

MEETING MINUTES
LIGNITE RESEARCH COUNCIL
July 26, 2000
Doublewood Inn, Bismarck, ND

MEMBERS (or their authorized alternates) PRESENT:

Dick Bergstad	International Brotherhood of Electrical Workers
Curtis Blohm	Knife River Corporation
Kevin Cramer	ND Department of Economic Development and Finance
Jim Deutsch	North Dakota Public Service Commission
John Dwyer	Lignite Energy Council
Mike Hummel	BNI Coal, Ltd.
Marlowe Johnson	Otter Tail Power Company
Mike Jones	Energy & Environmental Research Center
Doug Kane	MDU Resources Group
Vernon Laning	Basin Electric Power Cooperative
Al Lukes	Dakota Gasification Company
Ed Murphy	North Dakota Geological Survey
Harvey Ness	National Energy Technology Center
Mark Nygard	Coal Conversion Counties Association
John Pelerine	Great River Energy – Stanton Station
Dean Peterson	The North American Coal Corporation
Martin Schock	North Dakota Department of Health
Steve Sherner	Minnesota Power
David Sogard	Minnkota Power Cooperative

OTHERS PRESENT:

Dave Allard	Lignite Energy Council
Karlene Fine	Industrial Commission of North Dakota
Joe Friedlander	The Coteau Properties Company
Vicki Gilmore	Lignite Energy Council
Don Kirby	North Dakota State University
Carmen Miller	North Dakota Attorney General's Office
Clifford R. Porter	Lignite Research Council
Tony Rude	Lignite Energy Council
Rich Voss	Lignite Energy Council

Lignite Research Council (LRC) chairman John Dwyer called the LRC meeting to order on July 26, 2000 at Doublewood Inn, Bismarck, North Dakota. He asked Clifford Porter to present the financial summary.

Financial Summary

Porter summarized the North Dakota Lignite Research, Development and Marketing Program financial data for the 1999-2001 biennium as of May 31, 2000. He said the financial data is available on the North Dakota Industrial Commission web site. As of May 31, 2000, Porter said that for cash expenditures, the budget amounts and balances for the following budget items are: Administration (Budget amount: \$400,000; Balance: \$258,319); Marketing Feasibility Studies (\$795,800; \$450,489); Small Research Projects: (\$2,803,013; \$2,136,553); Demonstration Projects: (\$12,231,010; \$11,088,640).

He noted that \$752,000 of the \$795,800 in Marketing Feasibility Study funds has been committed to the Lignite Vision 21 Project. In the Small Research Projects area, \$336,624 is still available from uncommitted '99-'01 biennium funds. There is \$2,669,103 available for the Demonstration Projects

area; \$250,000 of that amount is the carryover commitment to the Joint Program area that Porter said would be discussed later in the meeting.

February 22, 2000 Minutes Approved

Dwyer asked for a motion to approve the minutes of the February 22, 2000 LRC meeting. Dean Peterson so moved; seconded by Marlowe Johnson. Motion carried.

Lignite Research, Development and Marketing Program Updates

Porter summarized the program updates for the lignite marketing feasibility studies (LMFS). Five of the six LMFS from this biennium are associated with the Lignite Vision 21 Project.

He reiterated that summaries and funding information for the LMFS, small research projects and demonstration projects are posted on the North Dakota Industrial Commission web site. Porter and Dave Allard showed slides of examples of information available on the site.

