



state sources. Imported power is further constrained by significant transmission limitations.

NorthWestern has modeled and evaluated scenarios for closure of Colstrip in 2025, 2030, and 2035, and 2042 in its May 2023 Integrated Resource Plan. The 2025 and 2030 closure scenarios expose NorthWestern to extreme degrees of market risk, resulting high probabilities of ruinous market electricity purchases and grid instability.

If the Proposed Rule is finalized in its current form, NorthWestern will therefore be faced with an array of costly and environmentally unsound choices. Renewables are not a viable option because NorthWestern's portfolio is already renewable-heavy, and additional renewable capacity will not solve the problem of variable generation deficits NorthWestern currently experiences.

On the one hand, if NorthWestern participates in upgrades to Colstrip, it will either need to materially increase electricity rates for Montana customers, or redirect funding previously earmarked for other projects. Projects that may be abandoned to fund Colstrip upgrades include transmission improvements, planned upgrades to facilities that are in excess of maintenance requirements, or other non-required beneficial capital projects. The vast majority of these have direct environmental benefits, deferral of which would undermine or even fully negate the environmental benefits of the Proposed Rule.

Alternatively, the only baseload capacity that can conceivably be constructed within the statutory compliance deadlines is new natural gas generation capacity. Carbon-free baseload alternatives are either unproven, or require significantly longer development times. The net result would be a substantial investment in a new, large, long-lived fossil fuel based generation assets. This outcome would clearly contradict the objectives of E.O. 13990.

NorthWestern has been substantially and uniquely prejudiced by EPA's course of action. The 2020 Residual Risk Technology Review ("RTR") confirmed that Colstrip's pollution controls satisfy the requirements of the Clean Air Act, and there have been no significant technological or implementation advancements since the 2020 RTR that would change that conclusion. Had NorthWestern known that EPA would undertake a complete reversal of the conclusions of the 2020 RTR just three years later, NorthWestern could have factored compliance costs earlier and more robustly into NorthWestern's Integrated Resource Planning process.

The combination of prejudice to NorthWestern and the ratepayers of Montana, coupled with mis-application of the technology review provisions of Clean Air Act Section 112(d)(6), places EPA at significant risk of having the Proposed Rule declared as arbitrary and capricious and contrary to law.