

NWE Stockholder Proposal

WHEREAS the evidence of human-caused climate change is overwhelming, the impacts of climate change are intensifying across the country, and unless prompt action is taken climate change will cause increasing harm to Montana's agriculture, tourism, and infrastructure by severe wildfires, drought, flooding, and decreased flows for hydroelectric generation;

([1] Supporting Document: *2018 National Climate Assessment, Overview and Chapt. 22*, nca2018.globalchange.gov)

WHEREAS carbon dioxide emissions are the largest contributor to climate change, and coal mining and coal fired plants emit carbon dioxide and other greenhouse gases;

([2] Supporting Document: *Id.* at Overview; *"How much of U.S. carbon dioxide emissions are associated with electricity generation?"*, U.S. Energy Information Administration (2019), <https://eia.gov/>)

WHEREAS 39% of Northwestern Energy Company's (NWE) Montana electricity generation comes from plants that emit carbon dioxide and other greenhouse gases from coal and natural gas combustion;

([3] Supporting Document: *"NorthWestern Energy 2019 Electricity Supply Resource Procurement Plan "(Extract from Final) Figure 1-3*, [Northwesternenergy.com](https://northwesternenergy.com))

WHEREAS NWE projects its carbon emission rates through 2038 to be very close to those in 2020, about 800 pounds of carbon dioxide per megawatt hour, most of which will come from the Colstrip Unit 4 coal fired plant located in Montana;

([4] Supporting Documents: *Ibid.* at *"Resource Procurement Plan"* Figure 1-4 and Table 4-1)

WHEREAS the plant's age, departure of other owners, remediation costs, uncertain regulatory environment, and the dim future of the coal industry make NWE's 30% investment in Unit 4 and reliance on coal fired electricity an increasingly risky investment, posing a danger Colstrip may become a stranded asset;

([5] See documents below and Introduction to special issue: *"Stranded assets and environment"* (2017) Caldecott)

WHEREAS Talen Energy, Colstrip’s operator, will permanently shut down Units 1 and 2 in 2019 because they are uneconomical and, apart from Talen’s 30% interest in Unit 3, the other partial owners of Colstrip Units 3 and 4, (Puget Sound Energy, Inc., Portland General Electric Co., Avista Corporation and PacifiCorp) are required by their home state laws to eliminate coal fired electricity by 2025 and 2030 respectively;

([6] Supporting documents: *Talen Press Release*, talenenergyinvestorroom.com (2019);— *"Colstrip Units 1 and 2 Will Close in 2019"*, Billings Gazette, June 11, 2019, billingsgazette.com; — *"Elimination of coal from electricity supply;"*, Oregon Revised Statutes section 757.518 — *"Elimination of coal-fired resources"*, Revised Code of Washington Annotated section 19.001.003 — *"Colstrip Owner Pushes Closure Past Christmas"*, 12/17/19 Billings Gazette)

WHEREAS the present remediation cost for groundwater contamination by Colstrip coal ash approaches \$700 million, of which NWE must pay its part, and NWE’s future remediation costs will increase out of present proportion as other owners of Colstrip depart;

([7] Supporting Document: *"Colstrip ash pond clean up could cost \$700M, Montana DEQ says"*, Billings Gazette 1/31/19, billingsgazette.com — *"Doing It Right"* Northern Plains Resource Council)

WHEREAS Units 3 and 4, now 35 years old, continue to emit unlawful levels of hazardous air pollutants, requiring temporary shutdown in 2018, and an enforcement action by Montana DEQ is pending;

([8] Supporting Document: *"Colstrip power generating station shut down..."* — The Spokesman-Review, 7/25/18, spokesman.com — *"NorthWestern Seeks Rate Increase"* 12/8/2019 Billings Gazette)

WHEREAS the Montana Legislature rejected NWE’s effort to expand ownership of Colstrip and pass increased decommissioning and remediation costs to consumers, and the future federal regulatory scheme is uncertain, with candidates extolling a “Green New Deal;”

