

Minutes of a Meeting of the Clean Sustainable Energy Authority (CSEA) Technical Committee
 Held on September 1, 2021, at approximately 1:00 p.m.
 Department of Mineral Resources West Conference Room

Present: Lt. Governor Brent Sanford, CSEA Chair
 Charles Gorecki, CSEA Technical Committee Member (remote)
 Dave Glatt, CSEA Technical Committee Member
 Lynn Helms, CSEA Technical Committee Member
 Justin Kringstad, CSEA Technical Committee Member
 James Leiman, CSEA Technical Committee Member (remote)
 Rachel Retterath, CSEA Technical Committee Member
 Kelvin Hullet, BND President Designee, CSEA Technical Committee Member
 John Weeda, CSEA Technical Committee Member

Also

Present: Al Christianson, CSEA Member
 Christopher Friez, CSEA Member
 Joel Brown, CSEA Member (remote)
 Mike Holmes, Lignite Research Program Director/IC Technical Advisor
 Al Anderson, Industrial Commission
 Karlene Fine, Industrial Commission
 Andrea Pfennig, Industrial Commission
 Members of the press
 The meeting was available on Teams so not all attendees are known.

Lt. Governor Sanford called the meeting of the Clean Sustainable Energy Authority (CSEA) Technical Committee (Committee) to order at approximately 1:00 p.m. with a quorum being present. Lt. Governor Sanford welcomed the Committee members and thanked them for their willingness to serve on the CSEA. Lt. Governor introduced Al Anderson who has been hired by the Industrial Commission to assist with the CSEA program. The Industrial Commission will be acting on Al's role at their next meeting. He stated that Al has worked with the Industrial Commission staff and Bank of North Dakota staff on the proposed guidelines, application documents and the development of the scoring/ranking process.

Mr. Anderson expressed his excitement about being part of this process and the potential for this Program to support all energy options and help continue to diversify and expand North Dakota's economy. Mr. Anderson stated the draft guidelines were developed based on the CSEA law and the Industrial Commission Renewable Energy Research Program guidelines and LIFT program documentation. Mr. Anderson noted that at the CSEA August 17 meeting the Authority members had indicated CSEA should be focused on larger scale, late-development, i.e. pilot demonstration, commercialization or commercial deployment projects. Loan funding options typically are for late-stage or commercial deployment. It was specifically requested that the guidelines include definitions of what is commercialization and pilot stage. Included in the guidelines are the Department of Energy's definitions for those two aspects of a project.

He noted that each Committee member was provided with the following documents:

- R & D Pathway & Funding Graphic
- Draft CSEA Program Guidelines (with notations of items that were directly from HB 1452)
- Energy Projects Pathway from Research to Commercialization Financing Options Info Chart
- Draft CSEA Process Flow for Project Review and Approval PowerPoint Slide
- Draft CSEA Application form
- Draft CSEA Technical Reviewer Application Rating Form

- Draft CSEA Technical Committee Scoring Form
- Draft Timeline

Mr. Anderson walked through the Process Flow for Project Review and Approval PowerPoint Slide and noted that some of the steps on this slide may change if the Committee changes the guidelines.

Lt. Governor Sanford and Mr. Anderson facilitated the review and the discussion of each of the guidelines with revisions made as the Committee went through the draft guidelines. The following changes were made to the draft guidelines as follows:

CSEA 2.01 – Eligible applicants – After discussion, the EERC representatives and Mike Holmes were asked to send proposed language, if needed, to clarify what it means that applicants have ownership or business interests in North Dakota. The EERC has submitted applications to the research programs although they don't have an ownership interest in the project. They do have a letter from an entity in North Dakota who does have ownership in the project that indicates that the EERC is submitting the application for the work needed on the project.

CSEA 2.02 – Eligible and ineligible projects – Language was modified from “and” to “and/or” (A project does not have to meet all the eligibility requirements.). The language was modified to state that an application was ineligible if it was seeking a grant for business working capital. An application seeking a loan for business working capital would be eligible. Item “e.”, relating to indirect costs, was deleted from the list of ineligible projects.

CSEA 3.01 – Language was modified for the grant award from 10% to 50% of project costs with the maximum award being \$10 million per project. The words “and demonstration” were inserted after “pilot”. The sentence “Total Financial Assistance may not exceed 50% of the total project costs.” was added to apply to both grants and loans or loan guarantees.

CSEA 3.02 – There was discussion on whether “cash” needed to be further defined to include “in-kind”. No consensus was reached on a definition and individuals were encouraged to submit alternative language during the public comment period.

CSEA 4.01 – Standards of success was revised into a list format rather than a paragraph and it was noted that this is what the applicant will state in their application and what is listed in the guidelines is a “may include” – what is listed are examples. It was noted that this section was needed to help in the reporting that the CSEA is required to do. Revisions were made to make it consistent with 2.02

CSEA 5.01 – The bullets listed in the draft guidelines were removed and the “and” references were changed to “and/or” making it similar to what is in 2.02. Subsection (1) was amended from “The need for the project to reduce environmental impacts and increase sustainability of energy production and delivery.” to “The degree to which the project reduced environmental impacts and increases sustainability of energy production and delivery”.

