TALEN MONTANA

B. Colstrip's Unique Circumstances

Despite the importance of Colstrip to Montana and the surrounding region, Colstrip's future is uncertain. Colstrip's remaining life and future generation may be limited by the Inflation Reduction Act ("IRA"), which EPA's IPM runs suggest will cause Colstrip to significantly reduce generation as more renewables come online and other EPA rulemakings targeting older sources such as Colstrip are implemented. These rulemakings, excluding forthcoming ones, impacting Colstrip include: (i) the proposed rule on the Hazardous Solid Waste Management System: Disposal of Coal Combustion Residuals ("CCR") from Electric Utilities; Legacy CCR Surface Impoundments (88 Fed. Reg. 31,982 (May 18, 2023)) ("Proposed CCR Rule"); and (ii) the proposed rule on New Source Performance Standards for Greenhouse Gas ("GHG") Emissions from New, Modified, and Reconstructed Fossil Fuel-Fired EGUs; Emission Guidelines for GHG Emissions from Existing Fossil Fuel-Fired EGUs; and Repeal of the Affordable Clean Energy Rule (88 Fed. Reg. 33,240 (May 23, 2023)) ("Proposed GHG Rule").

The costs associated with complying with the proposed fPM limit, compounded with the proposed requirements in these other rulemakings, are massive. Given the reduced lifespan and generation that may be on the horizon for Colstrip, it will be extremely difficult to justify installing new controls to meet such the fPM limit in the Proposed Rule. At a certain point, it is likely that the owners will determine that it is no longer economically feasible to continue operating Colstrip, as they will not be able to recoup the cost of installing controls.

Furthermore, any closure plans necessitate intensive engagement and coordination among stakeholders because Colstrip is vital to Montana and the surrounding region. As concluded in a 2017 study by University of Montana's Bureau of Business and Economic Research, "[t]he early retirement of Colstrip Units 3 and 4 would ultimately produce:

- [A]n economy with, on average, almost 3,300 fewer jobs than would have been present if the units continued to operate through the 2028-43 period[.]

- [A] loss of income received by Montana households varying between $250 and $350 million per year, adding up to a total of about $5.2 billion over the full 16-year period 2028-43. Losses in after-tax income . . . for Montana households would total almost $4.6 billion over the same period.

- [D]eclines in annual gross sales by businesses and other organization, or economic output, between $700 and $800 million, cumulating to $12.5 billion over the full sixteen period.