

**BEFORE THE PUBLIC SERVICE COMMISSION  
STATE OF NORTH DAKOTA**

IN THE MATTER OF THE APPLICATION  
OF SCS CARBON TRANSPORT LLC FOR  
A CERTIFICATE OF CORRIDOR  
COMPATIBILITY AND ROUTE PERMIT  
FOR THE MIDWEST CARBON EXPRESS  
PROJECT IN BURLEIGH, CASS, DICKEY,  
EMMONS, LOGAN, MCINTOSH,  
MORTON, OLIVER, RICHLAND AND  
SARGENT COUNTIES, NORTH DAKOTA

CASE NO. PU-22-391

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**DIRECT TESTIMONY OF DAN PICKERING**

**ON BEHALF OF**

**SCS CARBON TRANSPORT LLC**

**April 22, 2024**

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665	PU-22-391	Filed 07/01/2024	Pages: 6
SCS Exhibit SCS R-10 - Pre-Filed Testimony of Dan Pickering (Dkt. #528)			
SCS Carbon Transport LLC			
528	PU-22-391	Filed 04/18/2024	Pages: 6
Prefiled Direct Testimony of Dan Pickering			
SCS Carbon Transport LLC			
Lawrence Bender, Fredrikson&Byron, P.A.			

1    **Q.     Please state your name, present position and business address for the record.**

2    A.     My name is Dan Pickering. I am the Founder and Chief Investment Officer of Pickering  
3           Energy Partners (“PEP”). My business address is 100 Waugh Drive, Suite 600, Houston,  
4           TX 77007.

5    **Q.     Please briefly describe your educational and professional background.**

6    A.     I have a Bachelor of Science in Petroleum Engineering from the Missouri School of  
7           Science and Technology and a Master of Business Administration from the University of  
8           Chicago. I have over thirty years’ experience as an energy portfolio manager, researcher  
9           and analyst. PEP is a financial services firm focused on the energy sector. In my role at  
10          PEP, I am an energy analyst and strategist, portfolio manager and investment banker. Prior  
11          to joining PEP, I served as the President of Tudor, Pickering, Holt & Co., and Chief  
12          Investment Officer of TPH Asset Management.

13   **Q.     What is your role with respect to Summit’s carbon dioxide pipeline project?**

14   A.     Summit has asked me to advise on the financial and economic aspects and impacts of the  
15          project.

16   **Q.     What is the purpose of your testimony?**

17   A.     The purpose of my testimony is to provide the North Dakota Public Service Commission  
18          (“Commission”) with information concerning the benefits of Summit’s project to North  
19          Dakota, including job and revenue creation, the potential for enhanced oil recovery and  
20          attracting other businesses to the state.

1 **Q. How will Summit's project create both temporary and permanent jobs in North**  
2 **Dakota?**

3 A. The Summit project is large-scale undertaking involving significant capital expenditures  
4 to build/install the pipeline itself, along with the injection and monitoring facilities.  
5 According to Ernst & Young's April 2022 report, approximately \$900 million will be spent  
6 in North Dakota on ~350 miles of pipeline and related facilities. Given the significant  
7 size/scope, pipeline construction will last for several years. If several years is considered  
8 temporary, Ernst & Young estimates direct employment in North Dakota associated with  
9 this part of the project at ~1400 jobs (suppliers and contractors) with another ~500 jobs  
10 created indirectly. Economic impact associated with this activity was estimated at \$1.1  
11 billion, a figure that is almost certainly higher in 2024+ given inflationary impacts. In  
12 today's market, the employment estimate of 1500-2000 jobs is realistic, but the economic  
13 impact will be closer to \$1.2-\$1.3 billion from my perspective (+5-15% above 2022  
14 estimates).

15 After completion and startup of the Summit project, the ongoing business of the carbon  
16 capture, utilization and storage ("CCUS") project will be to administer and oversee the  
17 import and injection of 10-20 million metric tons per annum of CO<sub>2</sub>. Based on information  
18 from Summit and the 2022 Ernst & Young report, the project should generate 30-50 full  
19 time North Dakota jobs, with 2x-3x full time North Dakota jobs coming from  
20 suppliers/vendors and their associated impact (or 60-150 additional jobs). Thus, the total  
21 North Dakota jobs impact will be 90-200, most likely at above average income generation.  
22 Ernst & Young estimates ~\$50 million of economic impact or roughly \$100,000-\$200,000  
23 per person employed, which, from prior experience, is consistent with other energy projects  
24 across the country.

