

TALKING POINTS
PSC CO2 Hearing
January 21, 2014

Good morning, my name is Jason Bohrer and I am the President and CEO of the Lignite Energy Council.

Thank you for the opportunity to speak briefly today about EPA's plan to regulate carbon dioxide emissions from coal-fired power plants.

First, charts... Second, EPA emails ignored by EPA for cost analysis.

The Lignite Energy Council's mission is to maintain a viable lignite coal industry and enhance development of the region's lignite coal resources for use in generating electricity, synthetic natural gas and valuable byproducts

Don't feel too bad Congressmen Cramer when the EPA ignores your letters - they ignore the letter! OMB also.

The Lignite Energy Council is concerned about EPA's plans to develop carbon regulations for power generation facilities because of their impact on the use of lignite coal to produce affordable and reliable electricity. I expressly want to thank the Commission for its foresight as it endeavors to solicit comments from the citizens of North Dakota concerning two major Clean Air Act rulemakings that will significantly impact the State: EPA's proposal to reduce carbon emissions from existing power plants and EPA's carbon emission standards for new power plants.

This shows a sensitivity to consumer costs and business burdens that the EPA has not demonstrated when it ignored requests by our three members of Congress as well as our governor to come to North Dakota and hold an official listening session. Having said that, I do appreciate the EPA's attendance here and hope our message is incorporated into their rulemaking proceedings.

As you know, North Dakota has a very healthy and active coal industry. Coal powers a majority of electric generating units operating in North Dakota and is a significant employer in the State. We rely on coal-based generation for almost 80 percent of our electricity. Our coal industry employs more than 4,000 individuals directly and about 12,000 indirectly. Those employed by the coal industry in North Dakota earned an average income of \$89,000 in 2011, which was 100 percent higher than the average annual income for all North Dakota workers. Coal's reliability allows us to keep our retail price of electricity relatively low—electricity in North Dakota costs 25 percent less per kilowatt hour than the national average. Further, the ability to meet projected increased electrical demand in North Dakota is critical to U.S. Energy independence. The development currently occurring in the Bakken is projected to require over 2,500 additional megawatts of new power in the next 10 to 15 years as the oil and gas industry continues to build out.

This ability to reliably and efficiently produce and supply power to millions across the upper Midwest is one of the great success stories of the modern coal industry. Today, the East Coast is recovering from "Polar Vortex 2", which has led to record high spot prices for some heating fuels in the East Coast. The Weather Channel's website, and even the Drudge Report highlighted shortages of propane. It's been reported that many Eastern States are asking their residents to cut back on their propane use—in other words, they are asking their residents to suffer through the cold—and with no relief in sight, they better also get used to it.

And yet, here in North Dakota, where "Polar Vortex" weather is the norm, this commission's leadership, and this State's leadership, have ensured that our residents can affordably heat their homes, winter after winter, blizzard after blizzard, polar vortex after polar vortex. Electricity in North

Dakota is not yet a luxury item, but it will become one if the EPA's regulations go into effect as written.

The Lignite Energy Council is very concerned with EPA's decision to regulate carbon dioxide from new and existing power plants. We believe that EPA regulations are an ineffective and economically harmful way to address climate change. Carbon dioxide emissions from the U.S. coal fleet represent only 3 percent of global greenhouse gas emissions. Imposing stringent carbon dioxide emissions on coal powered units will only result in considerable increases in electricity costs while having no meaningful impact on global carbon dioxide emissions. These regulations are part of a "Climate Action Plan" that admittedly will have no impact on the actual climate—but will decrease jobs, shrink our GDP and suck more than one trillion dollars out of the economy.

I do want to stress that our industry is already actively engaged in reducing its carbon footprint. We recognize that we should always strive to do better and produce more power with fewer emissions—and we have succeeded. The U.S. electric sector has already reduced its carbon dioxide emissions more than any other sector of the economy. U.S. power plants have reduced carbon dioxide emissions by 16 percent below 2005 levels, and carbon dioxide emissions from coal-fired power plants have declined by almost 24 percent.

As you know, one of North Dakota's strengths is its energy resources. Another is its wise stewardship of those resources, as demonstrated by the remarkable reclamation efforts of our mines. But we also have the foresight that many states do not, and have taken a leadership role in studying, developing and actually deploying advanced technologies in the energy field. We've worked in partnership with private industries as well as with the U.S. Department of Energy.

So believe us when we say that, as experts in the field of coal fired technology, that the EPA has it wrong on its timeline for commercially available CO2 sequestration technology.

But if you choose not to believe me, just ask the scientists at the United States Department of Energy—these scientists estimate that commercial technology as called for by the EPA won't be available until 2025 at the earliest—ten years after its required by the bureaucrats at the EPA.

Right now, SaskPower, a crown corporation in Saskatchewan and research member of the LEC, is in the midst of a full-scale development project at its Boundary Dam electric generation station. While it's encouraging, and a sign of leadership, that a utility would step forward and deploy such a technology, that's far from saying that other utilities will want to immediately follow suit, given its high cost, high parasitic power demands and lack of proven results. Its even doubtful that SaskPower will replicate this experiment—and SaskPower is actually partially owned by the Canadian government. If a national government doesn't believe that such technology is yet ready for widespread use on its own assets, then to force such burdens on the assets owned by investors or member COOPs is ^{will drag down our economy.} ~~unwise~~ ^{But if these ruhs are} unfair and will lead higher prices and less reliability. ^{in the future, the} More importantly, ~~the~~ ^{when} next time a Polar Vortex descends, headlines about fuel shortages, record spot prices and dangerous outages won't be from back east, but from our own back yard.

Thank you for your attention, diligence and leadership on this important matter.