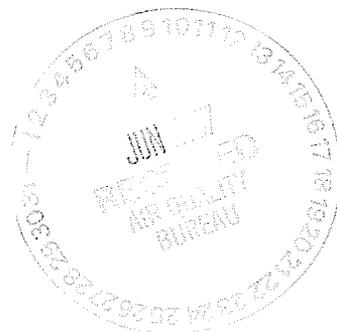


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to New Mexico*

June 4, 2007

Ms. Lany Weaver
New Mexico Environment Department
Air Quality Bureau
2048 Galisteo Street
Santa Fe, NM 87505

Subject: Comments on Draft Regulation 20.2.87 and Proposed Changes to Regulation 20.2.73

Dear Ms. Weaver:

The Public Service Company of New Mexico (PNM) submits the following comments for your consideration regarding the proposed changes to regulation 20.2.73 Notice of Intent and Emissions Inventory Requirements and the draft regulation 20.2.87 Greenhouse Gas Emissions Reporting.

Comments on 20.2.73

1. 20.2.73.7 G. – PNM recommends that the second sentence of this definition be changed to specifically state the greenhouse gases. The greenhouse gases are: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

Comments on 20.2.87

1. The stated objective of this regulation is considerably different from the objective that was discussed at the stakeholder meetings . Previously, the objective was to improve the state's ghg emissions inventory, but now the objective is to establish requirements for the reporting of third-party verified ghg emissions. PNM's question is why does the state need third-party verified ghg emissions from the facilities specified in the draft rule? Third party verification of ghg emissions is understandable if a company is reporting emissions and emission reductions in a ghg registry, but 20.2.87 is not a registry. The facilities that are required to report under 20.2.87 are

being burdened with the additional time and money associated with obtaining a third party verification of their emissions for no meaningful reason.

For a power plant, the vast majority of greenhouse gases released to the atmosphere are those from the generating unit's main stack, and the stack emissions are predominantly CO₂. All of the electrical generating facilities that will be required to be reported by PNM under 20.2.87 are acid rain units and report emissions including CO₂ to the EPA according to 40 CFR Part 75.

The Air Quality Bureau has indicated their intention to use a modified version of the California Climate Air Registry's ghg reporting tool for 20.2.87 reporting. The CCAR "strongly encourages" that facilities that are required to report emissions in accordance with 40 CFR Part 75 do so for their registry.

Under the Acid Rain Program, each unit must continuously measure and record its emissions of SO₂, NO_x, and CO₂, as well as volumetric flow and opacity. In most cases, a continuous emission monitoring (CEM) system must be used. There are provisions for initial equipment certification procedures, periodic quality assurance and quality control procedures, recordkeeping and reporting, and procedures for filling in missing data periods. Units report hourly emissions data to EPA on a quarterly basis. The acid rain data reporting protocol is a rigorous and well-defined and should be sufficient for verifying the CO₂ emissions from electric generating units at facilities subject to the acid rain program.

In summary, neither the stated objective of the draft regulation nor the regulation clarify why third party verification of ghg emissions is necessary. The draft regulation is not a ghg registry. Furthermore, the overwhelming majority of CO₂ emissions from most electric generating units (i.e acid rain units) are already subject to a stringent reporting protocol under 40 CFR Part 75.

2. 20.2.87.201.B.(2) -- Reporting all indirect ghg emissions from all electricity, steam, and heat purchased and consumed at a facility is excessive, burdensome and of questionable value. PNM recommends that the requirement to report all indirect ghg emissions from all electricity, steam, and heat purchased and consumed at a facility be deleted. If 20.2.87 was a ghg registry, the reporting of indirect emissions may be appropriate, but 20.2.87 is not a registry.

Reporting of indirect emissions also raises a potential problem of double counting emissions.

If the requirement to report the indirect emissions in the second and subsequent reporting years is retained, only indirect CO₂ emissions should be reported as this is all that is required to be reported for direct emissions.

PNM believes that a more meaningful second phase reporting would require the reporting of direct emissions of methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride as well as CO₂ instead of the indirect emissions presently in the draft regulation.

3. 20.2.87.202.B(1) – The **final** greenhouse gas emissions reporting tool and procedures must be made available at least sixty days prior to the start of the reporting year to insure that a facility has adequate time to put into place a process for collecting all necessary data. Therefore, it is unacceptable to only have a draft of the procedures available sixty days prior to the beginning of the reporting year. A draft needs to be made available for comment and review at least 120 days prior to the beginning of the reporting year. This will allow for review, comment, and revisions to the draft procedures.

Thank you for the opportunity to comment on the proposed changes to 20.2.73 and on the draft regulation 20.2.87. If you have any questions, please contact me at (505)-241-2385.

Sincerely,



Nancy J. Norem
Principal Engineer