CSEA 5.05 – Subsections 3 and 4 were removed.

CSEA 5.06 – Loan Approvals was changed to Loan Terms.

Questions raised during the Guidelines discussion were:

Q: How will the CSEA deal with members who have a conflict of interest?

A: Following the process used by the Renewable Energy Council, the CSEA member must declare their conflict and the member can still vote once they have made their declaration.

Q: What is the role of the EmPower Commission to the CSEA?

A: House Bill 1452 indicated that the EmPower Commission should advise the CSEA on specific goals related to minimizing waste, increasing efficiencies that reduce emissions and increasing reliability and resiliency for sufficient dispatchable electrical generation capacity. Mr. Leiman indicated that as Chairman of the EmPower Commission and a member of CSEA he could bridge the gap between EmPower and CSEA. Mr. Anderson indicated he would be willing to meet with EmPower at their upcoming meeting to discuss the proposed guidelines and seek their input before the final guidelines are adopted. It was clarified that EmPower would not be acting on each of the CSEA applications—their role relates to the guidelines.

Q: Will the research councils be recommending applications to CSEA?

A: The research councils could suggest to an applicant who is at the pilot or commercialization stage of their project to submit their application to CSEA. It is not anticipated that a research council would make a recommendation to CSEA to fund a project.

Q: It was noted that when considering “Clean” projects that the project may be clean in one aspect but has an impact that would not be considered “Clean.” An example is a wind project that is “Clean” but the disposal of a wind blade raises a disposal issue. There are some exciting new technologies, but it is still unknown if there may be some other challenges that come with that technology.

A: It will be the role of the Committee to provide input on those types of projects and involvement from the Department of Environmental Quality will be important.

Q: Is there a standardized methodology for emissions reduction?

A: There are multiple competing methods that are being contested. This is something that the technical team should judge.

Q: Should we include in the review the anticipated impact on the ability of the State to meet its carbon neutral goals?

A: The Legislature did not include carbon neutral goals in the statute, but it was indicated that subsections 1 and 3 of 5.01 should provide how the project will be of value to the State and reduce environmental impacts.

Q: Who will present the Authority’s recommendation to the Industrial Commission?

A: Al Anderson will make that presentation.

Q: In regard to disbursement of funds, the proposed guidelines indicate they would be done on a reimbursement basis. Does that apply to the loans as well as the grants?

A: The interest rate is set in the statute and the term of the loan is not set. The Bank will be making a recommendation to the Authority on the fiscal feasibility and possible loan terms. The Authority can establish specific covenants as to when the disbursements will be made.

Q: Can an application go forward to the CSEA if the CSEA Technical Committee voted that the project was not feasible?

A: Yes, the application would move forward to the CSEA voting members with whatever recommendation is made on the application.

Mr. Anderson reviewed the draft application document, and it will be adjusted as needed based on the changes made in the guidelines.

Mr. Anderson reviewed the draft scoring and ranking documents and process. He pointed out the difference between the Independent Technical Reviewers scoring (limited to technical review) and the scoring that will be done by the CSEA Technical Committee (will include both the technical review and the fiscal review through a North Dakota “lens”). It was suggested that the CSEA Technical Committee Scoring Form include three boxes – Fund, Consider Funding, Do Not Fund. This would show how each Technical Committee member evaluated the project and those scores would be compiled for the CSEA. That would be more informative for the Authority on how the projects were ranked by each Technical Committee member. It was noted that the law requires a vote by the Technical Committee but the scoring information by each Technical Committee member would be important information for the CSEA.

Mr. Anderson reviewed the proposed timeline and asked that Committee members respond to the doodle polls when they are sent out as it is a challenge to find meeting times for the committee meetings. The next step is to post the proposed guidelines for public comment (deadline of September 14) and once that comment period is completed the comments and the proposed guidelines recommended at this meeting will be given to the Industrial Commission for their consideration. He indicated that there is still time for any member of the public and the Committee members to submit additional comments. Ms. Pfennig noted that it appears the CSEA meeting will be September 17.

It was moved by Lynn Helms and seconded by Rachel Retterath that the Draft Guidelines be approved as edited and recommended approval to the Clean Sustainable Energy Authority. On a roll call vote Helms, Retterath, Gorecki, Glatt, Kringstad, Hullet and Weeda voted aye. No one voted no. Mr. Leiman was absent and not voting. The motion carried.

It was moved by Kelvin Hullet and seconded by John Weeda that the Technical Committee approve the proposed Scoring/Ranking Flow Process as revised and recommend approval to the Clean Sustainable Energy Authority. On a roll call vote Helms, Retterath, Gorecki, Glatt, Kringstad, Hullet and Weeda voted aye. No one voted no. Mr. Leiman was absent and not voting. The motion carried.

With no further business, Lt. Governor Sanford adjourned the meeting at 4:37 p.m.

Lt. Governor Brent Sanford, Chairman