



EPA boss praises San Juan deal

By Michael Hartranft / Journal Staff Writer on Sat, Mar 9, 2013

The collaborative process that produced a settlement plan to end the long-running regional haze dispute at the coal-fired San Juan Generating Station is now an EPA model for how things should be done.

So says the federal Environmental Protection Agency's Region 6 administrator Ron Curry, who paid a visit to Gov. Susana Martinez on Thursday to "give a nod to her and (Energy Secretary) Dave Martin for their work on the San Juan deal."

He said he also delivered a message from Acting EPA Administrator Bob Perciasepe, about the agency's new regulatory tack with states. Perciasepe took over for Lisa Jackson, who stepped down earlier this year.

"He asked me to express to (Martinez) that collaboration with the states is the direction we are going to be heading," Curry told the Journal in an interview. "And in my travels around the region, we have used the San Juan Generating Station as an example of that collaboration."

Curry, Martin's predecessor under Gov. Bill Richardson, was appointed to the Region 6 post in September and oversees agency matters in this state as well as Texas, Oklahoma, Arkansas and Louisiana.

He was less than a month into the job when the New Mexico Environment Department submitted a proposed alternative to the agency's controversial federal haze plan for San Juan. That led to almost three months of high-level negotiations culminating with announcement of the settlement Feb. 15.

"When I arrived at EPA ... I knew there was an issue, but I didn't realize how important that issue was as far as all of EPA was concerned," said Curry, the first non-Texan to hold the Region 6 administrator's position. "It was very high on the list of priorities for EPA to get it solved."

A statement from Martinez's office said it was the governor's motion to stop the federal plan that brought the parties to the table to develop a "reasonable alternative."

"The governor is hopeful this model will inspire other state governments to fight for their citizens by seeking common-sense, consensus-building alternatives and will lead the federal government to further collaboration and cooperation with state leaders," the statement said.

Curry succeeded Al Armendariz, who resigned last spring after being targeted for remarks he made in 2010 about agency enforcement policies. He used the word "crucify" to describe how he would go after environmental violators, making an analogy to methods used by ancient Romans to send a message. Critics jumped on the comments as reflective of an agency-wide philosophy.

"It think it was important for (Lisa Jackson) for people to know that remark was not the policy of the agency, and so that's what we've been doing," Curry said.

The settlement calls for Public Service Company of New Mexico, which operates and owns 46 percent of San Juan, to close two of the plant's coal-fired units by the end of 2017, equip the remaining two units with state-proposed technology and partially replace the shuttered units with a natural gas plant. PNM

agreed there would be no layoffs and that it would provide more than \$1 million for job retraining and economic development in the Four Corners area.

PNM, which says its share of the capital costs would be \$400 million to \$430 million, estimates the impact on an average customer bill initially would be about \$70 a year, compared to \$85 a year under the federal plan.

The new plan would be incorporated into a revised state implementation plan expected to be submitted to the state Environmental Improvement Board by June. If approved, it would be sent to the EPA for final approval.

“It’s not done yet, but I believe it is on track,” Curry said. “I believe the state is going to meet its deadlines, PNM is going to meet its deadlines. It is something we are very proud of.”

Pat Vincent-Collawn, chairman, president and CEO of PNM Resources, said the parties focused on finding a solution that provided strong environmental benefits and also took into account impacts on ratepayers and the Four Corners economy.

“The cooperation between all of the parties was a great example of what can happen when people work together toward a common end,” she said.

The original EPA plan, announced in August 2011, gave PNM and the plant owners five years to install selective catalytic reduction technology on each of the plant’s four coal burning units — which would cost between \$824 million and \$910 million. Both PNM and the state appealed the EPA’s decision in federal court.

In July, the EPA opened the door to negotiation when it granted Martinez’s request for an administrative stay to see if less costly alternatives could be found. The state submitted the “compromise” plan to the EPA in October, acknowledging it was unable to arrive at a full consensus on an alternative after public hearings and meetings with stakeholders, including environmental groups, in the summer.

The plan, though, did call for closing San Juan units 1 and 2 and building a gas plant, which proved to be critical in the talks among EPA, state, PNM and others that followed.

“I think what a lot of folks really saw is that if you put (the EPA’s preferred technology) on all these units, you were going to guarantee that those units would be working (and burning coal) for at least another 30 years,” Curry said. “And so everybody all of sudden saw the benefits of maybe compromising a little.”

What ensued was a “large negotiation that was being watched and monitored at headquarters,” he said “It wasn’t just a matter of three or four people sitting around a table. At times, it was a matter of dozens of people sitting around a table on a conference call.”

Curry said a “small light started to appear at the end of the tunnel” in early December when the idea of shutting the 528-megawatt unit 3 instead of the 340-megawatt unit 1 was put on the table.

“It was one of those ideas where the little light bulb would come on top of people’s head, including PNM,” he said. “It was a risk for them — by doing that, they were going to generate less megawatts, but they were going to get a lot closer to where they needed to get as far as meeting the (federal implementation plan) requirements. And a lot of those ideas were generated by folks in the environmental groups.”