TALEN ENERGY

NorthWestern Energy

March 28, 2025

To: U.S. Environmental Protection Agency

VIA E-MAIL (AIRACTION@EPA.GOV)

From: Talen Montana, LLC
NorthWestern Corporation d/b/a NorthWestern Energy

Subject: Request for Presidential Exemption from National Emission Standards for Hazardous Air Pollutants: Coal- and Oil-Fired Electric Utility Steam Generating Units Review of the Residual Risk and Technology Review, 89 Fed. Reg. 38508 (May 7, 2024): Colstrip Steam Electric Station, Units 3 and 4

Docket ID No.: EPA-HQ-OAR-2018-0794

I. EXECUTIVE SUMMARY

The emission standard subject to this Request for Presidential Exemption (Request) is the National Emission Standards for Hazardous Air Pollutants: Coal- and Oil-Fired Electric Utility Steam Generating Units Review of the Residual Risk and Technology Review, 89 Fed. Reg. 38508 (May 7, 2024) (2024 MATS Rule, or Rule). The 2024 MATS Rule set an emission limit of 0.010 lb/MMBtu limit for filterable particulate matter (fPM) emissions. *Id.* at 38530; *see also* 40 C.F.R. Pt. 63, Subpt. UUUUU, Tbl. 2 ("On or after July 6, 2027: 1.0E-2 lb/MMBtu").

The affected source is the Colstrip Steam Electric Station, Units 3 and 4, located in Rosebud County, Montana (Colstrip).

Talen Montana, LLC (Talen), the operator and part owner of Colstrip, and NorthWestern Corporation d/b/a NorthWestern Energy (NorthWestern), part owner of Colstrip, jointly request that Colstrip be exempt from the 2024 MATS Rule for two years,[1] running from the later of the Rule's compliance deadline of July 6, 2027, or July 6, 2028, if the State of Montana grants a one-year extension permissible under Section 112 of the CAA.

The President should grant this request under Section 112(i)(4) of the Clean Air Act (CAA) because (1) the technology to implement the standard is not available, and (2) the extension is in the national security interests of the United States.

Technology. The technology to implement the 2024 MATS Rule for Colstrip is "not available" from an engineering, cost, and timing standpoint.

- As applied to Colstrip, the Rule requires an untested and unproven sequencing of emission control technologies. Colstrip already employs wet venturi scrubbers, which presently achieve 99.6% control of fPM. The Biden EPA's 2024 MATS Rule would require control

[1] This two-year exemption may be extended for more than one additional period. 42 U.S.C. § 7412(i)(4).

efficiency to increase from 99.6% to 99.8%, which cannot be achieved by wet venturi scrubber technology. Colstrip would be required to install new fabric filters (also known as baghouses) downstream of the wet venturi scrubbers. This combination is unproven, untested, and raises significant risks to the operation of Colstrip and its ability to timely achieve compliance. For this reason alone, the technology necessary to increase Colstrip's PM control from 99.6% to 99.8% (as required by the 2024 MATS rule) is technologically "unavailable."

- Moreover, based on recent developments in project schedule and costs, a project to install the baghouses would cost over $500 million. These costs are uneconomic, and with respect to NorthWestern, may be unrecoverable, or not fully recoverable in electric rates. Given these costs and technological uncertainty, there is danger that Colstrip would retire instead of installing controls that could cause severe operational issues. As a result, the installation of baghouses is economically "unavailable."

- Additionally, even if Talen Montana and NorthWestern were to take the risk, there is a significant likelihood that the baghouses could not be installed and be operational to meet the compliance requirements until early 2029, far past the statutory deadline. These circumstances make the technology "unavailable" from a timing perspective for Colstrip.

National security. It would be "in the national security interests of the United States" to provide the requested exemption to Colstrip from the 2024 MATS Rule.

- Multiple Executive Orders issued by the President have reaffirmed that removing any and all regulatory burdens restricting power plants' operation would advance various national security interests.

