

New Mexico's Regional Haze Plan Meets Federal Standards & Keeps Costs Down, But EPA Mandates More Costly Approach

Key Facts on Two Plans to Improve Visibility

Two plans have been developed for New Mexico to meet its obligation under federal law to improve visibility in the region's national parks and wilderness areas: one developed by the State of New Mexico and the other by the U.S. Environmental Protection Agency.

Under both plans, the PNM San Juan Generating Station – which serves 2 million customers in New Mexico, Arizona, Utah and California – would install new environmental controls. Both plans meet federal standards and would achieve similar visibility improvements – but the state plan does so for about one-tenth of the cost:

	<u>New Mexico's Plan</u>	<u>EPA's Plan for New Mexico</u>
New technology to be installed at San Juan Generating Station	Selective non-catalytic reduction (within 5 years)	Selective catalytic reduction (within 5 years)
Improves air quality and meets visibility requirements of federal Clean Air Act?	Yes	Yes
Latest cost estimate	About \$77 million	About \$750 million -- or more

What's Our View?

New Mexico's plan makes sense: it works for the environment *and* the economy

- ✓ The federal *Clean Air Act* lays out an appropriate path for returning national parks and wilderness areas to natural visibility levels over several decades. States are tasked with developing implementation plans to limit emissions from major contributors to regional haze – and New Mexico's plan does just that.
- ✓ New Mexico's comprehensive plan includes provisions to reduce nitrogen oxides (NOx) emissions at San Juan, meets all of EPA's requirements and is fully approvable by EPA.
- ✓ The state plan would reduce San Juan's NOx emissions by 20 percent annually. Combined with reductions resulting from a major environmental upgrade completed in 2009, this would represent an annual NOx reduction of 73 percent from 2006 levels.

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New Mexico's plan deserves EPA's consideration

- ✓ Instead of approving the New Mexico plan, EPA ignored the law and its own policies to create an entirely new and arbitrary standard for San Juan.
- ✓ To date, no other coal-fired power plant has been forced by EPA to adopt emission limits as stringent as those imposed on San Juan in order to meet regional haze standards.
- ✓ PNM, New Mexico Governor Susana Martinez, the New Mexico Environment Department and the Navajo Nation each have asked EPA to formally and fully review the state plan – something EPA still has not done – and to approve it.
- ✓ In addition, they have asked EPA to put its plan on hold while appeals are considered by a federal court.

For New Mexico electric consumers, a delay in implementing EPA's decision is critical

- ✓ Under the EPA plan, New Mexico consumers would ultimately pay higher electric rates that were not necessary to meet federal standards
- ✓ Without a delay, PNM and the plant's other owners will be forced to spend tens of millions of dollars now on steps that the court may determine are unnecessary.
- ✓ PNM is prepared to implement the state plan right away. It will work for the environment, and it will work for the people in our state, many of whom are struggling to make ends meet.

PNM is committed to protecting its customers' interests while also protecting the environment

- ✓ PNM takes its role as a steward of the environment seriously; it also takes seriously its obligation to keep electricity affordable for its 500,000 New Mexico customers.
- ✓ The owners of San Juan recently invested \$320 million on a major environmental upgrade. The upgrade resulted in a dramatic reduction in the plant's emissions of NOx (44% reduction), sulfur dioxide (71% reduction) and particulate matter (72% reduction). San Juan was one of the first plants in the nation to install mercury removal equipment, resulting in a removal rate of 99 percent.
- ✓ Today, San Juan fully complies with all national ambient air quality standards.

Did You Know New Mexico Air Quality is Among the Best in the Nation?



The World Health Organization just recently released statistics showing that Farmington, N.M., in San Juan County, has the sixth best air quality in the nation (September 2011).

The American Lung Association's "State of the Air 2011" ranked New Mexico among the cleanest states in the country. For example, among all of the 3,143 counties in the United States, six New Mexico counties – Chavez, Grant, Lea, Sandoval, Santa Fe and San Juan -- were among those listed by the association as the "Cleanest Counties (in the US) for Short-Term Particle Pollution (24-hr PM2.5)."

San Juan Generating Station Serves 2 Million Electric Customers in the U.S. Southwest

PNM owns 46 percent of the San Juan plant and operates it on behalf of eight other owners. Those owners are:

- City of Farmington
- Los Alamos County
- Tucson Electric Power
- Southern California Public Power Authority
- Tri-State Generation and Transmission Association
- MSR Public Power Agency (CA)
- City of Anaheim (CA)
- Utah Associated Municipal Power Systems