

**SUSANA MARTINEZ, GOVERNOR**Ryan Flynn, *Cabinet Secretary*Butch Tongate, *Deputy Secretary***NEWS RELEASE****September 26, 2014**

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EPA Approves Regional Haze Settlement Agreement

(Santa Fe, NM) – Earlier today, the Environmental Protection Agency (EPA) formally approved and published 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. 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.

Upon today's announcement of the EPA approval of the Regional Haze Settlement Agreement, New Mexico Environment Department Secretary Ryan Flynn issued the following statement:

Today's EPA approval represents a win for the environment, New Mexico ratepayers, the protection of jobs in Four Corners, the Navajo Nation, and PNM. Governor Martinez successfully brought all parties to the table to negotiate this agreement. We urge the New Mexico Public Regulation Commission to vote for final approval on this agreement, which will affirm New Mexico as a proactive and protective leader when it comes to environmental protection.

Governor Susana Martinez has already stated her support for the agreement. Her comments from April remain unchanged:

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. 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 San Juan Generating Station (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.

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:

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

The EPA announced its decision to move forward on the agreement on April 30, 2014:

<http://www.nmenv.state.nm.us/OOTS/documents/PR043014StateApplaudsEPAActionOnRegionalHazeSettlementAgreement.pdf>

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