- This is especially the case for Colstrip, a core facility that powers the western part of the United States and is a major economic driver for Montana. Colstrip is critical to grid reliability and resource adequacy, and disruption of operations or the plant's forced retirement in the face of the 2024 MATS Rule would harm the national security interests of the United States because replacement power could not be easily procured in the region. As but one example, reserve power margins are already low (10%, and are projected to worsen) in the western parts of the United States—which house numerous military bases, such as the Malmstrom Air Force Base near Great Falls, Montana. An energy emergency already exists in the western United States, as declared by one of the Executive Orders.

II. BACKGROUND

Section 112 of the CAA regulates hazardous air pollutants such as mercury or non-mercury metals. Power plants are subject to Section 112 only if EPA finds it "appropriate and necessary." 42 U.S.C. § 7412(n)(1)(A). These standards undergo a review every eight years. *Id.* § 7412(f). EPA under the first Trump Administration completed this review and determined that changes to the existing standards were ***not*** "necessary." 85 Fed. Reg. 31286 (May 22, 2020). EPA under the Biden Administration agreed that the existing standards provide an adequate margin of safety, and further concluded that the Rule will impose far higher costs than quantifiable benefits. Nonetheless, the 2024 MATS Rule required coal-fired power plants to reduce fPM emissions by 66%. 89 Fed. Reg. 38508. Importantly, EPA admitted in the administrative record that almost half of the regulatory burden from the entire 2024 MATS Rule would fall on Colstrip. *Id.*at 38533 ("42 percent"). Talen Montana and NorthWestern encouraged EPA via the formal regulatory comment process to make changes to the Rule to avoid this outcome for Colstrip, their respective Comments included in this Request as Exhibits 1 and 2. Those calls for reasonable change were ignored by the Biden EPA.

Talen Montana and NorthWestern challenged the Rule. *Talen Montana, LLC v. EPA*, No. 24-1190 (D.C. Cir.); *NorthWestern Corp. v. EPA*, No. 24-1217 (D.C. Cir.); *see also North Dakota v. EPA*, No. 24-1119 (D.C. Cir.) (lead case). Talen Montana and NorthWestern requested the court to judicially stay the 2024 MATS Rule, but the court denied the request.

The legal challenges to the 2024 MATS Rule have been held in abeyance in light of the Trump Administration's swift action. But with no judicial stay of the Rule, Colstrip is expected to comply with all emission standards set by the 2024 MATS Rule by July 6, 2027, or one year later if the state provides a statutory extension. Because construction of control technologies takes significant time, power plants such as Colstrip must decide soon whether to make expensive and uncertain investments to comply with the Rule, with no assurance of timely compliance. Colstrip has diligently moved forward with the design of potential control technology, but it has not been able to develop assurance that it can effectively, economically, or in a timely manner comply with the Rule. Meanwhile, the time is soon coming for decisions to be made and expenditures to rise steeply. Moreover, the Colstrip owners face this major investment decision with significant challenges to complying with the Section 111 Greenhouse Gas Rule, 89 Fed. Reg. 39798 (May 9, 2024) (GHG Rule), on the horizon, in just a few short years after the 2024 MATS Rule compliance is due.

On March 12, 2025, EPA published the "Mercury and Air Toxics Standards (MATS): Powering the Great American Comeback Fact Sheet" (Fact Sheet). In this Fact Sheet, the Agency stated that it seeks to reconsider the 2024 MATS Rule. The Fact Sheet and EPA's Press Release issued the same day alerted the public and the regulated community to Section 112(i)(4) of the Clean Air Act (CAA), which allows the President of the United States to grant a compliance exemption of up to two years "if the President determines that the technology to implement such standard is not available and that it is in the national security interests of the United States to do so," 42 U.S.C. § 7412(i)(4). EPA notified the public in the Fact Sheet that any source interested in such exemption from the 2024 MATS Rule "should provide their recommendations to EPA by March 31, 2025." EPA stated that sources only need to provide why the technology is unavailable and why it is in the national security interest for an exemption. EPA's Press Release further explained that the Agency is considering exemptions via CAA Section 112(i)(4) while the Agency goes through the rulemaking process to reconsider the Rule.

