



August 4, 2010

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Governor of the State of New Mexico  
Office of the Governor  
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Room 400  
Santa Fe, NM 87501

Ron Curry  
Secretary  
New Mexico Environment Department  
Harold L. Runnels Building  
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**RE: Our Support for the New Mexico Environment Department's Best Available Retrofit Technology Proposal for the San Juan Generating Station**

Dear Governor Richardson and Secretary Curry:

The undersigned groups are writing to express our support for the New Mexico Environment Department's ("NMED's") proposed best available retrofit technology ("BART") plan for the San Juan Generating Station and decision to submit its State Implementation Plan ("SIP") under Section 308. This proposed plan, which would upgrade Public Service Company of New Mexico's ("PNM's") San Juan Generating Station with cost-effective controls for nitrogen oxide ("NOx") emissions and other pollutants and also lead to greater sulfur dioxide reductions, presents a tremendous opportunity to protect New Mexico's enchanted landscapes, safeguard public health and welfare, promote economic prosperity, and keep New Mexico in control of its clean air legacy.

There is much at stake with the proposed SIP as New Mexico faces increasing air quality challenges. Haze continues to mar vistas in a number of New Mexico's defining landscapes, including areas protected as Class I under the Clean Air Act such as the Bosque del Apache National Wildlife Refuge, Carlsbad Caverns National Park, Bandelier National Monument, the Gila Wilderness, Pecos Wilderness, Salt Creek Wilderness, San Pedro Parks Wilderness, Wheeler Peak Wilderness, and the White Mountain Wilderness. NMED's modeling for its Regional Haze plan shows that within these Class I areas, visibility is approximately twice as bad as the worst natural background conditions.

Not only that, but a number of neighboring Class I areas that are inextricably linked to the history and culture of New Mexico, including Mesa Verde National Park, Great Sand Dunes National Park, Grand Canyon National Park, and Guadalupe Mountains National Park, are similarly facing hazier landscapes. In Mesa Verde National Park, modeling prepared by the State of Colorado shows that on average, visibility is also twice as bad as the worst natural background conditions.

Moreover, harmful levels of air pollution are on the rise in New Mexico. Ground-level ozone, a poisonous gas and the key ingredient of smog, is projected to exceed National Ambient Air Quality Standards (“NAAQS”) proposed by the EPA in portions of New Mexico, including San Juan and Bernalillo Counties. *See* [Map of likely ozone nonattainment areas at http://www.epa.gov/groundlevelozone/pdfs/20100104maps.pdf](http://www.epa.gov/groundlevelozone/pdfs/20100104maps.pdf). Already, reports by the New Mexico Health Department show that elevated ozone concentrations are responsible for increased asthma attacks and emergency room visits. *See* [www.nmenv.state.nm.us/aqb/4C/Documents/SanJuanAsthmaDocBW.pdf](http://www.nmenv.state.nm.us/aqb/4C/Documents/SanJuanAsthmaDocBW.pdf). The EPA has proposed the new ozone NAAQS to ensure adequate protection of public health and welfare consistent with the best available medical science, a sign that improvement in air quality is urgently needed in portions the State.

### **NMED’s SIP Submittal Under Section 308 is Necessary to Comply with the Regional Haze Rule**

NMED should adhere to its proposal to submit its SIP in accordance with Section 308, specifically with respect to reductions in SO<sub>2</sub> emissions to meet regional haze objectives. As NMED stated in its June 21, 2010 rulemaking petition to the Environmental Improvement Board, Section 309’s SO<sub>2</sub> Milestone and Backstop Trading Program is “inoperable.” There are an insufficient number of sources and states to make a viable SO<sub>2</sub> trading market, the WRAP’s baseline SO<sub>2</sub> values and modeling assumptions have become increasingly suspect, the requisite showing that a milestone and trading program will provide greater SO<sub>2</sub> reductions than BART is essentially impossible, and the most efficient way to meet the outstanding regional haze deadline is to establish source-specific BART for SO<sub>2</sub> pursuant to Section 308. We support NMED’s departure from the trading program and believe that in so doing the state will be better positioned to significantly reduce its SO<sub>2</sub> emissions in furtherance of regional haze objectives.

### **NMED’s BART Determination for Four Corners is Cost-Effective and Will Improve Class I Visibility**

The proposed BART plan for the four coal-fired units operating at the San Juan Generating Station would take a significant step forward in addressing New Mexico’s mounting air quality challenges. The plan would assure the use of selective catalytic reduction (“SCR”) plus a sorbent, a cost-effective technology mobilized throughout the utility industry, to reduce NO<sub>x</sub> emissions by more than 16,000 tons annually through compliance with an emission rate of 0.07 lb/mmBtu—amounting to a reduction of nearly 80% (although reductions of 90% or more are expected). SCR far exceeds the capabilities of other available NO<sub>x</sub> control technologies. As of 2008, 208 coal-fired boilers operated SCR systems in the U.S., including 37 retrofits that

achieved annual emission rates below 0.05 lb/mmBtu. Since 2008, an additional 61 facilities have installed or are planning to install SCR.

