

ND PSC Carbon Regulation Symposium

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Basin Electric Power Cooperative



Strength in Fuel Diversity

- Implications of “all eggs in one basket”
- Impending coal regulations
- Disruptions to supply



Basin Electric

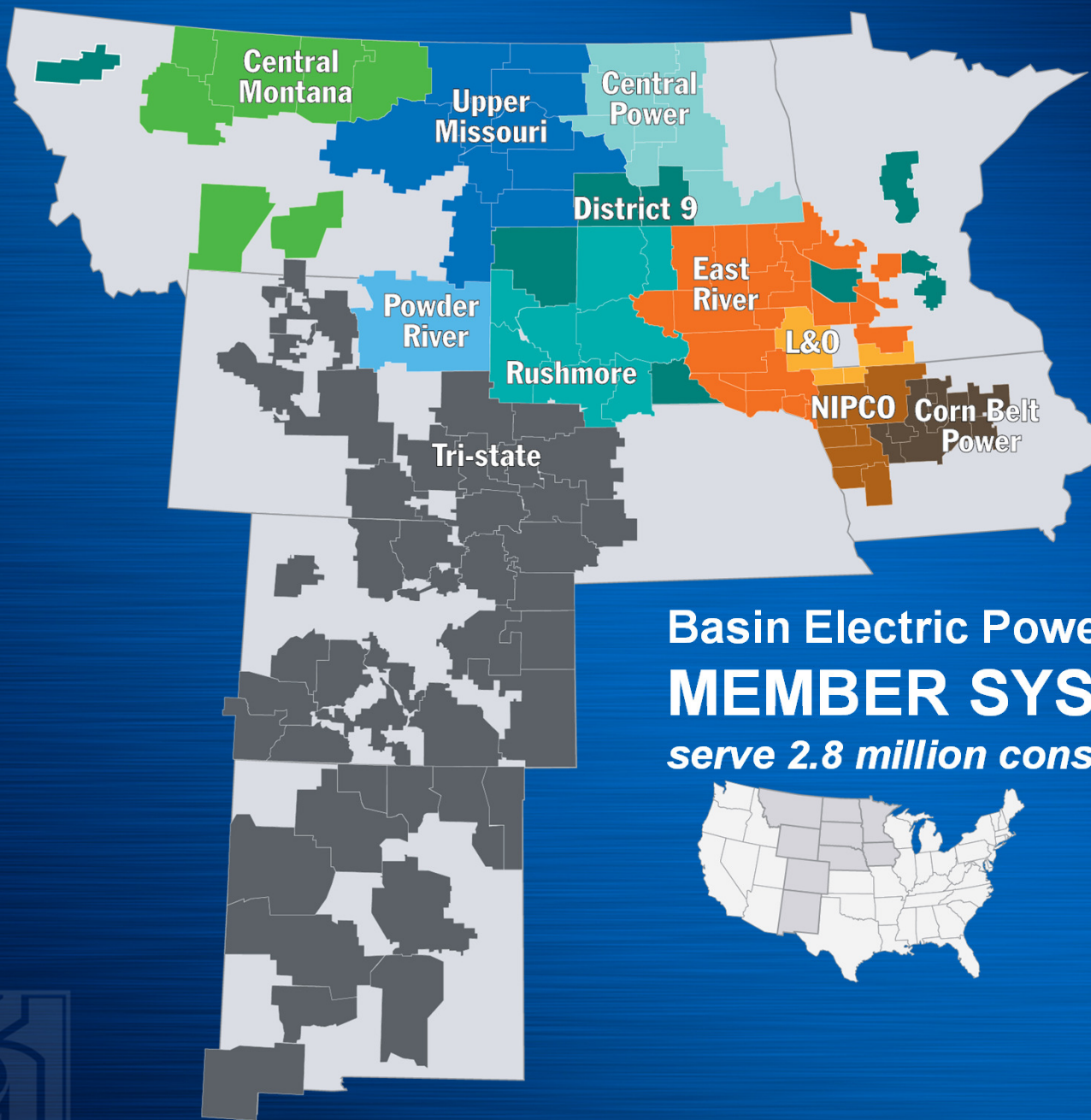
- Wholesale power supplier to 137 member rural electric systems
- Consumer owned, consumer controlled
- Member systems serve about 2.8 million consumers in nine states: ND, SD, MN, CO, MT, NE, NM, WY, IA
- 5,289 MW of generation in portfolio
- Power plants in ND, SD, WY, IA, MT
- Several subsidiaries





Basin Electric employment: > 2,100





Basin Electric Power Cooperative
MEMBER SYSTEMS
serve 2.8 million consumers



Cooperative Difference

- Basin Electric exists because of and solely for its member cooperatives
 - We provide reliable, at-cost electric service
 - We are owned by the consumers we serve
 - We are governed by a board of directors elected from the membership
- Cooperative business model provides financial strength and stability in uncertain times



Our Vision

- Basin Electric Power Cooperative will provide cost-effective wholesale energy along with products and services that support and unite rural America.