Proposed 2001-2003 Biennium Budget

Dwyer asked Karlene Fine to pass out her three-page summary of the proposed 2001-2003 biennium budget for the Lignite Research, Development and Marketing Program. The budget will be submitted in bill form to the Legislature as part of the Industrial Commission's budget. Karlene Fine said that \$1,300,000 of the \$16,450,000 total proposed budget for the Lignite Research, Development and Marketing Program is for nonmatching lignite marketing feasibility studies and the Lignite Vision 21 Project, \$1,350,000 is for Clean Coal Demonstration Projects, and \$13,800,000 is for lignite grants and administration. For those dollars that are matched, the breakdown is as follows: demonstration or large projects (\$12,350,000); small research projects (\$2,400,000), and administration (\$400,000), for a total of \$15,150,000 in matched dollars. The proposed administration budget remains \$400,000 (as it was in the previous biennium), with shifting of sub-totals as follows: Industrial Commission/Lignite Research Council expenses: \$75,000 (down \$5,000 from the '99-'01 biennium); Lignite R & D Financing Plan: \$0 (down \$10,000 from the '99-'01 biennium); Lignite R & D Consultant(s) Fees: \$325,000 (up \$15,000 from the '99-'01 biennium).

Fine also explained language that will need to be inserted into the appropriation bill for the 2001 Legislative Session to explain that nonmatching dollars of \$1,300,000 may be used for nonmatching lignite marketing feasibility studies as well as the Lignite Vision 21 Project. Last biennium, \$500,000 was the proposed amount for nonmatching dollars.

Dwyer asked for a motion that the LRC recommend to the Industrial Commission that the amounts specified in pages one through three of the proposed Lignite Research, Development and Marketing Program be included in the 2001-2003 biennium budget. Curt Blohm so moved; seconded by Kevin Cramer; motion carried.

Grant Round XXXVII Grant Applications

Before he summarized the Grant Round XXXVII grant applications, Porter said there is no funding remaining in the LMFS area and \$336,624 in the small research projects area. The \$2,669,103 remaining in the demonstration projects area does not include the \$6,000,000 that was set aside for Dakota Gasification Company's CO₂ pipeline project. \$250,000 was set aside from the demonstration projects area for joint programs with Electric Power Research Institute (EPRI), Edison Electric Institute (EEI) and/or the U. S. Department of Energy (DOE).

LRC-XXXVII-A: "Reclaimed Grassland Management for Increased Plant Diversity" ; Submitted by: North Dakota Agricultural Experiment Station; Principal Investigator: Donald R. Kirby, Ph.D. ; Request for: \$32,500; Total Project Cost: \$111,720; Timeframe: 3 years.

Porter said the objective of the study is to evaluate grazing and haying strategies as a means for improving plant diversity and seasonal balance on reclaimed native grasslands. This project is a continuation of Project FY97-XXVII-74.

As technical advisor, Porter recommended the project be funded. He said he has discussed three elements that the principal investigator and matching fund participants incorporate into the project. These three elements concern: 1) an assessment of the economic impact of the proposed improved management practices and regulatory guidelines on reclamation costs; 2) a review of previous work and regulations impacting management practices for grazing and haying on reclaimed grasslands; and 3) a detailed methodology and project management plan for the co-funding participants and the technical advisor.

Porter said technical peer reviewers gave the project an average weighted score of 175 out of a possible 250 points. Two of the three technical peer reviewers said the project should be funded; one said funding may be considered. Conflict-of-interest parties are Knife River Corporation, BNI Coal, Ltd., The Falkirk Mining Company and The Coteau Properties Company.

The principal investigator, Donald Kirby, spoke in support of the project. Joe Friedlander said that The Coteau Properties Company is using information from the project and supports continuation of the project.

LRC-XXXVII-B: “Mercury Control Options Evaluation at Coal Creek Station, Underwood, North Dakota & Stanton Station, Stanton, North Dakota”; Submitted by: Great River Energy; Principal Investigator: Ramsey Chang, Ph.D. (Electric Power Research Institute); Request for: \$95,000; Total Project Cost: \$190,000; Timeframe: 6 months.

Porter said that the proposed project will evaluate options for minimizing or controlling mercury in air emissions from Great River Energy’s Stanton Station and Coal Creek Station. Great River Energy and the Electric Power Research Institute will also evaluate the potential and feasibility of using low-cost North Dakota lignite-derived carbon as a mercury sorbent.

As technical advisor, Porter recommended the project be funded. The three technical peer reviewers gave the project an average weighted score of 174.7 out of 250 points. Two of the technical peer reviewers said the project should be funded; one said funding may be considered.

