CITY of ALBUQUERQUE
TWENTY-FIRST COUNCIL

COUNCIL BILL NO. F/S R-14-59 ENACTMENT NO. _____

SPONSORED BY: Isaac Benton & Diane Gibson

RESOLUTION

RELATING TO PUBLIC SERVICE COMPANY OF NEW MEXICO'S PLAN TO REPLACE 836 MEGAWATTS AT THE SAN JUAN GENERATING STATION; URGING THE NEW MEXICO PUBLIC REGULATION COMMISSION TO MODIFY PNM'S PLAN AND CLAIMS FOR COST RECOVERY.

WHEREAS, on February 15, 2013, Governor Susana Martinez, the Public Service Company of New Mexico (PNM), and the Environmental Protection Agency (EPA) announced an agreement to close San Juan Generating Station (SJGS) Units 2 & 3 (836 megawatts), install pollution controls on Units 1 & 4, and reduce state permit levels for nitrogen oxides and sulfur dioxides; and

WHEREAS, the City of Albuquerque applauds the agreement between Governor Martinez, PNM and the EPA to close SJGS Units 2 and 3, install pollution controls, and reduce state permit levels for nitrogen oxides and sulfur dioxides as referenced in the Revised State Implementation Plan; and

WHEREAS, PNM's replacement power plan submitted to the Public Regulation Commission (PRC) on December 20, 2013, as part of docket # 13-00390-UT, includes the following, some of which may be decided in future cases:

(1) PNM is owner of 50% of units 2 & 3, or 418 megawatts;

(2) The purchase of 78 megawatts more coal from SJGS Unit 4 for 52.5 million dollars;

(3) A certificate of public convenience and necessity to import nuclear generation (134 megawatts) from Palo Verde Nuclear Generating Station (PVNGS) Unit 3 in Arizona, at a rate-base valuation of $335 million dollars;

(4) The construction of a new peaking natural gas plant (177 megawatts) sited in Farmington for $189 million;

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(5) Construct 40 megawatts of utility scale solar power;

(6) Recovery of the $205 million dollars in un-depreciated assets for the closure of SJGS Units (also known as "stranded assets"); and

(7) Pollution controls on SJGS Units 1 and 4; and

WHEREAS, the burning of coal releases toxic pollutants including nitrogen oxides, sulfur dioxides, particulates and mercury that contaminate our air, soil and water and that are proven to cause serious health conditions such as asthma, lung, and heart disease and cancer; and

WHEREAS, a 2012 analysis by a nationally recognized Environmental Medicine NYU Professor, Dr. George Thurston, found that over the last five years pollution from the San Juan coal plant has cost $240 million in public health care costs (asthma, lung disease, heart disease, and hospitalizations); and

WHEREAS, the combustion of coal and nuclear energy are among the most water intensive ways to produce electricity; and

WHEREAS, the SJGS plant consumes 6 billion gallons of water annually, which is the equivalent to 11,000 gallons a minute; and

WHEREAS, Governor Martinez has issued a formal drought declaration that encompasses the entire state of New Mexico; and

WHEREAS, according to the U.S. Drought Monitor, one hundred percent of New Mexico was in moderate drought at some point during 2012, with over ninety percent in severe status; and

WHEREAS, communities exist where drinking water supplies are threatened due to the cumulative effects of drought; and

WHEREAS, the State of New Mexico has suffered through numerous natural disasters associated with the drought, including crop production and livestock loss, severe wild fires, and flooding due to severe wild fires; and

WHEREAS, "Drought conditions can create serious problems for many New Mexico communities, farms, ranches, and open spaces. Fire danger is high, water reservoirs run low, and in some cases, we've seen towns like Las Vegas take dramatic steps to reduce basic water consumption in their residents' homes and businesses," said Governor Martinez; and

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WHEREAS, the energy industry has not sufficiently transitioned to less water consumptive forms of energy generation; and

WHEREAS, the cost of coal is expected to continue to increase due to emissions regulation as part of President Obama's Climate Change Action Plan and coal ash regulation that the Environmental Protection Agency intends to issue; and

WHEREAS, the environmental and human health costs of nuclear energy development and production are well documented; and

WHEREAS, according to the National Cancer Institute, the following diseases can be caused by exposure to radon, uranium, and decay elements of uranium: bronchial and lung cancer, leukemia and other blood diseases, cancer of the bone marrow, stomach, liver, intestine, gall bladder, and kidney, failure of the kidney or liver, psychological disorders and birth defects; and

WHEREAS, safe nuclear waste disposal requires storage for at least one-thousand years and permanent storage space is not currently available; and

WHEREAS, U.S. nuclear plants generate about two thousand tons of spent fuel a year and since the 1950s, ratepayers have contributed $27 billion to pay for permanent disposal; and

WHEREAS, improper disposal and risk of accidents pose serious environmental and public health threats; and

WHEREAS, the price per kilowatt-hour of the nuclear energy proposed for the Replacement Power Plan may be more expensive than alternatives that include more solar and wind powered generation; and

WHEREAS, the closure of San Juan Units 2 & 3 presents a critical opportunity to transition away from fossil fuels and present an opportunity to rapidly deploy renewable energy technologies to meet New Mexico's energy demands; and

WHEREAS, New Mexico has some of the best solar and wind energy potential in the country and the benefits of solar and wind energy production will include not only CO2 emissions reductions, but also better health and environmental outcomes than fossil-fuel or nuclear energy, and can stimulate the creation of jobs in New Mexico; and

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WHEREAS, solar and wind are cost-competitive energy sources, and a resource replacement alternative to PNM's proposal, that includes more of these renewable resources and does not include additional coal or nuclear generating capacity, may be less costly than PNM's plan; and

WHEREAS, it is desirable that PNM's replacement power plan should maximize environmental benefits, employment opportunities for New Mexico, while also minimizing costs and reducing investments in energy sources that are not in the best interest of the public of New Mexico or the ratepayers of New Mexico; and

WHEREAS, the Charter of the City of Albuquerque that "the Council in the interest of the public in general shall protect and preserve environmental features such as water, air and other natural endowments" and "to effect these ends the Council shall take whatever action is necessary"; and

WHEREAS, the City of Albuquerque is a member of New Mexico Industrial Energy Consumers (NMIEC).

BE IT RESOLVED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF ALBUQUERQUE:

Section 1. That the Mayor is directed to work through NMIEC to urge the PRC to:

(a) Approve the Revised State Implementation Plan agreed to by Governor Martinez, PNM and the EPA as that Plan addresses the environmental, health and related costs of coal-fired generation in a comprehensive fashion;

(b) Require that PNM's replacement power plan be designed to achieve a portfolio including as much renewable resources as is consistent with the needs of good environmental stewardship, system reliability, economic development and customer affordability;

(c) Deny or reduce PNM's claim for un-depreciated "stranded" assets in a manner consistent with the New Mexico Public Utility Act's requirement for just and reasonable customer rates;

(d) Require that PNM consider all options to reduce the carbon-dioxide emissions associated with its utility service in amounts at minimum

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consistent with the EPA's current and anticipated carbon reduction regulations;

(e) Consider in their analyses of PNM replacement power proposals the total environmental, health and societal costs of coal and nuclear produced energy in a manner consistent with the requirements of the New Mexico Public Utility Act, the Efficient Use of Energy Act, the Renewable Energy Act, and Rul 17.7.3 NMAC, the Integrated Resource Planning rule.

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