

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

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HP 22-002

IN THE MATTER OF THE APPLICATION :  
OF NAVIGATOR HEARTLAND :  
GREENWAY LLC FOR A PERMIT UNDER :  
THE SOUTH DAKOTA ENERGY :  
CONVERSION AND TRANSMISSION :  
FACILITIES ACT TO CONSTRUCT THE :  
HEARTLAND GREENWAY PIPELINE IN :  
SOUTH DAKOTA, :  
:

**DIRECT TESTIMONY  
OF DAVID GILES**

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**1. Please state your name and address for the record.**

Answer: My name is David Giles. My business address is 13333 California Street, Suite 202, Omaha, Nebraska 68154.

**2. Please state your position with Navigator and provide a description of your responsibilities.**

Answer: I am the President and Chief Operating Officer of each of Navigator Heartland Greenway LLC (“NHG” or “Navigator”) and Navigator CO2 Ventures LLC (“NCO2V”), which is a midstream infrastructure company focused on providing industrial customers in the Midwest with carbon capture and storage solutions. NCO2V is the parent company of the applicant in this proceeding, NHG. NCO2V is the sole member of NHG and owns 100% of the membership interests in NHG. As President and COO of each of NHG and NCO2V I am responsible for entire execution function of the company, including strategic planning, public policy, business development, and operations.

**3. Please describe your educational and professional background.**

Answer: I have a B.A. in Communications with a minor in Economics from the University of Arkansas and a J.D. from the University of Texas School of Law. I have 25 years of experience, 10 of which are in business development and public policy in midstream and downstream oil and gas and in the fuels industry. Prior to joining Navigator, I held various roles at Valero Energy Corporation and was most recently the VP of Strategic Planning & Public Policy. I also have 15 years' experience as a business attorney in corporate legal departments and private practice.

A copy of my resume is attached as Exhibit A.

**4. Have you previously submitted or prepared testimony in this proceeding in South Dakota?**

Answer: No.

**5. Please state the subject of your testimony and identify the sections of the application that Navigator has filed with the South Dakota Public Utilities Commission for which you are responsible.**

Answer: I will describe Navigator and the overall corporate structure of NHG and the affiliated companies developing the Pipeline and the related carbon dioxide capture and carbon dioxide sequestration components. I will sometimes refer to these companies collectively as "Navigator" or the "Navigator organization." I will provide an overview of the proposed carbon dioxide pipeline and related facilities, which I will sometimes refer to as the "Project," and their operation to capture and transport carbon dioxide produced at sources in South Dakota and other states to a proposed underground sequestration and storage site in Illinois for permanent storage. I will introduce the management team that is responsible for the Project. I will describe the

financial resources of Applicant and the Navigator organization. Finally, I will identify the other witnesses presenting direct testimony and briefly describe the topics they will cover in their respective testimonies. My testimony relates to the following sections of the Application.

Section 1.1—Project Purpose

Section 1.2—Demand for the Project

Section 1.3—Project Overview

Section 1.4—Project Ownership

Section 1.5—Name of Participants

Section 1.6--Project Cost

Section 1.7--Project Schedule

Section 8.0—Expansion Opportunities

**6. Under the laws of what state is NHG organized?**

Answer: NHG is a Delaware limited liability company in good standing.

**7. Is NHG registered and in good standing to do business in the State of South Dakota?**

Answer: Yes. Exhibit B is a copy of NHG’s certificate of authority to transact business in the State of South Dakota from the South Dakota Secretary of State.

**8. Please describe the ownership interests in NHG.**

Answer: NHG is a wholly-owned subsidiary of NCO2V, with 100% of the membership interests in NHG owned by NCO2V. As the sole member of NHG and in accordance with NHG’s limited liability company agreement, NCO2V has authority to and is responsible for managing the business and affairs of NHG. The membership interests in NCO2V are owned by BlackRock, Inc.’s \$5.1 billion Global Energy & Power Infrastructure Fund III (“GEPIF III”), its other investors, and members of the Navigator management team.

**9. Are there other companies involved in development of the Project?**

Answer: Yes. Navigator Carbon Services LLC, a Delaware limited liability company (“NCS”), an affiliate of NHG and wholly owned subsidiary of NCO2V, is developing carbon capture and compression systems which will be installed at participating customers’ facilities to capture, dehydrate, and compress carbon dioxide produced in the facility’s operations, before the condensed carbon dioxide is taken by the Pipeline for transportation. In addition, HG Carbon Storage LLC, a Delaware limited liability company (“HGCS”), also an affiliate of NHG and wholly-owned subsidiary of NCO2V, is developing the sequestration and storage site and facilities in Illinois, which will receive carbon dioxide transported by the Pipeline from customers’ facilities to a delivery point at the sequestration field. NCO2V owns 100% of the membership interests in NCS and in HGCS. I note that only the Pipeline, to be owned and operated by NHG, is the subject of Navigator’s application before the Commission. The carbon dioxide capture and compression facilities, and the sequestration and storage site and facilities, are not included in the permit application.

