

MONTANA-DAKOTA UTILITIES CO.

Before the North Dakota Public Service Commission

Case No. PU-21-373

Rebuttal Testimony
of
Darcy J. Neigum

1 **Q. Please state your name and business address.**

2 A. My name is Darcy J. Neigum and my business address is 400
3 North Fourth Street, Bismarck, North Dakota 58501.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am the Director of System Operations and Planning for Montana-
6 Dakota Utilities Co. (Montana-Dakota).

7 **Q. Are you the same Darcy J. Neigum who filed direct testimony earlier
8 in this proceeding?**

9 A. Yes, I am.

10 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

11 A. The purpose of my rebuttal testimony is to address the letter from
12 Mr. Victor Schock and the Commission's Advocacy Staff recommendation
13 to deny Montana-Dakota's request for a financial incentive for the
14 Minnkota PPA.

15 **Q. Do you agree with Mr. Schock's recommendation?**

16 A. No, I do not. The Company believes that it meets the requirements
17 created by SB 2206 and North Dakota Century Code (NDCC) 49-06-02(4).

1 as it pertains to a financial incentive in rates for a power purchase
2 agreement (PPA) that the Company has entered with Minnkota Power
3 Cooperative (Minnkota).

4 **Q. What was your understanding of the intent of SB 2206?**

5 A. The intent of SB 2206 was to incentivize North Dakota utilities to
6 enter into power purchase agreements with new and existing coal-fired
7 generating plants that burn lignite fuels like Milton R. Young Unit 1.

8 **Q. What is the requirement for a qualifying resource to be eligible for
9 financial incentive under NDCC 49-06-02(4).**

10 The requirement is for a PPA to be eligible it must be from a
11 dispatchable on-demand generating unit, plant, or facility deemed to
12 protect grid reliability. It does not say the PPA cannot be a firm purchase
13 agreement, only that the unit or plant must be capable of being
14 dispatchable.

15 **Q. Did the North Dakota Public Service Commissioners provide
16 comments for SB 2206?**

17 A. Yes, Commissioner Fedorchak provided supportive comments to
18 the legislature stating the bill “provides an opportunity for IOUs entering
19 into a purchase power agreement with a facility utilizing North Dakota
20 lignite, to receive a reasonable financial incentive if the facility is deemed
21 necessary to protect grid reliability” and “with that in mind, the Commission
22 believes this bill is an appropriate step to incentivize IOUs to again,
23 evaluate the implementation of carbon capture technology and purchase

1 power agreements with owners of in-state baseload generation for the
2 purpose of maintaining system reliability.”

3 Commissioner Kroshus provided similar supportive comments to
4 SB 2206.

5 **Q. Does Milton R. Young Unit 1 protect grid reliability?**

6 A. Yes, by its nature of being a coal-fired generating unit, the plant is
7 capable of being able to deliver energy into the transmission system on a
8 demand basis, it helps to control transmission system voltage, and it
9 provides ancillary services in the area which protects grid reliability.

10 **Q. Are you aware of a process to deem a generating facility necessary
11 to protect grid reliability?**

12 A. No, the term “deemed necessary to protect grid reliability” is not
13 specifically defined and I am not aware of a process to evaluate a specific
14 resource to be deemed to be necessary to protect grid reliability. MISO’s
15 Attachment Y generator retirement process does require a study to
16 determine if there are any impacts to the transmission system after a
17 MISO generator is retired which must be mitigated before the unit can be
18 retired. This Attachment Y study is only conducted if a generator provides
19 notice of its intent to be retired.

20 **Q. Does SB 2206 or NDCC 49-06-02(4) impose any requirements as to
21 when a qualifying PPA must be executed to be eligible for incentive
22 treatment?**

23 A. No, they do not.

24

1 Q. **Does this conclude your rebuttal testimony?**

2 A. Yes, it does.