Generation Fuel Diversity

1251(a)(12) EPACT

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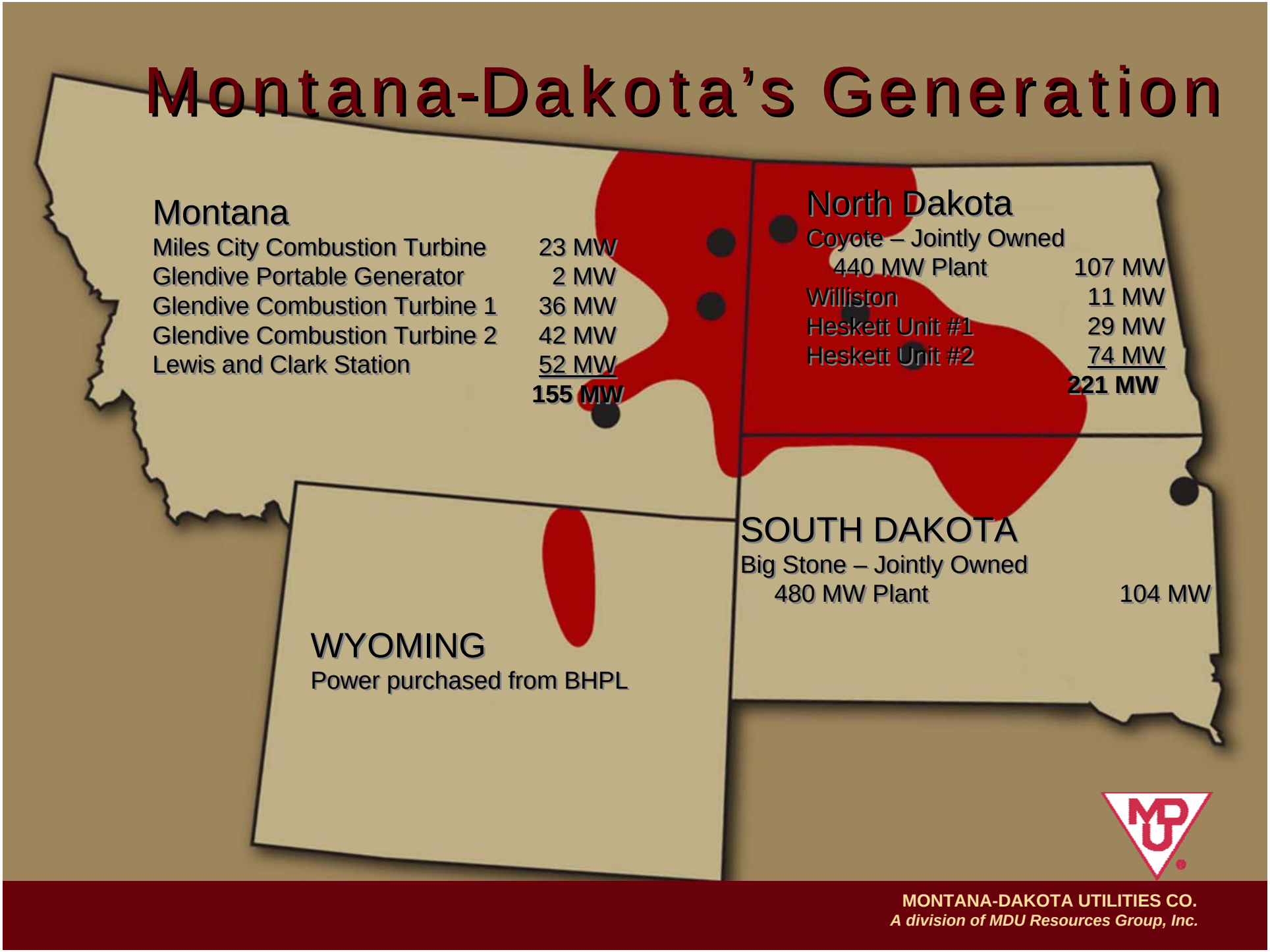
Montana-Dakota Utilities Co.

Section 1251(a)(12)

- Each electric utility shall develop a plan to minimize dependence on one fuel source and to ensure that the electric energy it sells to consumers is generated using a diverse range of fuels and technologies, including renewable technologies.

Montana-Dakota's Generation



MONTANA-DAKOTA UTILITIES CO.
A division of MDU Resources Group, Inc.

Generation Fuel Diversity

- Montana-Dakota's existing generation defines fuel
  - 75 percent (366 MW) coal
  - 25 percent (114 MW) gas/oil
- Renewable – 19.5 MW wind
  - Equipment Contract Signed
  - Commercial Operation at end of 2007

Generation Fuel Diversity

- Technology diversity
  - Cyclone
  - Fluid bed
  - Stoker
  - Tangential/Pulverized coal
  - Combustion turbines – various designs
  - Wind turbines

Generation Fuel Diversity

- Coal supply diversity
  - 29 percent mine mouth
  - 28 percent by unit train
  - 28 percent by short haul train
  - 15 percent trucking

Generation Fuel Diversity

- Integrated Resource Plan
  - Supply side planning including:
    - Fuel type, cost, availability
    - Consideration of MISO market
    - Resources to meet economic development
    - Renewable resources
    - Least-cost and best-cost considerations

Generation Fuel Diversity

- Cost effective future supply from
  - Regional coal
  - Regional natural gas/oil
  - Regional wind

Summary

- IRP and supply availability will drive resource optimization and fuel choice
- There is **no good reason** to depart from the existing standard for determining generation resource choice and corresponding generation fuel mix
- A Generation Fuel Diversity Standard should NOT be adopted