

Concerns with NMED Proposal

- Our municipal utility provides reliable electric service to our customers in a footprint of 1700 plus square miles through the transmission, distribution and generation of gas fired, hydroelectric and coal fired resources electricity.
- These generation facilities are located in San Juan County.
- The City of Farmington and its electric utility take the position that the New Mexico Environmental Improvement board (NMEIB) does not have jurisdiction to implement the proposed rule for the reasons and authorities outlined in the case of *Senator Carroll H. Leavell et.al. v. NMEIB*, Lea County District Court, No. D-0506-CV-12010-0050.
- We also understand that Governor Richardson and the NM Environmental Department proposed legislation imposing a cap and trade program for CO2 in the 2009 Legislature that failed to pass; hence the question then becomes since the Governor and NMED took the position that additional statutory authority set forth in the bill was necessary for Environmental Improvement Board (EIB) jurisdiction to implement a cap and trade program and the bill failed, how does EIB have statutory authority for a cap and trade program without the additional statutory authority set forth in the failed bill?
- Based upon information provided by NMED in its White Paper and filing at the EIB, **San Juan County has 67.32% of the CO2 emissions and will be the most impacted by any action.** Therefore, NMED's petition will ultimately represent economic devastation for San Juan County.
 - We do not have a technical solution to reducing CO2 emissions from our gas and ownership share of our coal generating plants which will place the Farmington utility in a very difficult position to continue providing reliable service at a reasonable cost to our customers. How do we replace that generation?
 - U.S. built technology for carbon capture and sequestration (CC&S) does not currently exist for large scale use or at best is untested to reduce CO2 for coal electricity generators.
 - Technology, such as long-term storage for renewable resources, does not exist to sustain our customers' electricity needs using solar or wind generation resources.
 - Other generation technologies, such as wind and solar, if available in San Juan County, are not sustainable and will substantially increase costs.
 - This will substantially impact the San Juan economy since oil and gas exploration, production and processing, and coal mining and electricity generation provide the economic base of San Juan County.
 - This is also of substantial economic value (severance taxes) to the State of New Mexico.
 - It is also very valuable when considering the U.S. is trying to become energy independent.
 - The development of a comprehensive U.S. federal energy policy which creates a level playing field between the states at all industry levels is requisite prior to implementing various independent programs that will confound the Nation's desire to become energy independent.
 - This is a New Mexico only plan; businesses, oil and gas, as well as electricity production, can build, buy or move to states that are not hindered by such regulations.
 - San Juan County communities will lose jobs and the economic benefits associated with the energy industry will be exported to other states.
- There will be devastating consequences to the city, county, oil and gas industry, the electric utility and its customers should NMED's cap and trade program be implemented with the proposed regulations which will be decided by the seven (7) person Environmental Improvement Board without input from the NM legislature.
- This process is so crucial to New Mexico that it should go through the legislative process whereby the public can participate through its elected representatives rather than the seven individuals making such an important decision.
- Please participate by completing the Entry of Appearance and sending to Annette Lobato at 101 North Browning Parkway, Farmington, NM 87401. We will collect and file with the EIB and send copies as required to those on the Service List. Should you wish to send your own to the service list, please contact Annette Lobato on 505.599.1160.