([9] Supporting Documents: *Montana Senate Bill 331*, leg.mt.gov; — *"Bill on Colstrip purchase voted down"*, — KRTV 4/16/19, krtv.com; — *House Resolution 109*, February 7, 2019, congress.gov — *"No One Speaks in Favor of NWE Plan"*, Billings Gazette 12/9/2-19 — *"NWE Plans to Buy Colstrip for \$1"* Billings Gazette 12/10/2019)

WHEREAS the coal supply for Colstrip is uncertain given the collapse of the coal mining industry;

([10] Supporting Documents: *"Westmoreland: Court Approves Sale.."*, Markets Insider,

businessinsider.com, (3/14/19); In Re Westmoreland Coal Company, Debtor, Bkr. Case Nos. 18-35672, 18-35689 S.D. Texas, pacer.gov; — "*The U.S. coal sector*", Gruenspecht, Brookings 6/19)

WHEREAS non-carbon emitting renewable energy sources such as improved hydroelectric generation, wind, and solar are less expensive and increasingly available in Montana;

[[11] Supporting Documents: "*Montana Renewables Development Action Plan*", 6/18, bpa.org; "*Portland General Electric Set to Build...Renewable Energy Site*" opb.org 2/15/19 — "*Colorado's Cleanest Energy Cheapest*" vox.com 11/7/2019)

THEREFORE, BE IT RESOLVED the shareholders request Northwestern Corporation plan for the Northwestern Energy Company to cease coal fired generation of electricity from the Colstrip plant and replace that electricity with non-carbon emitting renewable energy and 21 st century storage technologies with its own assets or from the market no later than the end of the year 2025, and to share that plan with the shareholders no later than the 2021 annual meeting.

The documents supporting this proposal can be found at 350montana.org

End Notes

1 Extract from 2018 National Climate Assessment, Overview

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/NationalClimateAssessmentExtract.pdf>
- https://nca2018.globalchange.gov/downloads/NCA4_Report-in-Brief.pdf

2 U.S. carbon dioxide emissions associated with electricity generation?, U.S. Energy Information Administration (2019),

- http://www.350montana.org/wp-content/uploads/2019/12/nwe/HowMuchUS_CO2_forElectricity.pdf
- <https://www.eia.gov/tools/faqs/faq.php?id=77&t=11>

3 NorthWestern Energy 2019 Electricity Supply Resource Procurement Plan (Final) Figure 1-3

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/NWEProcurementPlan2019.pdf>
- <https://www.northwesternenergy.com/docs/default-source/documents/defaultsupply/plan19/ch-2019-vol-1-final.pdf>

4 Resource Procurement Plan Figure 1-4 and Table 4-1

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/NWEProcurementPlan2019.pdf>
- <https://www.northwesternenergy.com/docs/default-source/documents/defaultsupply/plan19/ch-2019-vol-1-final.pdf>

5 Caldecott, Introduction to special issue: stranded assets and the environment (2017)

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/BenCaldecott.pdf>
- https://crawford.anu.edu.au/sites/default/files/events/attachments/2014-04/ben_caldecott.pdf

6 Talen Press Release, talenenergyinvestorroom.com (2019)

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/TalenPressRelease.pdf>
- <https://talenenergy.investorroom.com/2019-06-11-Colstrip-Steam-Electric-Station-Units-1-and-2-to-Retire>

Colstrip Units 1 and 2 Will Close in 2019

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/ColstripUnits1and2Closure.pdf>
- https://billingsgazette.com/news/state-and-regional/colstrip-units-and-will-close-in/article_cac5e705-d9e6-5954-af8f-9dc26b584a0e.html ;

Oregon Revised Statutes section 757.518

“Elimination of coal from electricity supply;”

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/OregonStatute.pdf>

Revised Code of Washington Annotated section 19.001.003

“Elimination of coal-fired resources”

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/WashingtonStatute.pdf>

Colstrip Closure Past Christmas

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/ClosurePastChristmas.pdf>
- https://billingsgazette.com/business/colstrip-owner-pushes-closure-past-christmas/article_a3d432f1-38d3-51c4-ab07-32a90df268dc.html