III. REQUEST FOR EXEMPTION

In CAA Section 112(i)(4), Congress expressly provided the President ***the discretion*** to determine whether a technology is "not available" and whether exempting a stationary source would be in the "national security interests." In exercising this discretion, the President should consider technological unavailability and national security broadly.

As set forth in the Executive Summary, the control technology for Colstrip to meet the standard is unavailable for the following reasons:

- ***The control technology is technologically unavailable.*** The application of new baghouses following wet venturi scrubbers is unproven and untested and comes with significant risks to the operation of Colstrip.

- ***The control technology is economically unavailable.*** Applying baghouse technology to Colstrip is prohibitively expensive. When the Rule was finalized, Talen Montana estimated the compliance cost to be around $350 million. Currently the cost estimates exceed $500 million, plus operation and maintenance costs of $15 million annually. Market realities, such as difficulties in funding and rate recovery, make such a project uneconomic meaning that it is more likely that Colstrip will shut down.

- ***The control technology is unavailable from a timing standpoint.*** At a minimum, the technology to control emissions to the levels required within the statutory timelines simply does not exist. No control technology could be installed by July 6, 2027, the compliance date set by the 2024 MATS Rule. A significant risk remains that even a one-year extension would not be enough due to the unique financial and technological constraints Colstrip faces.

The President should account for the following in determining that exempting Colstrip from the Rule would advance national security interests.

- At least two Executive Orders have already declared that any emergency suspension of regulations hindering energy production would advance national security. *See* Executive Order 14154 & Executive Order 14156.

- Exempting Colstrip from the Rule falls squarely within advancing national interests because Colstrip is essential in providing much needed, reliable electricity in the western region of the United States, where there is an abundance of critical military infrastructure. Colstrip is also a core economic driver for Montana.

A. The technology to implement the 2024 MATS Rule specifically for Colstrip is unavailable.

Concerning technological availability, CAA Section 112(i)(4) states: "The President may exempt any stationary source from compliance with any standard or limitation under this section for a period of not more than 2 years if the President determines that the technology to implement such standard is not available." 42 U.S.C. § 7412(i)(4). The President should exempt Colstrip pursuant to CAA Section 112(i)(4) because Colstrip does not have a practically available technology to implement the 2024 MATS Rule.

1. Application of baghouses to Colstrip is technologically unproven and untested given Colstrip's existing pollution control technology.

It is true that baghouses, for ***new*** power plants, are widely available because the control technology is installed after the combustion device (the boiler). But in the case of Colstrip, the baghouse must be installed after the already-existing wet venturi scrubbers, which the plant currently uses to control fPM emissions and sulfur dioxide (SO_2). To utilize only a baghouse would require a complete redesign of the facility and likely a new stack, which would be cost prohibitive. The wet venturi scrubbers already capture 99.6% of the fPM, but to capture the remaining 0.2% as required by the 2024 MATS Rule, the baghouses would be needed as an addition to the backend of the wet venturi scrubbers, which would be a unique and unproven combination.

While this arrangement may be theoretically possible, it is challenging and untested in practice. The combination of wet venturi scrubbers followed by baghouses increases the risk that the condensed water droplets (from the scrubbers) would meet the fly ash emitted by the plant, creating particles similar to concrete on the filter bags, thereby crippling the baghouse. Effectively, the combination increases the likelihood that the entire facility gets clogged with concrete particles. Additionally, once the bags are plugged, they must be replaced, and a significant number of plugged bags could result in emission exceedances, the plant being derated, or the plant being forced offline. Talen Montana is unaware of such control technologies ever being applied together in this arrangement at any other facility in the entire United States. As such, there is no proof that such technology is available to capture the small, remaining amount of particulate that exists following the installed wet venturi scrubbers. And because of the short compliance deadline, Colstrip would be required to construct, test, and implement this unprecedented combination on the fly, potentially spending at least $500 million only to have the revamped control system fail. As a result, the technology to comply with the Rule is technologically unavailable.

