

**SUSANA MARTINEZ, GOVERNOR**Ryan Flynn, *Cabinet Secretary*Butch Tongate, *Deputy Secretary***NEWS RELEASE****April 30, 2014**

Contact: Jim Winchester
Communications Director
New Mexico Environment Department
(505)231-8800 / jim.winchester@state.nm.us

**New Mexico Environment Department Applauds
EPA Action On Regional Haze Settlement Agreement**

*Agreement Brokered By Governor Martinez In February of 2013 Will Retire Two Coal Units
At San Juan Generating Station Without Economic & Energy Losses For Four Corners Region*

(Santa Fe, NM) – Earlier today, the Environmental Protection Agency (EPA) proposed action on the revised State Implementation Plan (SIP) developed following a settlement agreement between the state, PNM, EPA and the Navajo Nation over the regional haze dispute in the Four Corners area. The proposal now goes to the Federal Register and will be up for public comment with the EPA. Under the leadership of Governor Susana Martinez, the settlement agreement was brokered by the New Mexico Environment Department in February of 2013 and has since been approved by the state Environmental Improvement Board. The New Mexico Public Regulation Commission is set to consider the agreement in the future.

Upon today's announcement of the EPA formal proposal of the Regional Haze Settlement Agreement, Governor Susana Martinez repeated her support for the agreement and the collaborative efforts of all parties. "I am pleased the EPA concurs that this settlement agreement is the best solution to balance the environmental and economic impacts of energy production in the Four Corners," said Governor Susana Martinez. "We worked hard to craft a reasonable solution that would improve air quality, conserve New Mexico's precious water resources, avoid an extremely burdensome rate hike on consumers, protect jobs in northwestern New Mexico, transition away from coal and toward New Mexico natural gas, and position the state to take full advantage of exciting new economic development opportunities in the Mancos Shale. This compromise is a reasonable step forward to achieving all of those goals."

As a result of the settlement agreement:

- EPA requires PNM to retire units 2 and 3 of the SJGS by December 31, 2017;

- EPA requires PNM to install selective non-catalytic reduction (SNCR) emission control technology on units 1 and 4, and PNM continues operating these units without setting a retirement date;

The state and PNM entered into a separate agreement to address the economic impacts caused by the two unit retirement with the following general terms:

- PNM agrees to no layoffs as a result of the unit closures;
- PNM agrees to facilitate the creation of approximately 350 person years of construction jobs;
- PNM agrees to build a 150 to 200 MW peaking unit at San Juan along with a natural gas pipeline; and,
- PNM will provide over a million dollars for job re-training and economic development in the Four Corners area which will directly benefit the Navajo Nation and local economy.

“I am pleased by the collaboration between the state, EPA, PNM and the Navajo Nation on this extensive settlement agreement,” said Ryan Flynn, Secretary of the New Mexico Environment Department. “This is another important step in putting our agreement into action. Through this agreement, the state reaffirms our commitment to improve visibility in the Four Corners area; drastically reduces emissions of carbon, sulfur dioxide, mercury and particulates; cuts water consumption in half; and, spares ratepayers a major increase in their energy bills.”

Governor Martinez led New Mexico’s efforts to block a burdensome federal rule that would have dramatically raised utility rates for New Mexico families. The EPA issued a regional haze rule on August 22, 2011, citing the Richardson Administration’s failure to submit a regional haze plan on behalf of the State of New Mexico by December 17, 2007, as the basis for its action. EPA’s rule would have required PNM to spend more than \$850 million in pollution control technology for the San Juan Generating Station (SJGS).

PNM and the Navajo Nation have praised Governor Martinez and the New Mexico Environment Department for taking the lead on negotiating the settlement agreement. New Mexico Senator Tom Udall and other members of the New Mexico Congressional delegation have previously voiced support for the settlement agreement.

The settlement agreement was announced on February 15th, 2013. (Link below)

<http://www.nmenv.state.nm.us/OOTS/PR/2013/PR021513GovernorBrokersSettlementAgreementwithPNMEPAOverRegionalHaze.pdf>

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