to construct one or more new lignite-fired power plants in North Dakota. In order for the LV21P objective to be met, the North Dakota Industrial Commission (NDIC) entered into a Phase IV contract with the Lignite Energy Council (LEC) to coordinate and assist the successful LV21P participants under contract with the NDIC. The current program participants are Montana Dakota Utilities - Westmoreland (MDU/W) and Great Northern Power Development (GNPD). The LEC has developed a LV21P team to develop and implement legal, marketing, generation, environmental, and transmission strategies and manage the program in order to eliminate duplication and maximize value for the State of ND. The LV21P team consists of the Project Manager, the NDIC Technical Representative, the Manager of Environmental Services and the Manager of Transmission Services.

In June 2005, MDU/W received a permit from the North Dakota Department of Health (NDDH) for a 175 MW circulating fluid bed boiler.

GNPD and its consultant TRC are in the final stages of developing a modeling protocol with the NDDH. The modeling protocol would be used to predict potential air quality impacts from the proposed project via computer modeling.

The Upper Great Plains Transmission Coalition (UGPTC), comprised of coal and wind interests with the mission of resolving the transmission export constraints has been involved with the Midwest Independent System Operator (MISO) in conducting the Northwest Exploratory Study, which would involve transmission plans to accommodate 500 MW of new lignite-fired electrical generation and 1500 MW of new wind electrical generation.

The North Dakota Transmission Authority legislation was introduced in the 2005 session of the North Dakota Legislature at the request of the NDIC. The purpose of the Transmission Authority is to serve as a catalyst for new investment in transmission. The legislation passed both the House and Senate unanimously. The Lignite Vision 21 team has been working with the NDIC to develop a process to utilize the transmission authority.

The LV21P team continues to work towards developing strategies that would provide solutions to the environmental and transmission challenges facing the program participants.