EPA's rule poses threat



Section 111(d)

- Recognize state authority
- Provide state-by-state and regional flexibility
- Recognize early action
- Consider remaining useful life
- Allow for generation growth





**State Authority
Clean Air Act SIPs =
strong record**

Flexibility

Coal type

Existing

Useful Life

Improvements



Early Action

By 2020 = 1,000 MW+ wind



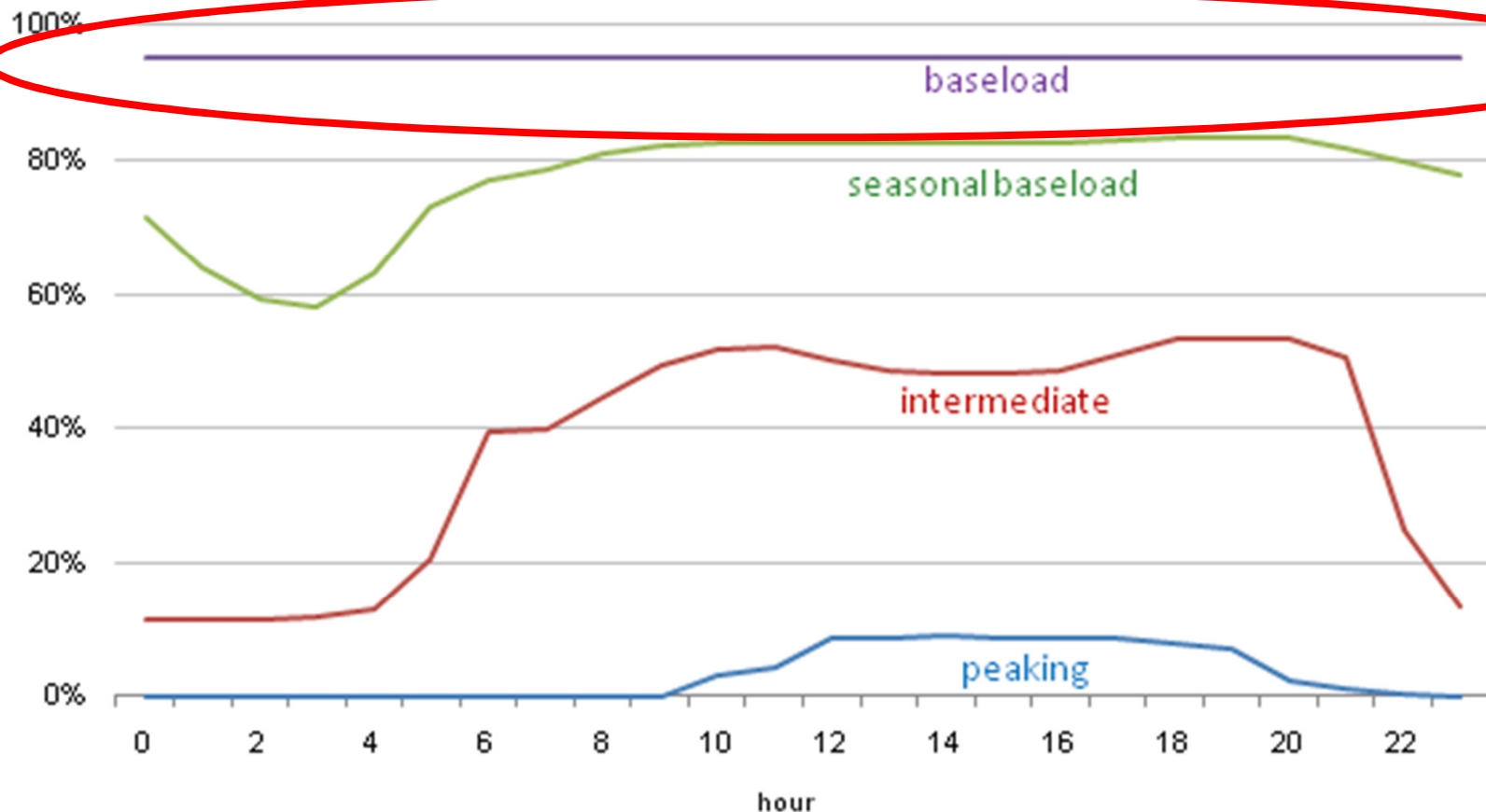
Remaining Useful Life



Load Growth

Annual average hourly capacity factors for four types of electric generating capacity

plant capacity factor (%)



Source: U.S. Energy Information Administration based on 2010 Environmental Protection Agency CEMS data from Ventyx's Energy Velocity Suite for examples of types of generation

Note: This chart reflects the measured output for each hour in 2010 of four actual plants located in Georgia.

Alternative Solution

**Section 111(d) =
no adequate technology**

Instead ...



Section 111(h)

State-driven practice-based program

- Bottom-up strategy can address CO₂ from existing sources
- Avoids setting an “emission limit” on and EGU basis
- Keep focus on bottom up / state based approach



Section 111(h)

- Allows for “design, equipment, work practice, or operational standard, or combination ...”
- Must reflect “the best technological system of continuous emission reduction” (“BTSCER”) that “has been adequately demonstrated.”



Ultimately, the Final Rule Must Be ...

- Reasonable
- Achievable
- Provide a path for coal



Thank you



Section 111(h)

- Standards fit within 111(d) for standards of performance
- Allows for state submission of plans based on 111(h) standards
- EPA can harness local expertise to establish effective efficiency standards under 111(h)



Alternative Approach Needed

- EPA should move beyond limit-based standards
- Embrace flexibility allowed through 111(h)
- Reasonable solution to protect jobs, wages and economy



How This Approach Works

- EPA publishes guidelines for states to address existing EGSs.
- EPA encourages states to implement “energy assessments” as 111(h) standard
- Existing EGUs operate as “well operated and maintained,” including any efficiency improvements