Additionally, another affiliated company, NES II LLC (“NES”), the employment entity for the Navigator organization, is the employer of the Navigator management team and is providing services for the development, construction, and operation of the Project. NES is a wholly-owned subsidiary of GEPIF III. To this end, NCO2V, as the sole member of NHG, has entered into a management and employment services agreement with NES, the scope of which covers NCO2V and its subsidiaries, including NHG. Through the management and employment services agreement, NES is contracted by NCO2V to provide (among other services) financing, corporate development, purchasing, facilities development, facility operations, marketing, and

other management services requested by NCO2V for the Project for NCO2V and its subsidiaries NHG, NCS and HGCS.

**10. Can you summarize the purpose of and need for the Project as explained in Section 1.1?**

Answer: The components of the Project are (1) carbon dioxide capture, dehydration, and compression facilities, being developed, installed, and managed by customers or NCS at customers' facilities that produce and emit carbon dioxide in their operations and processes or by the customers themselves; (2) the HGPS, to be owned and operated by Navigator, which will receive condensed carbon dioxide from the capture and sequestration facilities and transport and deliver it to a sequestration and storage facility in Illinois for permanent underground storage in a saline aquifer in the Mt. Simon Formation, or to off-take facilities currently planned to be located in Iowa; and (3) the sequestration and storage site and facilities in Illinois, which is being developed and will be managed by HGCS.

The Pipeline will traverse portions of South Dakota, Nebraska, Minnesota, Iowa, and Illinois. Customer facilities that, as of the date of this testimony, have entered into agreements with NHG to utilize the carbon dioxide transportation services to be provided by the Navigator, are located in each of these states. In South Dakota, the pipeline will serve Valero's facility in Aurora, and POET's facilities in Hudson, and Chancellor. A map of the pipeline in South Dakota is included as Exhibit A1 to the Application.

**11. Please provide an overview of the Pipeline in South Dakota.**

As stated in the Executive Summary to the Application, the HGPS consists of approximately 111.9 miles of new 6-inch and 8-inch diameter pipeline in parts of Brookings, Moody, Minnehaha, Lincoln, and Turner Counties. These pipelines represent three segments:

the South Dakota portion of the Aurora to Hartley segment (63.6 miles of 8-inch pipe), the Chancellor Lateral (22.6 miles of 6-inch pipe), and the Hudson Lateral (25.7 miles of 6-inch pipe). The pipeline continues from South Dakota in a southeast direction through Iowa. No aboveground facilities, other than a launcher/receiver facility that is described in Stephen Lee's testimony, will be constructed in South Dakota.

**12. Can you summarize the demand for the project as explained in Section 1.2?**

Answer: NHG conducted public open seasons in 2021 for commitments to be connected to the Heartland Greenway System for capture and transportation services on their CO2 emissions. NHG continues to solicit any CO2 emitters within the project's footprint who want to transport CO2. This process has resulted in agreements with industrial producers at 21 facilities, including three ethanol plants in South Dakota. The initial design capacity of the Pipeline, which capacity is not expected to be used by the 21 facilities at the outset, will be capable of capturing and transporting up to 10 MMT of carbon dioxide per year and can be expanded to its full potential capacity of up to 15 MMT per year. As a common carrier, NHG will reserve approximately 10% of total initial capacity to be available for "walk-up" shipper nominations that meet the terms of its tariff.

**13. Will Navigator be requesting authorizations from state siting regulatory authorities in other jurisdictions to construct and operate the Pipeline?**

Answer: Yes. NHG will be seeking permits from the Illinois Commerce Commission, Iowa Utilities Board, and Minnesota Public Utility Commission, under the applicable laws and regulations of those respective states. Other permits that Navigator must acquire for the Project are outlined in Table 1.8 of the Application.

**14. Can you describe the project ownership and participants as identified in Section 1.4 and 1.5?**

Answer: The pipeline will be owned and operated by NHG, of which I am the President and Chief Operating Officer. Other contacts for this proceeding are identified in Sections 1.5 of the Application.

**15. Is the development of the Project being guided by an experienced management team?**

Answer: Yes. Navigator is developing, and will construct and operate, the HGPS with the guidance, leadership, experience and direction of the Navigator organization and management team. As I noted earlier, the Navigator management team is employed by NHG's affiliated company NES, which provides the services of the Navigator management team for development, construction, and operation of the Project, including the HGPS. The Navigator management team, together with third parties contracted by Navigator either currently or to be contracted as part of the Project development, provide design, engineering, construction management, finance and operational services and expertise for the development of the Project. The Navigator organization is highly experienced in the pipeline and infrastructure industry with a proven management team with over 200 years of combined experience, including technical expertise across pipelines transporting multiple commodities, and with a strong safety track record. Further, the Navigator management team works with some of the world's largest energy companies as a trusted, safe and reliable developer, owner and operator of critical infrastructure. Over the past decade, the Navigator management team has acquired or constructed, and safely operated, approximately 1,300 miles of pipeline and associated infrastructure.