1 **Q. How do these additional jobs benefit other businesses and citizens operating and**  
2 **living in North Dakota?**

3 A. First, and in addition to what I have already testified to, high paying Summit jobs should  
4 have a magnifying effect on overall employment as the spending from direct employees  
5 filters through to economic growth and the need for additional employment in  
6 service/ancillary businesses.

7 Second, it is possible that North Dakota could become a central player in the US CCUS  
8 industry given the clear time/volume/price advantage that will be created by the Summit  
9 project. It is hard to predict exactly how this could manifest, but becoming a leader in  
10 clean energy has to be viewed as a positive for the state and its people (much like being a  
11 technology leader has benefited Palo Alto and California).

12 **Q. What additional revenue will Summit's project bring to North Dakota, both private**  
13 **and public?**

14 A. First, CCUS projects require the operator to lease underground pore space to sequester the  
15 injected CO<sub>2</sub>. These lease payments go directly to North Dakota landowners.

16 Second, CCUS projects use meaningful amounts of power, which means Summit will have  
17 to source power from North Dakota electric power generators. The 2022 Ernst & Young  
18 report indicates \$4 million of power will be sourced in North Dakota.

19 Third, the Summit project will initially gather CO<sub>2</sub> from one North Dakota ethanol plant  
20 (Tharaldson), generating economic uplift for the facility owners and North Dakota.  
21 Additional ethanol plants may be incentivized over time by the proximity of Summit's  
22 pipeline and the tax credits associated with carbon sequestration.

23 Fourth, the implementation of Summit's project should establish North Dakota as a primary  
24 player in the CCUS industry. This first mover halo should allow North Dakota to attract

1 incremental volumes of CO<sub>2</sub> and bring in additional clean energy companies/jobs/revenues  
2 for the state.

3 **Q. Are there any other direct or indirect economic impacts of Summit's project?**

4 A. Yes, Summit's project will promote future CCUS opportunities, expansion of the CO<sub>2</sub>  
5 utilization industry, bolster revenue diversification and provide benefits to North Dakota  
6 farmers.

7 As North Dakota becomes central to and entwined in the United States carbon sequestration  
8 and overall carbon market via the Summit project, the likelihood increases that future  
9 CCUS projects can/will be sited in North Dakota. While Summit's 20 million metric tons  
10 per annum project is meaningful, the potential to double or triple CCUS in North Dakota  
11 certainly exists, with commensurate increases in economic impact.

12 Also, CO<sub>2</sub> is used in fertilizer production (urea), agriculture (greenhouse), food &  
13 beverage, metal fabrication and other industries. These industries could grow/expand/enter  
14 North Dakota with positive impacts on job creation and economic impact.

15 In addition, diversification of North Dakota's revenues/economy will occur with the  
16 Summit project and the advent of CCUS in North Dakota. In the future, revenues from the  
17 CCUS industry should help offset the inevitable decline of hydrocarbon production and the  
18 associated decline in tax revenue and economic impact.

19 Last, carbon sequestration enhances the economics of ethanol production through the  
20 generation of tax credits and incremental revenue. By enhancing ethanol profitability, the  
21 Summit project helps bolster demand for ethanol production, which drives corn demand  
22 and should ultimately support/enhance corn prices. Higher (or more steady) corn prices  
23 should flow through to benefit all corn farmers, including those in North Dakota.

Quantifying that impact is difficult because predicting prices of any commodity, including corn, is extremely challenging, but the direction impact is positive.

**Q. How does Summit's project help fulfill other energy needs of North Dakota?**

A. It is likely that more CO<sub>2</sub> will enter North Dakota over time. This CO<sub>2</sub> can support Enhanced Oil Recovery projects (EOR) in the Bakken Shale and conventional fields to generate higher recovery/production volumes and extend the life of these fields. This should result in sustaining or enhancing the benefits currently being generated for the state/population by the energy industry.

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

A. Yes.

**Dated this 18<sup>th</sup> day of April 2024.**

DocuSigned by:

*Dan Pickering*

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**Dan Pickering**