



## Great Northern Properties L.P.

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Sen. Dave Wanzonried, Chair  
Rep. Carol Lambert, Vice Chair  
Environmental Quality Council  
Legislative Environmental Policy Office  
P.O. Box 201704  
Helena MT 59620-1704

Dear Chairman Wanzonried, Vice Chair Lambert, and Members of the Council:

Great Northern Properties (GNP) appreciates this opportunity to comment briefly on the recommendations in the Montana Climate Change Action Plan (MCCAP). GNP owns 20 billion tons of coal reserves in Montana and North Dakota and consequently has a keen interest in Montana energy resource development and associated environmental issues.

GNP has responded to only a limited number of the recommendations using the electronic survey offered by EQC. GNP is not sufficiently knowledgeable to cast a "vote" on many of the recommendations. Although we appreciate EQC's efforts to solicit public opinion on the MCCAP recommendations, we believe the results of the survey will have little, if any, value to EQC. Proponents of additional environmental regulations will be mobilized to respond to the survey while the broad cross section of Montana businesses and citizens that will pay the cost of many of the recommendations will likely be underrepresented in the population responding to the survey. In short, the results of the survey are likely to represent the views of a motivated group of advocates rather than the views of the "average" Montanan.

The Executive Summary of the MCCAP contains this statement:

"Cumulatively, there is a slight economic benefit from implementing all of the CCAC's recommendations." (EX-6)

DEQ Director Opper and others who have been presenting the report to public audiences, including EQC, have tended to focus on this statement, perhaps leaving the impression that adoption of the MCCAP recommendations en masse would be a "free lunch". We urge you not to accept this proposition at face value.

First, it should be noted that the economic analysis of the recommendations is of questionable usefulness for making major public policy decisions due to the limited time and absence of Montana-specific information available to the consultants that prepared this analysis.

Second, the report also contains this statement:

“Some [of the recommendations] will cost money to implement, and many will save money by reducing energy needs and costs.” (EX-3)

We urge you to look at each recommendation independently and consider its specific costs and benefits. It may be that some of the recommendations, especially those focused on energy efficiency, will result in lower green house gas emissions and lower costs for consumers. These recommendations should be given serious consideration.

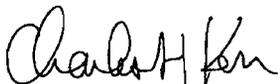
However, many of the recommendations would impose significant new costs on Montana’s economy. In the Energy Supply segment, the report indicates that the MCCAP recommendations, other than the energy efficiency recommendation, would result in net costs of \$350 to \$950 million (2007-2020 NPV) to Montana’s businesses and citizens.

And this total does not include the unquantified costs of some of the most costly recommendations such as a cap and trade system for regulating green house gas (GHG) emissions. While the costs of such regulations are difficult to estimate, the attached report, based on credible national studies, shows a potential reduction in Montana’s economic output of \$400 million to \$1.3 billion per year and the loss of 6,200 to 16,600 jobs by 2015.

Therefore, we urge EQC to move cautiously with respect to the Energy Supply recommendations due to the significant costs involved.

GNP expects that federal legislation to regulate GHG emissions will be passed in the near future and we are developing our business plans accordingly. In the meantime, we believe it would be ill-advised for Montana to adopt GHG emissions regulations in advance of federal legislation. Any regional or Montana-specific regulations would have an infinitesimal impact on global climate change. “Early adoption” of regulations would impose significant costs on Montana businesses and consumers and would send an anti-business message to energy developers driving new projects and related investment to neighboring energy-producing states such as Wyoming and North Dakota.

Sincerely,



Chuck Kerr

cc: Joe Kolman, EQC  
Sonja Nowakowski, EQC  
Todd Everts, EQC Attorney

