

North Dakota Public Service Commission
600 E Boulevard Ave., Dept. 408,
Bismarck, ND 58505

RE: Comments on EPA's Proposed Carbon Regulations

Dear Commissioners:

Thank you for the opportunity to submit comments on behalf of Minnkota Power Cooperative, Inc. (Minnkota) regarding the North Dakota Public Service Commission's review of the EPA's proposed carbon regulations. Minnkota is a regional generation and transmission cooperative serving 11 member-owner distribution cooperatives. Minnkota's service area of approximately 34,500 square miles is located in eastern North Dakota and northwestern Minnesota. Minnkota's core business is generating and delivering electricity to wholesale customers, primarily the member-owned distribution cooperatives.

Minnkota has serious concerns about the impact of the proposed regulation on the affordability and long-term reliability and diversity of the electricity supply in this country, the EPA's authority to promulgate such a regulation, and the feasibility and achievability of the regulation.

With this proposed rule, EPA has clearly stretched its authority beyond what the Clean Air Act authorizes. The rule goes well beyond the limits of the specified source category to prescribe requirements for renewable energy sources, fuel switching to natural gas, and end-user energy efficiency improvements. Though EPA touts that the building blocks simply provide guidance but are not the exact required method of carbon reduction, that argument is insincere given there aren't truly viable ways to otherwise achieve the reduction required.

It's challenging to understand how a regulation intended to limit CO₂ emissions from fossil-fueled power plants arrives at such far-reaching regulation by EPA – the effect of which is to combine nearly every conceivable use of energy together as a single source category. That definition becomes unworkable and results in EPA regulating the generation, dispatch, and consumption of energy, rather than reducing specific sources' emissions. This proposal is of particular concern because it will give EPA a new role in dictating the nation's energy resource mix. Not only will it direct how cooperatives and other utilities generate power, but how co-op member-owners and other consumers use electricity for the foreseeable future.

There are serious regional energy supply and reliability concerns, particularly during extreme weather events common to this area. Specifically, the Southwest Power Pool (SPP) has recently submitted comments to EPA outlining concerns of the proposed rule's impact on reliability of the bulk electric system and the material impact on market-based dispatch of electric generating

units within the SPP region. Their concerns are certainly applicable to other Independent System Operators around the country. SPP's comments to EPA are attached for your review. Similarly, the North American Electric Reliability Corporation (NERC) has recently issued a review of last winter's polar vortex event that strained grid reliability and outlines the challenge of keeping gas-fired generation available under such circumstances. That report is also attached for your review.

There are many variables that will impact the final cost of this rule. Despite Minnkota's significant investment in wind energy, which is approximately 29 percent of our system's capacity, Minnkota will likely be required to do more to meet North Dakota's interim and final target carbon rate. Preliminary estimates indicate this rule could cost Minnkota's members between \$10-55 million per year if the EPA's current version of the rule is enacted. Spreading those costs among the approximately 140,000 accounts on the Minnkota system are likely to increase electric rates.

As a result of its concerns, Minnkota recommends the following:

- EPA must grant more time to states to develop State Implementation Plans. The timeframe as proposed by the EPA does not account for the planning of such a complex rule.
- North Dakota should focus on developing a single state approach to the 111(d) regulations. A multi-state approach would most likely increase complexity and costs for consumers in North Dakota.
- Minnkota believes compliance goals should be based solely upon the location of generation and not upon the ownership of its output. More specifically, North Dakota based renewable (wind) generation should be included within the State both for purposes of determining carbon intensity and for establishing compliance with the EPA goal.
- To the extent that efficiency improvements are available, there must be certainty that those improvements will not fall under New Source Review.

Thank you again for the opportunity to comment on the EPA's CPP proposal. Please don't hesitate to contact me with any questions or to discuss this matter further.

Respectfully submitted,



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