

LEPO

Legislative Environmental
Policy OfficeMONTANA LEGISLATIVE
SERVICES DIVISION

HJ 38: COLSTRIP UPDATE

COAL-FIRED REMEDIATION ACT PLAN SUBMITTED

In accordance with Montana's Coal-Fired Generating Unit Remediation Act, Talen and Puget Sound Energy submitted a remediation plan to the state for Colstrip Units 1 and 2 in early April 2020.

The remediation act is imposed on coal-fired generation facilities that are 200 MW or larger, including the four Colstrip units. Montana's law requires the owner of a coal-fired plant to submit a remediation plan to the Department of Environmental Quality (DEQ) no later than three months after the facility closes. Units 1 and 2 permanently ceased operation in January. Talen, as the operator, submitted the plan on behalf of itself and Puget on April 3, 2020. DEQ has until June 2 to review the plan for completeness. The agency then has 120 days to review and approve or modify the plan. DEQ will solicit public comment during a 45-day public comment period, and a public meeting will be held in Colstrip, or virtually, depending on the COVID-19 pandemic situation.

The plan includes a general overview of the site, current and reasonably anticipated future use of the property, remediation information, a commitment to comply with workforce requirements and cleanup levels, information on asbestos on-site, and information on all other hazardous materials on-site.

Based on local land and resource use requirements, the historical and current use of the area, patterns of development in the area, and the ongoing operation of Units 3 and 4, the reasonably anticipated future use of the site is industrial use and pasture-land use. The Southeastern Montana Development Corporation also has identified the area north of the Units 1 and 2 plant sites to be a potential industrial development area. Because of the significant electrical and other infrastructure that exists on and adjacent to the Units 1 and 2 plant sites, it is anticipated that some or all the affected property and infrastructure may be used for renewable energy production, energy storage, or both, according to the remediation plan.

In the plan, Talen and Puget also commit to meet the remediation requirements to hire skilled and trained contractors and subcontractors and pay the standard prevailing rate of wages as defined in 18-2-401, MCA for remediation.

The owners also commit to meet existing legal obligations, including the 2012 Administrative Order on Consent (AOC) regarding impacts related to wastewater; the Federal Coal Combustion Residuals Rule; the National Emissions Standards for Hazardous Air Pollutants Act; the Toxic Substances Control Act, as incorporated into DEQ rules; and Montana's Solid Waste Management, Hazardous Waste, Clean Air, and Water Quality Acts.

AOC BONDING UPDATE

The AOC focuses on the coal ash ponds and largely guides remediation at Colstrip. The AOC does not cover the plant itself; it only covers the ponds and related contamination from seepage. The plant itself (buildings, waste from other operations at the plant, such as petroleum releases) is covered by the remediation plan, discussed above. In 2012, the DEQ and the plant operator Talen Energy (formerly PPL Montana) signed an AOC to address the seepage. The AOC is an enforcement action taken by the DEQ exercising the authority it is granted under the Montana Water Quality Act and the Major Facility Siting Act. Talen is responsible for the remediation of the coal ash ponds, and the AOC is binding upon Talen’s successors.

Talen submits plans to DEQ that describe feasible remedial alternatives and closure options that address contamination resulting from the coal ash ponds associated with Colstrip Units 1-4. Although Talen proposes their preferred alternative in the plans, DEQ makes the final selection of a proposed alternative or a modified alternative. Upon DEQ approval of plans, Talen provides financial assurance in an amount set by the DEQ to cover the costs of remediation. Under the AOC, Talen can provide insurance, third-party guarantee, performance or other surety bond, or letters of credit. DEQ reviews the financial assurance annually, and the DEQ can increase or decrease the amount required based on projected costs for the operation and maintenance of remedial and closure actions. Bonding details are included on page 3.

Colstrip Owners	Financial Assurance Provided as of 12/15/2019	Financial Assurance Provided as of 04/28/2020
Talen	\$51.3 million	\$60.2 million
Puget Sound Energy	\$51.6 million	\$75.5 million
NorthWestern Energy	\$13 million	\$22.8 million
Portland General Electric	\$17.4 million	\$30.4 million
Avista	\$13 million	\$22.8 million
PacifiCorp	\$8.7 million	\$15.2 million
Total	\$171.4 million	\$226.9 million

The DEQ estimates the total cost of closure and remediation for the ponds associated with Units 1-4 could be between \$400 to \$700 million. However, total cleanup costs have not been finalized. Under the AOC, financial assurance is only required to be submitted once the DEQ selects a remedy, to ensure an accurate cost estimate. Colstrip’s six owners have provided their portion of the financial assurance to date as surety bonds under agreements they have with Talen, as the operator. These bonds cover closure of all ponds associated with Units 1-4, remediation activities for the Units 3 and 4 ponds, and the plant site ponds. Bonds total about \$227 million. Although plans were conditionally approved by DEQ to allow further work to address data gaps, the financial assurance requirement was triggered. The remedy for the Units 1 and 2 ponds has not been approved by DEQ. Talen is working to revise the plans to include excavation scenarios due to the known interaction between the bottom of the Units 1 and 2 ponds and the groundwater. DEQ anticipates approving a remedy for these ponds during summer 2020, at which time the remainder of the financial assurance for all the areas will be determined and submitted.

Colstrip Owners	Area	Description	Financial Assurance 04/28/2020
Talen	Plant Site	Remediation and Closure	\$30.2 million
	Units 1-2	Closure	\$13.5 million
	Units 3-4	Remediation and Closure	\$16.1 million
Puget Sound Energy	Plant Site	Remediation and Closure	\$34.4 million
	Units 1-2	Closure	\$13.5 million
	Units 3-4	Remediation and Closure	\$27 million
NorthWestern Energy	Plant Site	Remediation and Closure	\$6.4 million
	Units 3-4	Remediation and Closure	\$16.1 million
Portland General Electric	Plant Site	Remediation and Closure	\$8.5 million
	Units 3-4	Remediation and Closure	\$21.5 million
Avista	Plant Site	Remediation and Closure	\$6.4 million
	Units 3-4	Remediation and Closure	\$16.1 million
PacifiCorp	Plant Site	Remediation and Closure	\$4.3 million
	Units 3-4	Remediation and Closure	\$10.1 million
All owners	All	Current Remediation	\$2.7 million
Total			\$227 million