2. The technology is financially unavailable.

When Talen Montana requested a judicial stay of the 2024 MATS Rule, it submitted a supporting declaration (Lebsack Declaration), included in this request as Exhibit 3.[2] In this declaration, Talen Montana stated that a project to comply with the emission standards would cost "$350 million,"[3] with a "$15 million annually" in operation and maintenance costs. Lebsack Declaration ¶¶ 16, 34. These cost figures already presented challenges to Colstrip, as reflected by the litigation and request for judicial stay.

With the Rule now in effect, Talen Montana has conducted further engineering studies to get a more accurate assessment of the project costs. The most recent, up-to-date engineering estimates exceed $500 million. This new projection accounts for sole source risk allowance, more accurate wage rates, structural steel install rates, scaffolding costs, duct installation costs, and total delivery costs—all of which were not accounted for in studies leading up to the Lebsack Declaration.

These costs will only increase. Because Colstrip cannot handle this project in-house, it must work with a third-party vendor. Colstrip is currently waiting on a turnkey proposal, but it is expected that costs will increase by up to 30%. This is because it will be the vendor that must procure the materials, assume liability, and hire contractors.

Such cost figures are exorbitant and burdensome to the point that it is more likely that some owners of Colstrip will forego installing the control technology altogether, and instead consider shutting down the plant. At least three market conditions cause the installation of baghouses to be financially unavailable.

First, a significant number of Colstrip's co-owners might not be interested in funding such a project. As explained in the Lebsack Declaration, some of Colstrip's co-owners are located in the Pacific Northwest. And because of shifting political sentiments against coal in the region, these co-owners would not be interested in any involvement that would allow a coal-fired power plant to continue operating. For example, the public utility commissions in Oregon and Washington do not want any electricity powered by coal. In fact, the State of Washington passed a statute that would impose ***penalties*** on utilities that provide coal-fired electricity to certain Washington customers after December 31, 2025. Wash. Rev. Code §§ 19.405.030(1)(a), (4) and 19.405.090(1)(a)(i). With express disapprovals from Pacific Northwest utility commissions, it

[2] Of note, even opponents to the judicial stay carefully tailored their argument and implicitly recognized Colstrip's unique constraints and challenges. They claimed that any judicial stay in favor of Colstrip should not be extended to others. *See, e.g.*, EPA Opp'n 50, *Talen Montana, LLC v. EPA* (D.C. Cir. filed July 22, 2024), ECF No. 2065849; Env't Intervenors Opp'n 13 (D.C. Cir. filed July 22, 2024), ECF No. 2065869.

[3] The Lebsack Declaration includes an "Attachment A," which provides select excerpts from a report prepared by technical consultants that assessed the cost breakdown. Table 1-1 of Attachment A (located in page 1-9) provides a summary of the cost breakdown.

would be difficult for these co-owners to justify any project that would let Colstrip to continue operate. Lebsack Declaration 9–10.

Second, it is possible that public utility commissions disapprove rate recovery for the project. This is exactly the conundrum NorthWestern currently faces as a regulated utility. In the comments submitted during the rulemaking period for the 2024 MATS Rule, NorthWestern expressly flagged this scenario as a grave area of concern. NorthWestern already planned on investing over $2.4 billion in electricity infrastructure improvements, which has spurred significant rate recovery controversy. When NorthWestern filed its comments, the Montana Public Service Commission was weighing a 28% residential electricity rate settlement that did not account for the 2024 MATS Rule. NorthWestern Comments 20–21. The Commission largely approved the settlement, allowing NorthWestern to recover for its past investments. However, to maintain the utility's health, NorthWestern filed another rate review in Summer 2024, seeking recovery of essential investments made through December 2024 to serve customers. There has been no final decision, and that filing presents no costs directly attributable to the construction of a baghouse itself.

Third, the future of EPA's GHG Rule further complicates the feasibility of such a project that the 2024 MATS Rule demands. While the Trump Administration has expressed intent to reconsider and possibly rescind the GHG Rule, it is still on the books. And as expressed by Talen Montana and NorthWestern, under this rule, Colstrip has no option but to shut down the plant by 2031. Lebsack Declaration ¶¶ 41–43.[4] This is because Colstrip cannot switch to burning natural gas instead of coal as required by the GHG Rule. Nor could Colstrip switch to natural gas to comply with the 2024 MATS Rule. *See id.* If the GHG Rule forces Colstrip to shut down, Colstrip's cost-recovery period for any technology installment would greatly decrease. While it is true that this particular concern may not materialize, it is still a financial uncertainty and a material factor that any investor must consider when deciding to commit to a project.

