

Statement of Gerry Pfau

North Dakota Health Department State Implementation Plan Hearing

November 12, 2015

Beulah, N.D.

My name is Gerry Pfau, Senior Manager of Power Production for Minnkota Power Cooperative, Inc. Minnkota is a regional generation and transmission cooperative serving 11 member-owner distribution cooperatives. Minnkota's service area of 34,500 square miles is located in eastern North Dakota and northwestern Minnesota.

The Milton R. Young Station is a mine-mouth, electric generating plant located near Center, N.D., and is the primary source of electrical generation for Minnkota. The Young Station consists of two units. Young 1 began producing electricity in 1970, and is owned and operated by Minnkota, with the capacity to produce 250 MW of electricity. Young 2 has a 455 MW generating capacity and began producing electricity in 1977.

As a cooperative, our philosophy is to not only to keep electricity at the best value we can to our membership, but we also believe in investing in the environment, communities and people. When you look at the history of Minnkota, we are proud of the investment we've made in all of those categories:

- Environment:
 - Minnkota made a major investment of more than \$425 million in environmental upgrades from 2006-2011 at the Young Station
 - Achieves 95% reduction in SO2 emissions
 - Achieves 55-60% reduction in NOx emissions
 - Minnkota was an early proponent of wind. We currently have about 40% capacity in renewables of which about 30% is in wind and about 10% in hydro. *Already see grid impacts*
 - A large increase in ^{more} renewables will have ^{an} impact on the stability of our system and must be looked at carefully in the development of the SIP.
- Communities & people
 - Good paying jobs
 - Young Station Employs about 186 people in the area
 - BNI Coal employs about 175 people
 - The CPP impacts the many families that depend on employment from the plant and mine. Then it proceeds to impact the people at the end of the line who depend on reliable, low-cost power generated from these plants.
 - Minnkota has supported local community activities and infrastructure – from the local ambulance service to regional medical care, and many other activities in Center and Oliver County. *As the only plant in Oliver County, loss of this tax base would be devastating to the county & city of Center*
- Impacts of the CPP
 - There is no doubt costs will increase under CPP and disproportionately hit the upper Midwest and ratepayers like ours.

- The timeline for the rule and submittal of the SIP (even if a two-year extension is granted) does not provide time for utilities to make informed decisions about future generation resources.
- There is high potential to strand valuable generating assets that are not paid for yet. This is especially true since so much investment was made recently to comply with other environmental regulations.
- Under this rule, the consumer will pay twice – on the mortgage for the current plants, and again for replacement energy.

All these items must be considered, along with funding of CO₂ capture, sequestration, or BOS.

Thank you for the opportunity to comment.