



# \$2B North Dakota CCS project delayed as energy company exits

BY CARLOS ANCHONDO | 12/02/2024 06:40 AM EST

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**ENERGYWIRE** | The lead developer of a \$2 billion carbon capture project at a North Dakota coal plant said there won't be a final decision this year on whether to move ahead, marking a new delay for a project that also lost a key sponsor.

Developers of Project Tundra were seeking to reach a final investment decision by the end of 2024, but that target has been postponed, according to Ben Fladhammer, a spokesperson for Minnkota Power Cooperative.

Minnkota has opposed EPA's new power plant rule that would require existing coal plants and future natural gas plants to tackle their carbon dioxide emissions. The electricity provider argues that the rule, which was released earlier this year, threatens reliability and affordability. But the incoming Trump administration has criticized numerous federal energy regulations — and President-elect Donald [Trump has pledged to undo EPA's new rule](#).

"We continue to assess and navigate federal funding opportunities, potential EPA compliance obligations and ongoing supply chain and inflationary pressures," Fladhammer said in a statement. "As we proceed with work in each of these areas, we recognize that external factors will dictate decision-making timelines."

Project Tundra aims to capture up to 4 million metric tons of carbon dioxide annually from the coal-fired Milton R. Young Station in North Dakota. The coal-fired plant's [two units have a combined generating capacity](#) of 705 megawatts.

To date, there is only one commercial-scale carbon capture and storage project on a U.S. power plant: the Petra Nova facility in Texas. However, 20 CCS projects in the domestic power sector

are in advanced development, [according to a recent report](#) from the Global CCS Institute, a think tank that works to increase carbon capture deployment.

But Project Tundra will have to go forward without Canada-based TC Energy as a partner.

In an email last week, the oil and gas company told POLITICO's E&E News it "has made the decision to discontinue its development activities with Project Tundra in agreement with Minnkota."

"We fully support Minnkota's efforts as they continue to advance Project Tundra, a leading CCS project that promises to deliver secure and sustainable energy solutions for North Dakota," said TC Energy spokesperson Michael Tadeo.

Minnkota's Fladhammer didn't specify a new target for making a final investment decision. He said, "Project timelines are shaped by numerous external factors, which makes it difficult to set an exact date." The project's estimated cost is \$2 billion, he said.

Last year, Minnkota [announced an agreement with TC Energy](#) — in addition to two other energy companies — to advance the project. TC Energy was slated to "lead commercialization activities, including qualifying for federal 45Q tax credits," according to a June 2023 news release.

"TC Energy played a pivotal role as a partner in the development of Project Tundra, and their contributions provided tremendous value," Fladhammer said. "While we remain optimistic about advancing the project, securing capital resources will be essential to reaching a final investment decision."

While environmental regulations are a likely target for Trump, some members of his incoming administration have been supportive of carbon capture efforts. They include North Dakota Gov. Doug Burgum (R), whom Trump has tapped to be Interior secretary and the head of a new National Energy Council.

Project Tundra has also received federal backing.

In October, the Department of Energy [awarded nearly \\$49 million](#) to Project Tundra to go toward construction of the carbon storage facility.

Earlier in the year, DOE said it was awarding nearly \$4.2 million to Project Tundra to "develop a site evaluation summary and preliminary business plan, start community benefits planning, and continue project permitting," [according to a DOE fact sheet](#). DOE could make up to \$350 million available to the project.

DOE did not provide a comment when asked last week about Project Tundra.

Also this year, the Agriculture Department [unveiled more than \\$7.3 billion](#) in financing for rural electric cooperatives, including Minnkota, to build more than clean energy.

The Empowering Rural America investment in Minnkota will support its "pursuit of a carbon capture and storage project (Project Tundra)" and the procurement of 370 MW of wind energy in the state, according to a news release.

"Now that Minnkota Power Cooperative has advanced through the competitive stage of the program, the agency will engage in a direct negotiation to create financing packages to implement their proposed clean energy plans," said Agriculture Department spokesperson Allan Rodriguez in a statement last week. "Once that negotiation and analysis is complete, a selectee becomes an awardee."

An award agreement would identify the exact amount of loans and grants committed to a proposed project.

Hudson Kingston, legal director for the community-focused environmental group CURE, said Minnkota should invest in wind and solar instead of installing carbon capture at the Milton plant.

"We think it's important that Minnkota considers actual clean energy, as opposed to Project Tundra, and especially now with other large generation and transmission co-ops turning to things like wind and solar in a big way," Kingston said in an interview.

It's a better use of "member owners' money and taxpayer money to invest in actual clean energy in places like North Dakota with plentiful wind resources," he added.

Besides Minnkota, the project is still being developed by Mitsubishi Heavy Industries and Kiewit. TC Energy is no longer listed as a collaborator on Project Tundra's website.

"TC Energy will continue to pursue the development of projects that align with our commercial preferences, maximize the value of our existing assets and establish a strong competitive position," said Tadeo, the company spokesperson.

Fladhammer at Minnkota noted that the federal 45Q tax credit, which provides a monetary value per metric ton of CO2 stored underground, saw changes during the first Trump administration. It also has been bolstered during the Biden administration.

"We believe the incoming administration and Congress are committed to maintaining the critical fossil fuel resources on the nation's electric grid, while also advancing world-leading technologies," Fladhammer said.