3. The technology is not available by July 6, 2027, and there is a significant risk that a one-year extension would be insufficient.

The 2024 MATS Rule directs all applicable facilities to comply with the new emission standard by July 6, 2027. *See, e.g.*, 40 C.F.R. § 63.9991 ("Before July 6, 2027, you must meet each operating limit in . . . this subpart . . . ."); 89 Fed. Reg. at 38508 (setting the effective date of the 2024 MATS Rule to be "July 8, 2024"); 42 U.S.C. § 7412(i)(3)(A) (directing EPA to "establish a compliance date . . . in no event later than 3 years after the effective date of such standard"). This deadline could be extended by one year by a permitting authority. 42 U.S.C. § 7412(i)(3)(B). Colstrip cannot meet the fPM emission standard of 0.010 lb/MMBtu unless it installs baghouses, a major infrastructure addition to the facility.

[4] The Lebsack Declaration includes an "Attachment B," which is a separate declaration in support of judicially staying the GHG Rule. *See West Virginia v. EPA*, No. 24-1120 (D.C. Cir.).

Meeting the July 6, 2027 compliance timeline always has been ambitious, if not impossible. Such a project, at an absolute minimum, would take 36 to 42 months to complete. Construction alone would take two years because the first year would be devoted solely to foundation work. The time necessary for preliminary investigation and design finalization prior to construction would add an additional two and a half years. This timeline tracks Colstrip's experience—the facility's engineers had commenced preliminary investigation on May 1, 2023, and only around now is the plant moving onto the design phase, projected to last another year.

When requesting a judicial stay of the 2024 MATS Rule, Talen Montana explained how the only way to meet the Rule's deadline is if detailed engineering and design work begin in the fall of 2024, and construction commences in the spring of 2025. "[E]ven if the project could begin in the fall of 2024, it will be a challenge to complete by the compliance deadline of July 8, 2027, and may still be tight for a compliance even if granted a one-year deadline extension under the rule." Lebsack Declaration ¶ 37.

These have always been best-case projections with zero margin of error. Multiple complications could delay the project. Due to its location in Montana, any construction project for Colstrip is subject to weather extremes. Cold temperature often makes concrete pouring impossible. Staff would be unable to work for an extended period once temperatures fall to 30 degrees or below or once it snows extensively.

Labor availability is also an issue. The closest "large" city is Billings, Montana, 100 miles away. It is challenging to provide temporary lodging for all workers involved in a project of this scope. In fact, skilled labor in this specific field (of installing baghouses) is limited due to the fact that most projects of this kind occurred in 2012 (when the original MATS rule was promulgated), and specialists have either retired or moved on to work on other projects. Even if labor could be procured, it will be difficult to staff personnel in both the baghouse construction project and normal plant maintenance activities. Inherent tradeoffs must be made where allocating boilermakers to the baghouse could cause labor shortage in the normal operation of the plant.

Lastly, inherent supply chain uncertainty lingers. The project requires significant amounts of steel and electrical components (such as transformers, motors, and switch gear). All of these are imported, and procurement is becoming challenging due to market conditions.

And while Talen Montana has been diligent in its efforts to ensure Colstrip's compliance with the Rule, complications have pushed back these timelines. As discussed *supra* pages 6–7, there are significant challenges funding a project of such magnitude where the project has the potential to create severe technological complications and sufficient time does not exist to recover costs (due to the Biden EPA's GHG Rule). Additionally, because the co-owners hold divergent opinions on whether such funding is justified in the first place, any agreement would likely come in January 2026 at the earliest (after certain anticipated ownership changes). Colstrip's engineers project that, as soon as funding is available the first day of 2026, the entire project could potentially be completed by Spring of 2029. That still misses the compliance deadline even if the Montana

Department of Environmental Quality grants a one-year extension that is the maximum extension allowable under law. As a result, the project is unavailable within the regulatory timeframe.