Great River Energy is a potential conflict-of-interest party.

John Pelerine , who spoke in support of the project, said that mercury is a significant issue for the lignite industry. Dwyer said it is important to get baseline data about mercury and to quantify it in layman’s terms.

Lignite Vision 21 Project – Phase I Update

Lignite Vision 21 Project informational folders that were authorized by the Industrial Commission were distributed prior to the Lignite Vision 21 Project – Phase I update presented by Tony Rude, the project’s manager. Included in the folders were the executive summaries of four completed studies from Lignite Vision 21 Project - Phase I.

The Lignite Vision 21 Project, the largest economic development project in North Dakota, is a state/industry partnership to encourage construction of a state-of-the-art baseload power plant in North Dakota by 2008-2010. Rude said that the Minneapolis area is the primary market for such a plant. A new power plant would create 1,300 new jobs, produce 3 million more tons of coal and generate an additional \$6 million per year in tax revenue for North Dakota.

Confidential Session: Lignite Vision 21 Project – Phase II

Dwyer requested a motion to close the open session of the LRC meeting and begin the confidential session concerning Lignite Vision 21 Project – Phase II. David Sogard so moved; seconded by Mike Hummel. Motion carried.

Numbered copies of the confidential Lignite Vision 21 Project – Phase II Transmission Study proposal were distributed. Porter recommended that since the technical peer reviews for the Lignite Vision 21 Project – Phase II Transmission Study proposal had not yet been completed, the LRC should move the responsibility to the LRC Executive Committee to consider the technical peer reviews when they are complete and then to make a recommendation to the Industrial Commission about approving funding for the proposal. After discussion, Kevin Cramer so moved; seconded by Doug Kane. Motion carried. Dwyer said a list of the LRC Executive Committee members will be provided to the LRC members. The LRC Executive Committee meeting was scheduled for 1:30 p.m. August 22, 2000.

The confidential copies of the Lignite Vision 21 Project – Phase II Transmission Study proposal were collected after the proposal was discussed, and copies of ballots for the proposals for LRC-XXXVII-A and LRC-XXXVII-B were distributed.

Dwyer asked for a motion to adjourn the confidential session and re-open the non-confidential session of the LRC meeting. Dean Peterson so moved; seconded by David Sogard. Motion carried.

Grant Application Deadline Dates for 2001

Dwyer requested a motion for recommending the Industrial Commission approve the following grant application deadline dates for 2001: January 1, May 1 and September 1. Curt Blohm so moved; seconded by Mike Hummel. Motion carried. Porter said that September 1, 2000 is the remaining grant application deadline date this year. The next LRC meeting is scheduled for 11:00 a.m. October 25, 2000 at Radisson Inn, Bismarck.

Ballot Results for Proposals LRC-XXXVII-A and LRC-XXXVII-B

After Karlene Fine collected and counted the ballots. The balloting results were as follows:

LRC-XXXVII-A (“Reclaimed Grassland Management for Increased Plant Diversity”): Fund: 18; Do Not Fund: 1.

LRC-XXXVII-B (“Mercury Control Options Evaluation at Coal Creek Station, Underwood, North Dakota & Stanton Station, Stanton, North Dakota”): Fund: 18; Do Not Fund: 1.

Dwyer said the Lignite Research Council’s recommendations will be considered by the Industrial Commission on August 24, 2000.

Other Business

Porter suggested that the \$250,000 that had been committed from the demonstration projects area to the area of joint programs with EPRI, EEL and DOE be used in the small research projects area instead, since EPRI is involved in the proposal for LRC-XXXVII-B (“Mercury Control Options Evaluation at Coal Creek Station, Underwood, North Dakota and Stanton Station, Stanton, North Dakota”).

Harvey Ness said the Federal Energy Technology Center was reorganized and is now called the National Energy Technology Center.

Adjournment

There being no further business, Dwyer asked for a motion to adjourn the meeting. Doug Kane so moved; seconded by David Sogard. Meeting adjourned.

Vicki Gilmore, Recording Secretary
