

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;

[Bracketed/Underscored Material] - New
[Bracketed/Strikethrough Material] - Deletion

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

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.
- 27
28
29
30
31
32