

Seeing Clearly

The Hazy Relationship among EPA, ND and Minnkota

Kristi Schlosser Carlson
Staff Attorney

Minnkota Power
MPC COOPERATIVE, INC.

Your Touchstone Energy® Partner 

New Source Review & BACT

- Minnkota replaced boiler tube section at MRY Station in mid-1990s
- EPA and State of North Dakota: Changes are subject to NSR
- EPA, North Dakota and Minnkota entered into Consent Decree (CD) in 2006
 - SO₂ = Scrubbers
 - NO_x = State has authority to determine BACT

ND and EPA Disagree on NO_x

- North Dakota: SNCR+OFA is BACT
 - Cost = **\$40 million** to install
- EPA: SCR is BACT
 - Cost = **\$500+ million** to install
- Meanwhile, Minnkota installs SNCR+OFA and SO₂ scrubbers
 - Total cost = **\$420 million**

EPA: We'll see you in court

- EPA and North Dakota go to court over BACT analysis
- North Dakota responds, relies on the record
- Court is in North Dakota
- We are waiting for the results

Meanwhile...

North Dakota is drafting its
Regional Haze SIP

Purpose of Regional Haze Program

**The prevention of any future,
and the remedying of any existing,
impairment of visibility
in mandatory Class I areas
which impairment results from manmade air pollution**

No visibility impairments by 2064

Regional Haze Program

- Requires states to draft state implementation plans (SIPs)
 - Establish Reasonable Progress Goals to return Class I areas to natural visibility conditions by 2064
 - BART on plants built between 1962 and 1977
- States submit SIP to EPA for approval
- EPA can impose federal implementation plan (FIP)
 - “FIP the SIP”
 - State plan given deference

Seeing Clearly, Thinking Clearly

- State of North Dakota conducts detailed analysis of BART for ND plants
- North Dakota submits SIP to EPA
- EPA notifies North Dakota of its intent to partially FIP for BART NO_x controls on Leland Olds (Basin) and Milton R. Young (Minnkota)

Second Verse, Same as the First

- North Dakota: SNCR+OFA is BART
 - Cost = **\$40 million** to install
- EPA: SCR is BART
 - Cost to Minnkota = **\$500+ million** to install
 - Cost to Basin = **\$200 million** to install

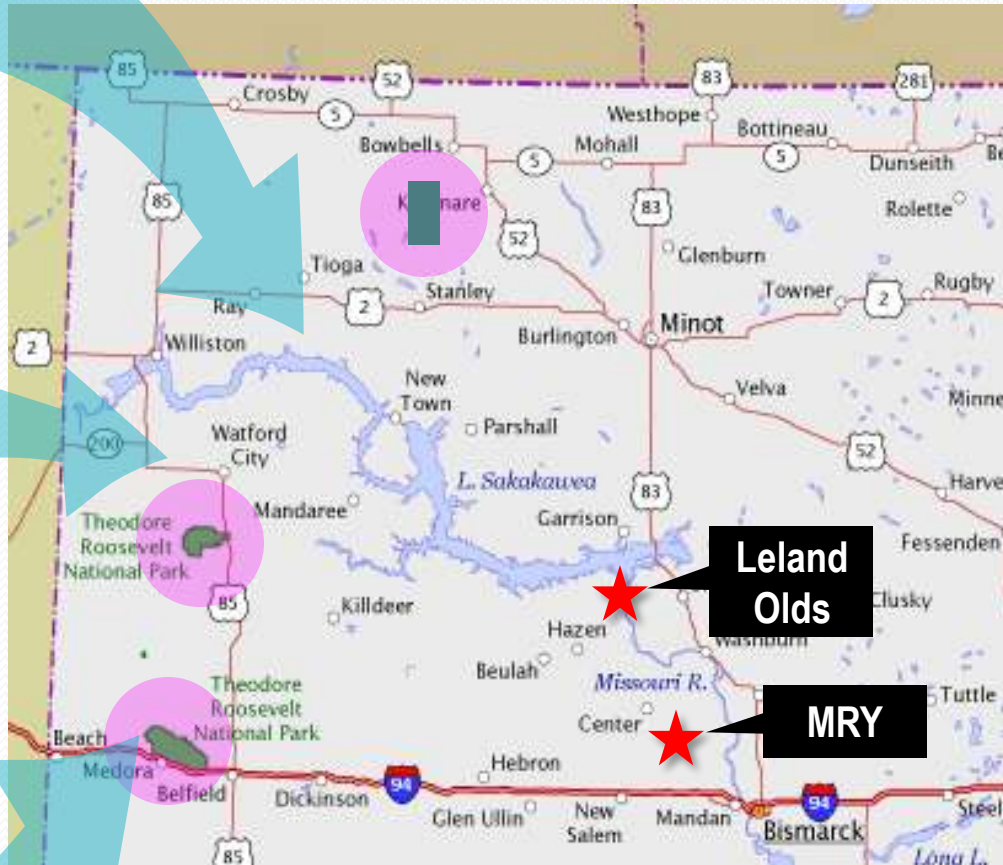
Why? EPA says:

- SCRs reduce more NO_x than SNCRs, so better visibility
- SCRs work on MRY Station and LOS cyclone boilers because other plants with cyclone boilers use SCRs
- All coal is the same, so SCRs will work on lignite


...BUT...

North Dakota says:

- Visibility improvement with SCRs would be imperceptible
- SCRs are not proven to work...
 - ...on cyclone boilers
 - ...that burn North Dakota lignite coal
- Even the catalyst vendors would not guarantee the SCRs
- Glidepath can't be met even if all ND coal plants closed



Plants are down wind



EPA tries any avenue
to force plants
to install expensive technology
that isn't proven to work

- BACT case
- Regional Haze/BART is EPA's "Plan B"

Impact: Members' Rates Will Jump

If EPA prevails in forcing Minnkota to invest in SCRs, the \$500+ million cost will increase Minnkota's costs 30-35%, which will result in increased rates to members – all without any perceptible improvement in visibility.

The Costs are High.

The Benefits are Hazy.

Bringing Clarity: Responding to EPA

- State of North Dakota
 - BACT: EPA and State are in North Dakota court
 - Colorado: State filed motions to intervene and dismiss
 - California: State filing motions to intervene and dismiss
- RECs and Lignite Energy Council
 - Op-ed by 60 organizations
 - Ron Harper and Mac McLennan letter
 - Ads
 - **www.stopEPAnd.com** website
- Members
 - Contacting delegations
 - Ready to comment to EPA
- Congressional delegations
 - Franken and Peterson letter
 - Klobuchar may write letter
 - North Dakota delegation very involved



kcarlson@minnkota.com

www.stopEPAnd.com