

12. In fact, in early 2023 (prior to announcement of the Proposed GHG and MATS2 Rules), NorthWestern and Avista Corporation (“Avista”) entered into an agreement whereby NorthWestern will acquire Avista’s 222 MW combined shares of Colstrip Units 3 & 4 (“Avista Agreement”). NorthWestern determined that acquisition of additional Colstrip capacity was needed to address ongoing reliability and supply needs, for the reasons detailed later in this Declaration.

Extent of compliance Investments and cost-effectiveness of the MATS 2 Rule

13. In its NorthWestern MATS2 Comments, NorthWestern joined Talen Montana, LLC’s (“Talen”) contemporaneous comments that compliance with the 0.010 lb/MMbtu standard would require the installation of a new baghouse, in the most likely configuration (Reheat Fabric Filter) at an estimated cost of \$350 million in capital and \$15 million in annual operational/maintenance costs, annualizing to \$57 million per year under an assumed 15 year operational life. This contrasts with EPA’s original estimate of \$38 million/year. I have seen no meaningful rebuttal of Talen’s cost estimates from EPA.

14. NorthWestern and Talen further commented that the combination of the MATS2 Rule and GHG Rule would, given today’s technology, force early closure of Colstrip. Assuming that Colstrip obtains the one-year compliance extension allowed for in the final MATS2 Rule, which can only be granted if reasonable progress is being made on installing the emission controls, Colstrip would need to come into compliance by July 8, 2028. Further, under the final GHG Rule, Colstrip would need to come into compliance with the GHG Rule’s CCUS requirements or close by December 31, 2031. Consequently, if Colstrip closes by December 31, 2031, then the costs of the MATS Rule would be amortized over less than 3.5 years, rather than the 15 assumed by EPA. Even accounting for the reduced years of operational and maintenance