to recoup its share of the massive costs involved in MATS Final Rule compliance. Again, as a merchant generator, Talen Montana has no method to recoup these costs aside from generating revenue through the sale of power on the wholesale market.

45. The annualized costs of those expenditures, when spread over only approximately four years of operation after installation (or even fewer, if the operational date of controls is later), are staggering. Assuming 4.5 years of operation after installation of controls, the annualized capital costs would be approximately $109 million/year with the same discount rate assumptions made by EPA; if controls are installed subject to a one-year extension, the annualized capital costs would be approximately $133 million/year.

46. Given the volatile nature of wholesale power prices, it is highly uncertain whether the revenues available to Talen Montana in that four-year period will be enough for it to recoup its costs. While wholesale power prices in the Pacific Northwest are robust at present, should they revert to levels experienced as recently as 2020, Talen Montana will struggle to generate a profit on its share of Colstrip even before the hundreds of millions of dollars in compliance-related capital expenditures and millions of dollars per year in additional operating costs. The level of annualized costs to comply with the MATS Final Rule may be cost prohibitive and lead to a premature retirement of Colstrip.