NHG and the Navigator management team are committed to building and operating the Project, including the HGPS, to meet and exceed regulatory and safety requirements while minimizing the collective impact on the environment, landowners, and the public during construction and ongoing operations. The Navigator team will manage the HGPS, providing the technical and managerial expertise and resources to design, build, operate and maintain the HGPS in a safe, efficient, and environmentally sound manner. Further (and as described in greater detail by Applicant's witnesses Stephen Lee, Vidal Rosa and Andrew Duguid), Navigator has retained and is working with third-party experts in the field of carbon dioxide transportation and sequestration to assist with and validate Project routing, design, construction, and operation.

**16. Please identify the principal members of the Navigator management team who are involved in the development of the HGPS and the Project.**

Answer: The Navigator management team includes the following members. The position stated for each member is with NES, which is the employment entity in the Navigator organization.

Matt Vining, Co-Founder and Chief Executive Officer: Matt has over 15 years of industry experience. He co-founded Navigator Energy Services, LLC (the initial Navigator management team company, with similar sponsors and many of the same management team) in 2012, which was sold to NuStar in 2017.

Jeff Allen, Executive Vice President and Chief Financial Officer: Jeff has over 20 years of industry experience. He serves as the Executive Vice President and Chief Financial Officer of all Navigator entities and has extensive prior midstream industry experience.

Laura McGlothlin, Executive Vice President and Chief Commercial Officer: Laura has over 22 years of industry experience. She previously managed the Shell Trading Rockies office and managed a crude oil book of over 150,000 barrels per day.

Kevin Strehlow, Executive Vice President and General Counsel: Kevin has over 15 years of industry experience. He previously served as the Chief Counsel at Sunoco Logistics.



David Giles, President and Chief Operating Officer: David has over 20 years of industry experience. He previously served as the Vice President of Strategic Planning and Public Policy for Valero Energy Corporation, a leading petroleum refining and marketing company.

Tyler Durham, Senior Vice President and Chief Development Officer: Tyler has over 16 years of industry experience. He previously served as the Director of Carbon Capture and Sequestration at Schlumberger Oilfield Services & Schlumberger New Energy.

Stephen Lee, Senior Vice President of Engineering: Stephen has over 22 years of industry experience. He previously served as the Director of Special Projects at Plains All-American Pipeline, a major U.S. pipeline operator.

Vidal Rosa, Senior Vice President of Operations: Vidal has over 22 years of industry experience. He served as Director of Commercial Development for Oxy Midstream Strategic Development, LLC a worldwide Oil and Gas Operator with midstream assets in the US, where he managed special projects and midstream joint ventures.

Christopher Brown, Vice President of Capital Projects: Chris has over 31 years of industry experience. He previously served as Director of Engineering for Williams Companies, one of the country's leading midstream companies.

Monica Howard, Vice President of Environmental and Regulatory. Monica has over 22 years of industry experience. She previously served as Senior Director of Land and Environmental Permitting at Crestwood Midstream and Director of Environmental Science at Energy Transfer Partners.

Ann Welshans, Director ROW. Ann has 15 years of industry experience. She previously served as Project Manager for Universal Field Services.

Additionally, Matt Vining, Jeff Allen, Kevin Strehlow, Stephen Lee, and I are officers of each of Applicant, NCO2V, NCS and HGCS with the same positions and roles.

**17. Please summarize the project cost as stated in Section 1.6.**

Answer: The total project cost is estimated to be approximately \$3.2 billion.

Construction in South Dakota of approximately 111.9 miles of pipeline is estimated to cost approximately \$154 million.

**18. What are Applicant’s anticipated sources of capital to develop and construct the Project?**

Answer: The Project, including HGPS, is financially backed by BlackRock, Inc.’s GEPIF III, which has existing committed equity of \$5.1 billion, and co-investors, including members of Navigator management. GEPIF III and BlackRock subsidiary BlackRock Alternatives Management, LLC will be primarily responsible for raising the necessary capital. BlackRock is one of the nation’s leading providers of financing for energy infrastructure projects.

**19. Please describe the project schedule as explained in Section 1.7.**

Answer: Construction is scheduled to begin in 2024 after all required permits and approvals have been obtained and major materials are ordered. The pipeline in-service is expected in 2025. Restoration activities after construction will continue as necessary in 2025.

**20. Please describe expansion opportunities as explained in Section 8.0.**

Answer: The initial design capacity of the HGPS, which is not expected to be fully utilized by the 21 facilities at the outset of the Project, is for a system capable of capturing and transporting up to 10 million metric tons (MMT) of carbon dioxide per year and can be expanded to its full potential capacity of up to 15 MMT of carbon dioxide per year by adding booster stations along the initial system and laterals to connect any new customer locations. Navigator currently has an agreement with one of its customers to connect to an additional 10 facilities in a later phase of development, three of which are in South Dakota, and Navigator anticipates entering into agreements with additional CO<sub>2</sub>-emitting facilities for future development phases. The timing of additional phases has not yet been established.

**21. Does this conclude your direct testimony?**

Answer: Yes.

Dated this 26th day of September, 2022.

/s/ David Giles  
David Giles