

# **CITY of ALBUQUERQUE**

## **TWENTY-FIRST COUNCIL**

**COUNCIL BILL NO. R-14-59 ENACTMENT NO. \_\_\_\_\_**

**SPONSORED BY: Isaac Benton and Diane Gibson**

1 **RESOLUTION**

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

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

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

15 WHEREAS, PNM's replacement power plan submitted to the Public  
16 Regulation Commission (PRC) on December 20, 2013, as part of docket # 13-  
17 00390-UT, includes the following:

18 (1) PNM is owner of 50% of units 2 & 3, or 418 megawatts;  
19 (2) The purchase of 78 megawatts more coal from SJGS Unit 4 for 52.5  
20 million dollars;

21 (3) A certificate of public convenience and necessity to import nuclear  
22 generation (134 megawatts) from Palo Verde Nuclear Generating Station

23 (PVNGS) Unit 3 in Arizona, at a rate-base valuation of \$335 million dollars;

**24 (4) The construction of a new peaking natural gas plant (177 megawatts)**

25 cited in Farmington for \$189 million;

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

1       (6)    Recovery of the \$205 million dollars in un-depreciated assets for the  
2 closure of SJGS Units (also known as “stranded assets”); and  
3       (7)    Pollution controls on SJGS Units 1 and 4 for 82 million dollars; and  
4       WHEREAS, the burning of coal releases toxic pollutants including nitrogen  
5 oxides, sulfur dioxides, particulates and mercury that contaminate our air, soil  
6 and water and that are proven to cause serious health conditions such as  
7 asthma, lung, and heart disease and cancer; and  
8       WHEREAS, a 2012 analysis by a nationally recognized Environmental  
9 Medicine NYU Professor, Dr. George Thurston, found that over the last five  
10 years pollution from the San Juan coal plant has cost \$240 million in public  
11 health care costs (asthma, lung disease, heart disease, and hospitalizations);  
12 and  
13       WHEREAS, the combustion of coal and nuclear energy are among the most  
14 water intensive ways to produce electricity; and  
15       WHEREAS, the SJGS plant consumes 6 billion gallons of water annually,  
16 which is the equivalent to 11,000 gallons a minute; and  
17       WHEREAS, Governor Martinez has issued a formal drought declaration that  
18 encompasses the entire state of New Mexico; and  
19       WHEREAS, according to the U.S. Drought Monitor, one hundred percent of  
20 New Mexico was in moderate drought at some point during 2012, with over  
21 ninety percent in severe status; and  
22       WHEREAS, communities exist where drinking water supplies are  
23 threatened due to the cumulative effects of drought; and  
24       WHEREAS, the State of New Mexico has suffered through numerous  
25 natural disasters associated with the drought, including crop production and  
26 livestock loss, severe wild fires, and flooding due to severe wild fires; and  
27       WHEREAS, “Drought conditions can create serious problems for many  
28 New Mexico communities, farms, ranches, and open spaces. Fire danger is  
29 high, water reservoirs run low, and in some cases, we’ve seen towns like Las  
30 Vegas take dramatic steps to reduce basic water consumption in their  
31 residents’ homes and businesses,” said Governor Martinez; and  
32       WHEREAS, the energy industry has not sufficiently transitioned to less  
33 water consumptive forms of energy generation; and

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

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

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

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

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

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

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

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

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

31       WHEREAS, solar and wind are cost-competitive energy sources, and a  
32   resource replacement alternative to PNM's proposal, that includes more of

1 these renewable resources and does not include additional coal or nuclear  
2 generating capacity, may be less costly than PNM's plan; and  
3       WHEREAS, PNM's replacement power plan as filed may not be the lowest  
4 cost solution, is not the best environmental outcome, may not provide the  
5 best employment opportunities for New Mexico, and continues to support  
6 investments in energy sources that are not in the best interest of the public of  
7 New Mexico or the ratepayers of New Mexico; and

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

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

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

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

18       (a) Require that PNM's replacement power plan include as much renewable  
19            energy as is technically and economically feasible;  
20       (b) Deny or reduce PNM's claim for un-depreciated "stranded" assets;  
21       (c) Require that PNM reduce carbon-dioxide emissions associated with its  
22            utility service in amounts consistent with what the vast majority of  
23            climate scientists conclude is necessary to avoid the most severe  
24            impacts of climate change;  
25       (d) Consider in their analyses the total environmental, health and societal  
26            costs of coal produced energy.

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