B. It is in the "national security interests of the United States" to exempt Colstrip from compliance with the 2024 MATS Rule.

The statute requires the President to determine that exempting Colstrip from the 2024 MATS Rule "is in the national security interests of the United States." 42 U.S.C. § 7412(i)(4).

As a threshold matter, Presidential determinations on national security receive the utmost deference. "[T]he Supreme Court has always been reluctant to second-guess the Executive Branch on matters of national security—especially where Congress has not acted to restrict it." *Lee v. Garland*, 120 F.4th 880, 889 (D.C. Cir. 2024); *see also Haig v. Agee*, 453 U.S. 280, 291 (1981) ("[I]n the areas of . . . national security, . . . congressional silence is not to be equated with congressional disapproval."); *United States v. Curtiss-Wright Exp. Corp.*, 299 U.S. 304, 320 (1936) (discussing "the very delicate, plenary and exclusive power of the President as the sole organ of the federal government in the field of international relations").[5]

And the President has spoken. Through Executive Order 14156, the President declared a "national energy emergency" concerning energy resources and costs. 90 Fed. Reg. 8433 (Jan. 29, 2025) ("Declaring a National Energy Emergency"). According to the President, "a reliable, diversified, and affordable supply of energy" is necessary for the nation's "defense industries" and "military preparedness." *Id.* Further, "an affordable and reliable domestic supply of energy is a fundamental requirement for the national and economic security of any nation," especially when "hostile state and non-state foreign actors have targeted our domestic energy infrastructure, [and] weaponized our reliance on foreign energy." *Id.*

The national security implications of reliable, unrestrained energy production echoes in Executive Order 14154 as well. 90 Fed. Reg. 8353 (Jan. 29, 2025) ("Unleashing American Energy"). Through this Executive Order, the President determined that various regulations have impeded resource development, "limited the generation of reliable and affordable electricity," and inflicted high energy costs, all of which "weaken[s] our national security." *Id.* Thus, the President determined that it is "in the national interest to unleash America's affordable and reliable energy and natural resources" which, in turn, will "rebuild our Nation's economic and military security." *Id.*

As such, the President directed all agencies to "exercise any lawful emergency authorities" to facilitate "production, transportation, refining, and generation of domestic energy resources," including "in and through the West Coast of the United States." 90 Fed. Reg. at 8434. Likewise, the President directed all agencies to "suspend, revise, or rescind" all regulations that "impose an

[5] Because CAA Section 112(i)(4) is fundamentally concerned with national security, this same high level of discretion must be afforded to Presidential determinations on all elements of the Section, including determinations that a particular control technology is "not available."

undue burden" on the use of coal as "expeditiously as possible" in the interest of national security. *See* 90 Fed. Reg. at 8353–54 (discussing the Executive Order's policy goals of "reduc[ing] the global influence of malign and adversarial states," and "protect[ing] the United States's economic and national security and military preparedness by ensuring . . . an abundant supply of reliable energy").

The slew of passages in the Executive Orders make clear: The President has already determined that ***any*** reduction of regulatory burden when it comes to energy production—including an emergency exemption of the 2024 MATS Rule for any power plant—would be in the national security interest. This is unsurprising. Coal still supplies 16% of America's electricity. U.S. Energy Information Administration, *What is U.S. electricity generation by energy source?* (Feb. 2024).[6] This share is especially important because coal provides efficient, low-cost, reliable 24/7 baseload power. In doing so, it stabilizes electrical grids under increasing threats. Moreover, the United States has abundant coal reserves, providing a secure and reliable supply, and generating domestic jobs and economic activity.

The continued operation of Colstrip fits comfortably into President Trump's directives, as evinced by the Executive Orders discussed. Therefore, specifically exempting Colstrip from the 2024 MATS Rule would be in the national security interests of the United States.

