

Great River Energy Comments
North Dakota Department of Health Public Meetings
Development of a State Plan Pursuant to Clean Power Plan

Good evening. My name is Morris Hummel I am the MANAGER of Regulatory SERVICES for Great River Energy. The North Dakota Department of Health is soliciting comments to help inform the development of its state implementation plan. Great River Energy appreciates the opportunity to provide brief comments at this public meeting. We will submit more detailed written comments by the December 18 deadline.

Great River Energy is a not-for-profit electric generation and transmission cooperative, owned by our 28 member electric distribution cooperatives. Great River Energy owns and operates three coal-fired power plants in North Dakota, all covered by the Clean Power Plan. Electricity from these plants serves our members' 660,000 consumer members, or about 1.7 million people. The three plants are very efficient, from a carbon intensity standpoint. One of them, the 99-megawatt Spiritwood Station, has a carbon intensity of between 1,100 to 1,300 pounds of CO₂ per megawatt hour. This is below EPA's target for North Dakota of 1,305 pounds per megawatt hour.

In the Clean Power Plan, EPA has adopted perhaps the most far-reaching and complex environmental regulation in history, and has imposed stringent goals for reduction of CO₂ emissions. We expect compliance will be very difficult. Compliance in a way that maintains reliability and keeps energy costs as low as possible for consumers will be even more difficult. Nevertheless it is GRE's goal to focus on complying with the rule in a way that does not compromise reliability AND minimizes cost increases to our members and their member consumers.

Great River Energy believes it is imperative that North Dakota develop and submit to EPA a compliant state implementation plan, or "SIP." The Clean Power Plan provides states with much flexibility in plan development and implementation. There are many compliance options that will allow North Dakota to continue to be an energy exporter and specialist in the reliable and affordable production of electricity from coal. We urge North Dakota to take full advantage of

the flexibility provided by the rule. To that end, North Dakota should consider all appropriate actions that will retain reliability and minimize economic impact to the state, the utilities and, ultimately, electricity consumers.

As we continue to analyze the rule, GRE is beginning to identify ~~the~~ characteristics of a SIP that we believe will best ensure reliability and promote affordability.

Emphasis use

1. GRE believes that promoting the continued operation of North Dakota's eight coal-fired power plants should be a central goal of North Dakota's SIP. ¹¹ Those plants provide affordable, reliable, necessary baseload electricity to consumers inside and outside of North Dakota and are the centerpiece of an industry that provides thousands of jobs to North Dakotans. The best way to preserve this industry is to submit a SIP that utilizes every available compliance tool.
2. GRE believes that trading of emission allowances or credits is the most economically efficient way to implement the Clean Power Plan. We therefore recommend that North Dakota and all other affected states authorize trading in their SIPs and work together to arrive at a regional or national trading system. The availability of a trading-ready plan will enable North Dakota to trade with other states without the need for a multi-state plan.
3. We also believe that trading and relying on regional energy markets is the best way to ensure reliability. The Clean Power Plan limits emissions from coal-fired power plants; it doesn't eliminate them! That is recognition of the essential reliability function of baseload coal. Allowing trading will ensure that the most efficient plants rise to the top and continue to provide baseload power.
that
4. A key consideration in a trading participation program is whether a rate-based or a mass-based system is best for North Dakota. This determination requires extensive analysis. Many efforts are underway by GRE, other utilities, independent system operators, and industry experts to model and otherwise evaluate the impact of each approach. It is a complex question, to be sure, and requires more time. Two ~~and~~ factors that will

influence the determination, ~~which~~, include whether a state is growing and whether a mass-based or a rate-based system will be better at promoting interstate trading. We would like the opportunity to comment again later, after we have had a chance to model the effect of each system, as to whether a rate-based or a mass-based system is better for North Dakota.

5. GRE believes that states should allocate all allowances or credits at no cost to the electric utilities ~~covered~~ ^{own} ~~in~~ state. Any allowance or credit that utilities are required to purchase to achieve compliance with the rule, will raise costs for electric consumers.
6. The Clean Power Plan provides a variety of compliance tools for the states to incorporate in their SIPs. Included in those tools are plant efficiencies, energy efficiency, future renewables, a clean energy incentive program, and others. North Dakota's SIP should be written as flexible as possible to let utilities pick and choose the tools they use to comply.

Great River Energy supports North Dakota seeking a two-year extension to submit a final state implementation plan. Because of the complexity of the rule and the benefits of collaborating with other states, we recommend that North Dakota take advantage of this opportunity. The end result will be a SIP that works best for North Dakota.

Great River Energy will continue to work with North Dakota to shape its SIP in a way that promotes reliability and affordability for our members and that is compliant with the Clean Power Plan.

Thank you for the opportunity to provide input to the process.