

NEWS RELEASE
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For Immediate Release, Contact:
Randy Christmann, (701) 328-4096
Julie Fedorchak, (701) 328-4096
Sheri Haugen-Hoffart, (701) 328-4096

PSC Approves Replacement of Bonds for Falkirk Mine

BISMARCK, ND – The North Dakota Public Service Commission (PSC) today approved two bonds that will meet requirements needed for Rainbow Energy to take over the reclamation bond responsibilities for Falkirk Mine. The two bonds will total more than \$106 million in coverage.

“The Falkirk mine consists of over 50,000 acres of some of North Dakota’s most productive and beautiful land,” said Commissioner Randy Christmann, who holds the Coal Reclamation portfolio. “Guaranteeing quality reclamation of this land is the responsibility of the PSC, and we were glad to work with Falkirk and Rainbow to assure that continued operation of the Coal Creek Station and quality reclamation of the land go hand in hand.”

While the Falkirk Mine is not a part of, or a party to the sale from Great River Energy (GRE) to Rainbow Energy Center (Rainbow), Falkirk Mining company has historically passed on the cost of its reclamation bond to their customer, GRE. Since GRE is selling the Coal Creek Station power plant and the high-voltage transmission line to Rainbow, Falkirk must replace the mine’s reclamation bonds. Falkirk and Rainbow have entered into a coal sales agreement similar to the agreement they had with GRE, and Falkirk’s reclamation bond costs will be passed on to Rainbow.

“This is a key step in the final transition of this power plant to Rainbow Energy and it ensures that the associated mining operations at Falkirk mine are appropriately bonded and reclaimed,” said Commission Chair Julie Fedorchak. “It’s difficult to overstate the importance of maintaining the Coal Creek Station generating unit for the near and long-term reliability of the grid. This deal and all of its many complicated components have assured that this 1,100 megawatt unit of dispatchable electricity is available to serve customers and help maintain the strength of the grid at a time when many such units are retiring faster than grid operators can adjust.”

The requirement for bonds ensures that reclamation of the land disturbed for coal mining will be reclaimed at no cost to the state or to the public in the event an operator’s mining permit is revoked or the operator goes out of business.

The two bonds approved by the Commission today cover two different bonded areas. The first area includes land where mining and reclamation have been completed. Vegetation productivity data is still being gathered in this area and the mine is also responsible for any erosion or ground settling issues that may arise. The bond approved for this permit area is \$2,831,808.

The second area includes land where active mining and reclamation activities are occurring. The bond approved for this permit area is \$103,350,000.

The Falkirk Mining Company provides lignite coal to the Coal Creek Station, North Dakota's largest power plant. The plant features two units with a total generation capacity of more than 1,100 megawatts. It is located about 50 miles north of Bismarck, N.D., near the city of Underwood. Coal Creek Station is owned by Great River Energy.

Coal Creek Station is one of the most reliable and cost-efficient power plants in the country. The plant started generating electricity from Unit 1 in 1979 and from Unit 2 in 1980. The electricity generated from Coal Creek Station is delivered to member owners over a high voltage direct current (HVDC) transmission system that runs a distance of 436 miles from Underwood, North Dakota to Minnesota. Coal Creek Station uses roughly 22,000 tons of lignite coal per day, or about 7.5 to 8.0 million tons per year. Great River Energy has announced it is selling the Coal Creek Station and the high-voltage direct current transmission line to Rainbow Energy Center, LLC.

“With Rainbow Energy taking ownership of Coal Creek Station, it sustains hundreds of jobs at Coal Creek and nearby Falkirk Mine,” said Commissioner Sheri Haugen-Hoffart. “Preserving this baseload generation that Coal Creek provides is critical to U.S. energy security and maintaining a strong regional power grid.”

The North Dakota Public Service Commission is a constitutionally created state agency with authority to permit, site and regulate certain business activities in the state including electric and gas utilities, telecommunications companies, power plants, electric transmission lines, pipelines, railroads, auctioneers, commercial weighing devices, pipeline safety and coal mine reclamation. For more information, contact the Public Service Commission at (701) 328-2400 or www.psc.nd.gov.

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