

LMFS-00-34
PHASE II - MARKETING AND DEVELOPMENT FOR THE
LIGNITE VISION 21 PROJECT

CONTRACTOR: Lignite Energy Council

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CONTRACT AMOUNT: \$500,000

Project Schedule – 15 Months
Contract Date – 3/21/00
Start Date – 4/1/00
Completion Date – 12/31/01

Project Deliverables
Quarterly Reports – 8/1/00 ✓
Quarterly Report - 12/1/00 ✓
Quarterly Report - 3/1/01 ✓
Draft Final Report – 4/30/01 ✓
Final Report – 12/31/01 ✓

OBJECTIVE / STATEMENT OF WORK

The strategic vision for the Lignite Vision 21 Project is economic development through revitalized growth in the lignite industry. Specific objectives and the vision of the Lignite Vision 21 project for the State of North Dakota is to increase jobs, business growth, and tax revenue.

The objective of the Lignite Vision 21 Project Phase II – Marketing and Development is to construct a new lignite-fired power plant in North Dakota. The new lignite-fired power plant will generate low cost electrical energy to be sold to electric utility and power marketer customers in the states surrounding North Dakota. The purpose of this project is to revitalize growth in the lignite industry. Specific objectives for the Phase II Lignite Vision 21 Project are as follows:

- Identify wholesale customers (Utilities and Power Marketers)
- Identify equity owners (Utilities, Power Marketers, Energy Investors)
- Provide engineering, technical, and legal support for marketing activities
- Develop marketing activities
- Develop a Project Commercialization Phase III Plan
- Coordinate activities of the Advisory Committees providing technical and business expertise and assistance in development and implementation of the Lignite Vision 21 Project
- Establish and maintain project management over the Phase II activities and support studies

STATUS

The Phase II work has resulted in three developers submitting grant applications and receiving funding commitments from the Industrial Commission of North Dakota for three Lignite Vision 21 Projects.

Great River Energy of Elk River, MN, current operator of the Coal Creek and Stanton Stations, submitted a grant application for \$10,000,000 on February 1, 2001 (FY01-XL-106). The GRE application did not identify a specific site but noted that the site would be identified by their Phase 1 feasibility studies to be conducted from 2001 to 2003.

Montana Dakota Utilities and Westmoreland Power, Inc. are jointly developing a potential site near Gascoyne, North Dakota as a result of a grant application for \$10,000,000 submitted on March 1, 2001 (FY01-XLI-107). Both GRE and MDU/Westmoreland estimate plant commercial operation by 2008.

Great Northern Properties has received a commitment from the Industrial Commission for the feasibility study evaluating three potential LV 21 sites in North Dakota (FY02-XLIII-108).

In addition during Phase II, a Transmission Study was completed, further enhancing the potential for LV 21 project development. The Phase II transmission study, FY01-XXXVII-104, evaluated, successfully identified and estimated costs for transmission export from seven sites in North Dakota. The Phase II Transmission Studies of seven different sites showed that each site is feasible and estimated each site's costs as well as costs common to all sites. Lists of potential customers and equity owners are being maintained and refined. Marketing activities supported the project with LV21 folders and CDs, news releases, direct-mail letters, and continuous updates to the website at www.lignitevision21.com.