New Mexico is by no means alone in proposing to enable the use of SCR as BART. The Wyoming Department of Environmental Quality recently determined that a 0.07 lb/mmBtu NOx emission limit, premised on the installation of SCR, was BART at PacifiCorp's 330 megawatt, coal-fired Naughton Unit 3. This NOx emission limit is identical to what NMED has proposed. Further, the South Dakota Department of Environment and Natural Resources proposed a BART-based NOx emissions limit of 0.10lb/mmBtu, premised on the installation of SCR at Otter Tail Power's 475 megawatt coal-fired Big Stone Unit 1.

The San Juan Generating Station is one of the single largest sources of air pollution in New Mexico and the only source under State jurisdiction subject to BART due to its contribution to visibility impairment in Class I areas, a fact confirmed by PNM's own modeling. This modeling shows that the San Juan Generating Station contributes to 80% of the visibility impairment in Mesa Verde National Park, 70% in the San Pedro Parks Wilderness, 45% in Bandelier National Monument, and 40% in the Pecos Wilderness. The plant contributes to visibility impairment in at least 16 Class I areas in New Mexico, Arizona, Utah, and Colorado. Modeling prepared by PNM shows that NOx emissions are the largest contributor to the visibility impairment caused by the San Juan Generating Station.

SCR will provide measurable and significant improvements in visibility and help to restore New Mexico's scenic landscapes to their native grandeur. Modeling prepared by NMED shows that the installation of SC will improve visibility in all 16 Class I areas affected by the San Juan Generating Station. Impairment will be reduced by nearly 40% in Mesa Verde National Park, more than 30% in the San Pedro Parks Wilderness, nearly 40% in Bandelier National Monument, and by 25% in the Pecos Wilderness. Importantly, SCR will provide greater visibility improvements in Class I areas than any other available NOx technology.

Furthermore, reports prepared by NMED show that utilizing SCR to reduce NOx emissions from the San Juan Generating Station will aid in reducing concentrations of ground-level ozone in San Juan County and the surrounding Four Corners region. Given that the region is poised to violate proposed health limits for ozone, such reductions could make a significant difference in the health of communities in the area. This important co-benefit cannot be overlooked.

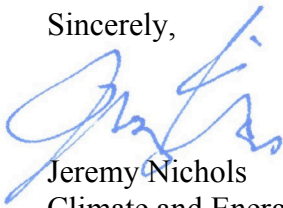
The cost of SCR is well within the range of what is accepted as cost-effective when measured on a per ton basis. Importantly however, it is critical to understand the benefits. Studies in Colorado, for example, show that the cost to benefit ratio of reducing haze is 1:5. In other words, for every \$1.00 spent reducing haze-forming pollution, the State reaps \$5.00 in benefits. See <http://www.cdphe.state.co.us/ap/down/BARTEconomics.pdf>. This is consistent with the benefits of other air pollution control programs. The EPA's Acid Rain Program, which has required reductions in NOx and sulfur dioxide nationwide to help reduce the impacts of acid rain, has been estimated to yield \$40.00 for every \$1.00 spent on reducing emissions. *Id.* We feel strongly that New Mexico should continue to reap the benefits of reducing harmful air pollution through the application of the cost-effective emission controls proposed as BART.

NMED's proposed BART is soundly consistent with Federal BART requirements, as well as the New Mexico Legislature's stated direction that a plan be developed "for the regulation, control, prevention, or abatement of air pollution[.]" NMSA, Section 74-2-5. Consistent with the New Mexico Legislature's directive, NMED's proposed BART is at least as stringent as the Federal Clean Air Act and Federal BART requirements. Indeed, NMED has diligently adhered to the BART guidelines set forth at 40 C.F.R. § 51, Appendix Y, considering both the five factors and the five step analysis required by these guidelines.

In supporting NMED's proposed BART, we share the concern that New Mexico's air quality challenges are not entirely within the State's control. We understand, for example, that the Four Corners power plant, which is subject to EPA regulation, also significantly impacts Class I areas within and outside of New Mexico and also poses myriad other harmful air quality impacts. In addition to following through with adopting a robust BART plan for the San Juan Generating Station, we strongly urge the State of New Mexico to explore opportunities to utilize its authority under Section 126 of the Clean Air Act to petition the EPA to ensure timely action is taken to reduce emissions from the Four Corners power plant. In all fairness, New Mexico should have assurances that the Four Corners power plant will mobilize the same cost-effective emission controls to better safeguard public health and the environment in the Four Corners region and to ensure that NMED's commendable efforts are not undermined. A petition under Section 126 could help to secure those assurances.

Again, we heartily support NMED's efforts to undertake common sense and cost-effective steps to safeguard New Mexico's air quality. We urge you to ensure that the plan is fully adopted as proposed under Section 308 and submitted to the EPA to assure full approval and implementation as expeditiously as possible. In this case, the proposed BART plan for the San Juan Generating Station presents a lucrative opportunity to both reduce haze and better protect public health, yielding innumerable benefits for current and future generations. We look forward to participating in the upcoming rulemaking hearing and in continuing our endorsement of NMED's sensible proposal. Thank you.

Sincerely,



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