



## CROSS-STATE AIR POLLUTION RULE

### Background

On July 6, 2011, the U.S. Environmental Protection Agency (EPA) finalized the Cross-State Air Pollution Rule (CSAPR) which requires 27 states in the eastern United States to improve air quality by reducing power plant emissions that contribute to ozone and/or fine particle pollution across state boundaries. Effective January 1, 2012, CSAPR replaces EPA's Clean Air Interstate Rule, which was temporarily implemented while a court-ordered replacement rule was promulgated.

Under CSAPR, EPA has set a pollution limit (or budget) with respect to both sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>) emissions for each of the states covered by the rule. The rule allows sources in each state to meet those budgets in any way they see fit by allocating allowances to each source and allowing unlimited trading of emissions allowances between power plants within the same state. Interstate trading is also permitted; however, the rule includes provisions to assure that each state will consistently meet its state budget.

### How it Affects Great River Energy

CSAPR applies to Great River Energy's facilities in Minnesota. Because our Minnesota generation resources are primarily natural gas with low SO<sub>2</sub> and NO<sub>x</sub> emissions, CSAPR will have a relatively minimal effect on Great River Energy.

### Great River Energy's Position

We understand that some states and utilities have requested delays to CSAPR. Because our generation resources in Minnesota are mostly natural gas-fueled combustion turbines with relatively low emissions, Great River Energy is unlikely to join in lawsuits surrounding CSAPR.

December 1, 2011