

CITY of ALBUQUERQUE

TWENTY-FIRST COUNCIL

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

SPONSORED BY: Isaac Benton & 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 Susana 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, some of which may be decided in future
18 cases:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 consistent with the EPA's current and anticipated carbon reduction
2 regulations;
3 (e) Consider in their analyses of PNM replacement power proposals the
4 total environmental, health and societal costs of coal and nuclear
5 produced energy in a manner consistent with the requirements of the
6 New Mexico Public Utility Act, the Efficient Use of Energy Act, the
7 Renewable Energy Act, and Rul 17.7.3 NMAC, the Integrated Resource
8 Planning rule.
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32