

Oral Testimony Before the
United States House Committee on Oversight and Government Reform
Hearing on EPA Approval of New Power Plants
November 8, 2007

Introduction

Thank you Chairman Waxman, Representative Davis, and members of the committee for inviting me to testify today. My name is Ron Curry and I am the Cabinet Secretary of the New Mexico Environment Department in the administration of Governor Bill Richardson. I am here to testify today on how New Mexico has addressed climate change through the permitting of new coal fired power plants.

Global climate change is an extremely important issue to New Mexico. New Mexico's precious, limited water supply would be threatened if temperatures increase and drought conditions continue. In the desert Southwest, we simply have no water to waste and we cannot afford to wait to address climate change.

Under the leadership of Governor Richardson, New Mexico is addressing climate change head on. The Governor established some of the toughest state greenhouse gas emissions reduction targets in the nation -- 2000 levels by the year 2012, 10 percent below 2000 levels by 2020 and 75 percent below 2000 levels by 2050. Governor Richardson also established the New Mexico Climate Change Advisory Group, which developed 69 greenhouse gas emissions reduction strategies to achieve the Governor's emissions reduction targets.

Many of the advisory group's recommendations focus on New Mexico's energy economy. New Mexico is a fossil energy state. We are third in the nation for onshore gas production and fifth in oil production. We export about half the electrical power generated in the state, which is mostly from coal fired power plants. Since two-thirds of the state's GHG emissions come from coal and our oil and gas industry, to effectively address climate change, we must change and diversify our energy economy.

Permitting New Power Plants

Nationally, emissions from electricity production account for about 40% of all greenhouse gas emissions. The decisions we make today regarding new coal-fired powered plants will drive atmospheric concentrations for decades because those plants will operate for about a half a century and carbon dioxide emissions remain in the atmosphere for at least a century.

When you consider the long-term effects of those plants, you must think about the legacy you leave future generations. I am a new grandfather to two grandchildren, Julia and

Aidan. Many of you share my concerns about the effects of global warming for those who will inherit our decisions and the effect of those decisions on the environment.

Each new conventional coal plant built without technology to reduce or capture carbon dioxide emissions is a step backwards and will not help us create a future with safer and more efficient energy use.

New Mexico became the first state in the nation in 2002 to require an applicant for a coal-fired power plant to consider Integrated Gasification Combined Cycle (IGCC) technology when determining the Best Available Control Technology (BACT) for that facility. That is significant because many believe that not only does this technology result in fewer criteria pollutant emissions and lower water consumption than most conventional power plant technologies, but IGCC is also the most economical way to capture carbon from coal in the power production process.

EPA stated in a December 2005 letter that IGCC need not be a part of the BACT analysis for a conventional pulverized coal-fired unit because it would “redefine the source.” New Mexico *strongly* disagrees with this statement. Congress’ record is clear in that it intended to require the consideration of innovative fuel combustion techniques like IGCC during the BACT analysis. A number of power plants around the country are using the IGCC technology, which is available and technologically feasible.

The Clean Air Act requires the assessment of collateral impacts such as the effects of “unregulated pollutants” in the BACT analysis. Although carbon dioxide emissions are now unregulated, the impacts of those emissions are significant and result in adverse impacts to our state, the nation and world.

Governor Richardson established statewide greenhouse gas emissions reduction goals. It would be difficult, if not impossible, to meet those goals if another conventional coal fired powered plant were constructed in the state.

A new conventional coal-fired power plant would create far greater greenhouse gas emissions than other opportunities to reduce emissions from other collective sources in the state. That is why we were concerned when EPA Region 9 recently issued a draft permit for a 1500 Megawatt supercritical coal-fired power plant on the Navajo Nation, the Desert Rock facility.

EPA did not require the applicant to consider IGCC in the BACT analysis or even ask the applicant to calculate carbon dioxide emissions for the plant. We estimate that the proposed plant would emit about 12 million metric tons of carbon dioxide annually.

EPA, through recent actions, has not established a policy for states or affected how New Mexico conducts the BACT analysis for coal-fired power plants. New Mexico has full authority to make decisions regarding pollutants in accordance with EPA guidelines and regulations. New Mexico uses that authority under the Clean Air Act, in considering carbon dioxide emissions from proposed power plants. EPA should do the same.

EPA vs. Massachusetts

The recent Supreme Court decision that carbon dioxide is a pollutant should provide EPA with the impetus to address carbon dioxide emissions from stationary and mobile sources. We have not seen evidence of that yet. In New Mexico, we have established greenhouse gases as a pollutant and therefore we have the authority to regulate those emissions in the state. We exercised that authority just last month by adopting the nation's most comprehensive greenhouse gas emissions reporting rules. Those rules require mandatory reporting of greenhouse gas emissions from certain industrial sectors starting with reporting year 2008.

Future Strategies

We believe that the best way to regulate and reduce greenhouse gas emissions is through a mandatory market-based greenhouse gas reduction program that covers all major economic sectors, including power production. Once there is a cost for emitting carbon, power plants that control emissions will be more economical to operate than those that do not control emissions. In the absence of a strong national climate program, Governor Richardson is pushing for market-based solutions at the regional level. On February 26, 2007, he signed a memorandum of understanding with Governors of California, Arizona, Washington and Oregon creating the Western Climate Initiative (WCI). The partners set a regional greenhouse gas emissions reduction goal of 15% below 2005 levels by 2020 and are developing a regional market based program to assist in achieving this goal. The WCI is scheduled to complete the design of this program by August 2008.

Conclusions

Governor Richardson understands that we cannot stop the global warming trend on our own. Our greenhouse gas emissions account for only about 1.2 percent of the national total, but we can do our part by controlling existing emissions where we can and ensuring that new facilities control or capture greenhouse gas emissions as much as possible.

Governor Richardson intends to continue to show other states, regions and our nation how greenhouse gases can be reduced in a responsible manner. We will continue to comply with the Clean Air Act by requiring the consideration of IGCC in the BACT analysis for any proposed coal-fired power plant in the state and will consider greenhouse gas emissions when determining BACT. We will also work regionally to develop market-based mechanisms for reducing greenhouse gas emissions from every source.

Lastly, I urge this committee to consider mechanisms to disallow the grandfathering in of emissions from new electrical generating units into any future cap and trade program unless the facility meets specific greenhouse gas emission performance standards. There may be a rush to construct conventional coal fired power plants before new carbon regulations are in effect. Attaching a cost to carbon emissions from new plants will send the right message to industry and encourage the use of carbon emissions controls in the near term.

Thank you for inviting me here today to testify on this important issue. I look forward to your questions.