

OFFICE OF THE GOVERNOR  
STATE OF MONTANA

STEVE BULLOCK  
GOVERNOR

JOHN WALSH  
LT. GOVERNOR

December 18, 2013

Gina McCarthy, Administrator  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, NW  
Washington, D.C. 20460

Re: New Source Performance Standards For Electric Generation Unit Carbon Dioxide Emissions

Dear Administrator McCarthy:

Thank you for the opportunity to comment on the above-referenced proposal.

Montanans can see the climate is changing – we're outdoors people – we farm and ranch, we hunt, fish, and hike. It's not about whether this change is happening – it's about how we respond. This is a worldwide issue. The rest of the world wants to grow and prosper as we do – and electricity demand around the globe continues to grow as a result.

In Montana we depend on reliable, low cost energy for our homes and businesses. I believe we can have energy that is clean, affordable, and reliable, and meets the challenges posed by a changing climate. We can do this and create jobs, while putting the country on a path to energy security, with a balanced portfolio of renewable, traditional and nontraditional resources.

Sadly, right now it's easier to get tied up in the conflicts of the moment than it is to find answers. Too often it appears that all parties are more interested in spending time and money on lawyers, lobbyists, and TV ads. I'm more interested in seeking solutions.

Working together means looking long term and recognizing that both renewables and coal will be part of our energy future for decades to come. Today, opponents of the coal industry express concern about carbon emissions and critics of renewable energy raise challenges about consistency or lack of a modern grid. But what we know today is going to be eclipsed by tomorrow, and we need more focus on constructively solving these issues to build a better energy future.

There are significant economic opportunities for Montanans in both fossil fuels and renewables. Coal currently provides 2,300 Montana families with a middle class income, and delivers \$160 million new tax dollars into state coffers every year. Since 2005, renewable energy development in Montana has

resulted in well over a billion dollars of new investment, creating over 1,300 construction jobs, 85 permanent jobs, and generating over \$6 million annually in tax revenues.

Much of this economic benefit takes place in rural parts of the state, providing much-needed jobs and a significant boost. The Native American sovereign nations located within our state also have much to gain. I'm sure you're aware of the importance of coal development to the Crow and Northern Cheyenne, and other opportunities exist for responsible energy development, including renewables, throughout Indian Country.

We won't throw a switch tomorrow and make any kind of transition that addresses and balances these issues. The answer will not be found in simply making our energy more expensive. This is a global issue and we need the world to come along with us, or we will not be as successful.

I am concerned that your proposed regulations for new power plants are setting a bar higher than any entity has demonstrated can be attained. Although great strides have been made in carbon capture and sequestration (CCS), it does not appear that this technology has yet to work on any meaningful scale. If we are to create a different energy future, we need a much larger financial commitment to research and development, including substantial investment in CCS and other low carbon coal technologies.

By statute, Montana has a strict CCS standard, which generally prohibits state utility regulators from allowing rate recovery for new sources of coal-fueled electricity generation that do not achieve 50 percent carbon capture/sequestration. Clearly, lawmakers were concerned about exposing Montana ratepayers to the risks of future carbon regulations. The Montana CCS requirements are applicable until the state or federal government adopts carbon capture standards, reinforcing the need to make sure that not only are your proposed federal standards attainable, but also scalable and economical.

Low natural gas prices are certainly one of the primary factors influencing the current shortage of new coal-fired power plants on the drawing board. But low gas prices won't last forever, and coal will remain readily accessible and abundant. The U.S. Energy Information Administration forecasts that coal will continue to be an important part of our nation's energy future for several decades. Our natural gas boom provides us with time and options, but in the long-term, we'll still need coal and advanced coal technologies that reduce carbon emissions. This will only happen with a strong commitment to research and development.

Montana is a leader in pioneering efforts to experiment with CCS, as well as carbon capture and utilization technologies. In fact, of the seven regional carbon sequestration partnerships in the U.S., Montana plays a significant role in two of them—the Big Sky Carbon Sequestration Partnership and the Plains CO2 Reduction Partnership. The Montana State University Energy Research Institute, which interacts with both partnerships, as well as ZERT (Zero Emissions Research and Technology), is housing publically and privately funded projects that are advancing the way we envision a future that includes low carbon coal.

Although \$65 million has been invested in Montana in these projects (from federal, state and private entities since 2004), it's not enough. More needs to be done if we are to successfully chart a better energy path.

Carbon sequestration not only provides a possible solution to CO2 emissions, but can increase oil production as well. This is exactly what private companies like Denbury and Magellan are doing in Montana now—using CO2 enhanced oil recovery methods to extract oil, and employing hundreds of Montanans in the process.

Sticking our head in the sand and pretending our climate isn't changing is not a responsible path forward. Nor is setting unattainable standards. We must have a significant commitment on the part of the Administration and our country to meaningfully invest in improving upon the technologies currently employed in electricity production. These challenges are not insurmountable, and American ingenuity has demonstrated time and again that we are capable, with vision and commitment, of solving the most difficult problems, and reinventing the future.

Thank you again for the opportunity to provide these comments on this matter of utmost importance to the people of Montana.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steve Bullock", with a long horizontal flourish extending to the right.

Steve Bullock  
GOVERNOR