

February 26, 2025



The Honorable Tim Walz  
Governor of Minnesota  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155

CC: Minnesota Legislative Leaders

Dear Governor Walz and Legislative Leaders,

I am writing to you on behalf of the State of North Dakota to address concerns regarding Minnesota's 2023 100% carbon-free electricity mandate, codified in Minnesota Statutes Section 216B. 1691, and its potential impacts on our longstanding partnership in energy production, grid stability, and reliability. North Dakota values its collaborative relationship with Minnesota, and it is with this spirit of cooperation I urge you to consider critical amendments in the 2025 legislative session to Minnesota's 100% carbon-free mandate to avoid unintended consequences for both our states.

North Dakota has long been a leader in energy production, consistently ranking among the top states in total energy generation with the lowest residential electricity rates while maintaining some of the best air and water quality in the nation. Our state exports a substantial portion of its power generation—exceeding 20,000 gigawatt hours in 2022 alone—into the Midcontinent Independent System Operator (MISO) grid, which directly benefits Minnesota consumers with reliable and affordable electricity.

Our commitment to clean energy is unwavering. North Dakota's diverse energy portfolio includes a robust lignite industry, which contributes over \$5.5 billion annually in regional economic impact, supports more than 12,000 high-paying careers, and generates over \$100 million in state and local tax revenues. This industry not only strengthens our economy but also plays a key role in our innovative approach to carbon management. These projects include utilizing captured carbon dioxide to produce a carbon-neutral barrel of oil, further benefiting our nation's energy security.

The Lignite Research Council, in collaboration with the Energy and Environmental Research Center in Grand Forks, has been at the forefront of carbon capture technology research and development for decades. These efforts have been supported by millions of dollars of investments from federal and state governments, as well as from the lignite industry itself, showcasing a strong and enduring commitment to advancing clean energy solutions.

North Dakota possesses unique geological advantages for carbon sequestration, with the capacity to safely and permanently store over 252 billion tons of carbon dioxide—equivalent to more than

50 years of the entire nation's carbon footprint. We have invested over \$268 million in clean energy technology grants and pledged an additional \$250 million in low-interest loans to support one of the largest carbon capture projects in the world.

However, Minnesota's carbon-free electricity mandate, as currently written, threatens to undermine these efforts. By requiring utilities selling power to retail customers in Minnesota to generate exclusively from "carbon-free energy technologies" by 2040, this legislation may inadvertently regulate energy production beyond Minnesota's borders. Such an approach raises significant constitutional concerns as it will burden interstate commerce in violation of the U.S. Constitution's Dormant Commerce Clause, regulate wholesale sales of electricity preempted by the Federal Power Act, and regulate carbon dioxide emissions from power plants preempted by the Clean Air Act. These concerns were highlighted in the prior legal dispute between our states in North Dakota v. Heydinger et al., where North Dakota prevailed.

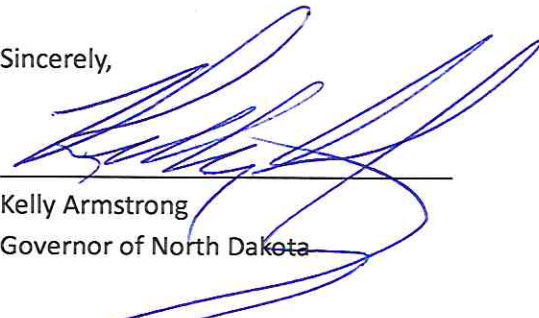
To avoid another costly and divisive legal battle, I respectfully request Minnesota adopt clarifying language in the 2025 legislative session to ensure the carbon-free mandate solely applies to electricity generation within Minnesota's own borders. This amendment would preserve Minnesota's legislative intent while respecting North Dakota's legal right to conduct business activities within its jurisdiction.

Additionally, the North Dakota Legislative Assembly proactively has been appropriating millions of dollars for litigation funding to protect the production of our natural resources and lignite industries. Coinciding with Minnesota's legislative efforts to pass House File No. 7 and Senate File No. 4, the North Dakota Legislative Assembly originally appropriated these funds during the 2023 legislative session to prepare for potential challenges. This funding currently is being reauthorized in Senate Bill No. 2014 (2025) to defend North Dakota's sovereignty—whether against the federal government or a neighboring state.

North Dakota remains steadfast in its mission to provide safe, reliable, and increasingly carbon-neutral energy to Minnesota and the broader region. We believe with this adjustment, our states can continue to effectively collaborate on shared energy goals, including the ongoing work to lower carbon dioxide emissions and grid resilience initiatives.

Thank you for your attention to this matter. I am confident with open dialogue and mutual respect, we can find a balanced path forward that secures a reliable and sustainable energy future for both Minnesota and North Dakota.

Sincerely,



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Kelly Armstrong  
Governor of North Dakota