As Talen Montana submitted in its comments to EPA when the 2024 MATS Rule was proposed, "Colstrip is one of Montana's most important energy assets, especially as demand for reliable baseload power in the western U.S. continues to grow." Talen Montana Comments 7. Colstrip "is vital to ensuring that Montanans have affordable and reliability electricity, especially during peak winter and summer months." *Id.*

NorthWestern, the largest public utility in Montana, also extensively commented on Colstrip's importance to the grid. In the lawsuit challenging the Rule and as part of the request for a judicial stay, NorthWestern submitted a declaration as well (Hines Declaration), included in this recommendation as Exhibit 4. Both these documents flag the importance of Colstrip to the nation's grid and electricity supply, and how the 2024 MATS Rule hinders national security by disrupting Colstrip's operations.

- The 2024 MATS Rule will increase electricity rates for Montana ratepayers. Hines Declaration 7–10; NorthWestern Comments 21. In fact, the diversion of funds alone for compliance with the Rule would complicate meeting generation demand. NorthWestern Comments 2–3.

- Replacement electrical generation and transmission capacity does not exist for Colstrip. In other words, Colstrip is truly irreplaceable from an electricity production standpoint, at

[6] Available at https://www.eia.gov/tools/faqs/faq.php?id=427&t=3.

least in the near future. Hines Declaration ¶¶ 45–52; NorthWestern Comments 13–16 ("Transmission limitations on the ability to import power").

- "Colstrip plays a critical voltage-maintenance function." Hines Declaration ¶ 65. Without Colstrip and its uninterrupted operation, there is a significant blackout risks which would affect businesses and "important infrastructure." *Id.* ¶¶ 66, 67. This is especially the case because NorthWestern, as a regulated utility, made targeted capital investments improving grid reliability, which had not planned for the 2024 MATS Rule and its costs. NorthWestern Comments 21–22.

The economic consequences of grid disruptions are severe and well-documented, and they pose a national security concern in and of themselves. If Colstrip is forced to reduce or cease operations because it cannot timely comply with the 2024 MATS Rule, there would be an increased risk of the kinds of devastating disruptions that have recently hit California and Texas. Hines Declaration ¶¶ 52, 64–67. All these issues warrant heightened attention when considering military readiness. Colstrip powers the northwestern region generally, including the military bases located in the area. The State of Washington alone is home to nine known military bases. And Oregon, Montana, and Idaho collectively house seven more. Any risk to power disruption in and around these bases affect core national security issues.

External sources confirm Talen Montana and NorthWestern's grid reliability concerns. The Western Power Pool projects that for July to August, the planning reserve margin falls below 10% for most of 2026 to 2029. The North American Electric Reliability Corporation (NERC) projects that reserve margins reach levels of 10% or below ***overall*** starting in 2031. NERC, *2024 Long Term Reliability Assessment* 127 (Dec. 2024).[7]

Lastly, Colstrip is also vital to protecting "economic security" as expressed in the two Executive Orders discussed above. *See* 90 Fed. Reg. at 8433; 90 Fed. Reg. at 8353. Colstrip supports more than 3,000 jobs in the local economy, provides $240.3 million in income for Montana households, and about $102.8 million in state tax revenue to Montana. Indeed, it has been calculated that Montana benefits in economic activity worth over $1 billion from Colstrip in the form of electricity costs and reliability, inter-region trade, and lower state government spending. Lebsack Declaration ¶ 58 (including Attachment C);[8] Talen Montana Comments 6–7.

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[7] Available at https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_Long%20Term%20Reliability%20Assessment_2024.pdf.

[8] The Lebsack Declaration includes an "Attachment C," which is a study of Colstrip's economic contributions prepared by Dr. Patrick M. Barkey, Ph.D.

IV. CONCLUSION

Talen Montana and NorthWestern appreciate the opportunity to submit its request to exempt Colstrip from the 2024 MATS Rule. Talen Montana and NorthWestern respectfully request that the President exercise his discretion to exempt Colstrip from the 2024 MATS Rule.

Respectfully submitted,

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Enclosures:

- Exhibit 1 – Talen Montana Comments
- Exhibit 2 – NorthWestern Comments
- Exhibit 3 – Lebsack Declaration (including Attachments A to C)
- Exhibit 4 – Hines Declaration