7 Colstrip ash pond clean up could cost \$700M, Montana DEQ says: Billings Gazette

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/ColstripCleanup.pdf>
- https://billingsgazette.com/news/state-and-regional/colstrip-ash-pond-cleanup-could-cost-m-montana-deq-says/article_74c97386-2c1f-5689-8a43-6ff43f96fcdc.html

Doing It Right Northern: Plains Resource Council

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/DoingItRight.pdf>
- https://northernplains.org/wp-content/uploads/2018/07/DoingItRight_ExecutiveSummaryOnly_FNL_WEB.pdf
- <https://northernplains.org/colstrip-jobs-study/>

8 Colstrip power generating station shut down: The Spokesman-Review

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/ColstripShutdownToAddressPollution.pdf>
 - <https://www.spokesman.com/stories/2018/jul/25/colstrip-power-generating-station-shut-down-to-add/>
- ### **NorthWestern Seeks Rate Increase: Billings Gazette**

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/NorthWesternSeeksRateIncrease.pdf>
- https://billingsgazette.com/news/state-and-regional/govt-and-politics/northwestern-seeks-m-rate-increase-for-unexpected-costs/article_4b9e973d-0333-536e-8f36-offf26c1f8d8.htm

9 Montana Senate Bill 331, leg.mt.gov

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/MontanaSB0331.pdf>

Bill on Colstrip purchase voted down: KRTV 4/16/19

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/SenateBill331VotedDown.pdf>
- <https://www.krtv.com/news/montana-politics/2019/04/16/bill-on-colstrip-purchase-voted-down-in-montana-house/>

House Resolution 109, February 7, 2019, congress.gov

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/HouseResolution109.pdf>

No One Favors NWE Plan Billing Gazette

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/NoOneSpeaksInFavor.pdf>
- https://billingsgazette.com/news/state-and-regional/govt-and-politics/no-one-speaks-in-favor-of-northwestern-energy-s-/article_8934f78a-a156-5f6e-9060-8fc61bc0b9e2.html

NWE Plans to Buy Colstrip for \$1: Billings Gazette

- [http://www.350montana.org/wp-content/uploads/2019/12/nwe/NWEPlansBuyColstripFor\\$1.pdf](http://www.350montana.org/wp-content/uploads/2019/12/nwe/NWEPlansBuyColstripFor$1.pdf)
- https://billingsgazette.com/business/northwestern-energy-plans-to-buy-bigger-stake-in-colstrip-power/article_d6abc5d6-b052-5a08-90b0-90571e0dfc3c.html

10 Markets Insider, Westmoreland... (3/14/19)

In Re Westmoreland Coal Company, Debtor, Bkr. Case Nos. 18-35672, 18-35689 S.D. Texas, pacer.gov;

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/WestmorelandBankruptcy.pdf>
- <https://markets.businessinsider.com/news/stocks/westmoreland-bankruptcy-court-approves-sale-of-assets-under-chapter-11-plan-1028000304>

Gruenspecht, The U.S. coal sector, Brookings 6/19

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/TheUSCoalSector.pdf>
- <https://www.brookings.edu/research/the-u-s-coal-sector/>

11 Montana Renewables Development Action Plan

6/18, bpa.org; Portland General Electric Set to Build...opb.org 2/15/19

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/MontanaRenewablePlan.pdf>
- <https://www.bpa.gov/Projects/Initiatives/Montana-Renewable-Energy/Documents%20Montana/Montana-Renewables-Development-Action-Plan-June-2018.pdf>

Portland General Electric Set to Build ... Renewable Energy Site

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/OregonSolarWindBatteryProject.pdf>
- <https://www.opb.org/news/article/eastern-oregon-solar-wind-battery-renewable-portland-general-electric/>

Colorado's Cleanest Energy Cheapest vox.com

- <http://www.350montana.org/wp-content/uploads/2019/12/nwe/ColoradosCleanestAlsoCheapest.pdf>
- <https://www.vox.com/energy-and-environment/2019/11/7/20951061/colorado-decarbonization-clean-energy-cheap-coal-electric-vehicles>