



August 24, 2017

New Mexico Environmental Improvement Board
c/o Pam Castañeda
Administrator for Boards and Commissions
New Mexico Environment Department
P.O. Box 5469
Santa Fe, NM 87502

Re: Environmental Improvement Board Docket Number EIB 17-01 (R)

Dear Members of the Environmental Improvement Board:

Tri-State Generation and Transmission Association, Inc. (Tri-State) transmits the following comments in opposition to the June 27, 2017 Petition for Regulatory Change (petition) in this docket. Tri-State's position is that the petition and request for hearing in EIB 17-01 should be rejected because the proposed regulation is irreparably flawed.

Tri-State's Unique Perspective

Tri-State is a not-for-profit, wholesale electric power supply cooperative providing power to 43 member distribution systems that serve customers in a 200,000 square-mile territory including New Mexico, Colorado, Nebraska, and Wyoming. Tri-State provides its member-systems a reliable, cost-based supply of electricity while maintaining high environmental standards. Tri-State provides electricity to members based on a diverse mix of generation sources including coal, natural gas, hydroelectric, solar and wind power. At present, the following comprise Tri-State's generation assets in New Mexico. Escalante Generating Station is a single 250-megawatt coal-fired boiler near Prewitt. Pyramid Generating Station consists of four 40-megawatt natural gas-fired combustion turbines near Lordsburg. Tri-State also owns eight percent of Unit 3 at San Juan Generating Station, which is scheduled for closure by December 31, 2017. In addition, Tri-State has entered into decades-long obligations to purchase all the power generated by two utility-scale solar photovoltaic projects in New Mexico: the 30-megawatt Cimarron I facility in northeastern New Mexico that has operated since 2010, and the 25-megawatt Alta Luna facility in southwestern New Mexico that came online earlier this year.

Tri-State's generation, combined with extensive transmission capacity throughout the state, serves Tri-State's 11 New Mexico member-systems, including the following member-owned electric distribution cooperatives.

- Central New Mexico Electric Cooperative, Inc., Mountainair, NM
- Columbus Electric Cooperative, Inc., Deming, NM
- Continental Divide Electric Cooperative, Inc., Grants, NM
- Jemez Mountains Electric Cooperative, Inc., Española, NM





- Mora-San Miguel Electric Cooperative, Inc., Mora, NM
- Northern Rio Arriba Electric Cooperative, Inc., Chama, NM
- Otero County Electric Cooperative, Inc., Cloudcroft, NM
- Sierra Electric Cooperative, Inc., Elephant Butte, NM
- Socorro Electric Cooperative, Inc., Socorro, NM
- Southwestern Electric Cooperative, Inc., Clayton, NM
- Springer Electric Cooperative, Inc., Springer, NM

These rural electric cooperatives distribute electric power to approximately 150,000 meters at farms, ranches, households, industry and businesses throughout New Mexico.

Electric cooperatives have a significantly different ownership structure and purpose than other electric utilities. Electric cooperatives are not-for-profit, consumer-owned businesses with perspectives on the electric utility industry stemming from unique characteristics of consumer ownership and local democratic control. Electric cooperatives want to ensure that American families and small businesses in New Mexico and nationwide benefit from any regulatory changes affecting the electric utility industry. Tri-State believes that increased costs of electric power, particularly in rural areas served by Tri-State, have negative impacts on economic development and jobs.

Existing Environmental Regulations

Carbon dioxide and other greenhouse gases emitted from electric generating units are already regulated in New Mexico under the provisions of the New Mexico Administrative Code, which incorporates by reference the laws and regulations that Congress and the EPA have enacted and promulgated to regulate air pollution from stationary sources. All stationary sources that emit more than threshold amounts of regulated air pollutants are required to have federally enforceable state-issued Title V operating permits. These operating permits address regulated air pollutants, including greenhouse gases, and are part of the comprehensive federal and state air quality protection regime protecting human health and welfare.

For example, the Environmental Improvement Board (EIB) has incorporated by reference the EPA regulations that limit greenhouse gas emissions from new and modified major sources under the prevention of significant deterioration and new source review provisions of the Clean Air Act. Similarly, the EIB would incorporate by reference any EPA final rules under section 111 of the Clean Air Act to limit carbon dioxide emissions from new, modified, reconstructed and existing electric generating units, and methane emissions from new, modified and reconstructed sources in the oil and gas sector.

In summary, greenhouse gases are already regulated as part of a larger regulatory regime under the federal Clean Air Act and New Mexico's Air Quality Control Act, and these limitations are enforced on individual sources through the New Mexico Administrative Code and federally-enforceable operating permits.



Economic, Environmental and Technological Considerations

Tri-State operates electric generation stations with state-of-the-art emissions controls and in full compliance with all federal and state requirements. Tri-State's member-systems invest hundreds of millions of dollars in emission control technologies. Under the "cooperative federalism" approach of the Clean Air Act, these controls are required by the comprehensive set of federal and state laws that protect human health and welfare to a level that achieves an adequate margin of safety. Tri-State believes that any emission reductions requirements should only be put in place when technologies to meet such requirements are commercially available, proven, and cost-effective. Tri-State also believes that minimizing economic costs is an important issue to consider in regulating emissions, including emissions of greenhouse gases. As a generation and transmission cooperative, Tri-State is forced to pass along to its member-systems and consumer-owners all emission control costs. A regulation that would, among other things, require the reduction of "New Mexico's total in-boundary and embedded" carbon dioxide emissions to at least 91% below 1990 levels by 2050, and "total in-boundary and embedded" carbon dioxide emissions by at least 8% per year beginning in 2018, would almost certainly impose extensive increased economic burdens on New Mexicans.

Tri-State believes that if the U.S. is to address greenhouse gas emissions, then the best path is through adoption by national legislatures, not by agencies in individual states. An administrative rulemaking in New Mexico is inappropriate given the international nature and scope of climate change. Reducing New Mexico's greenhouse gas emissions will have no measurable impact on the global accumulation of greenhouse gas concentrations in the Earth's atmosphere. Tribal lands, the City of Albuquerque and Bernalillo County are outside the jurisdiction the EIB, further reducing the potential impact of the proposed rule. In addition, any New Mexico-specific regulation has the potential to conflict with federal mandates.

No other state is considering such a reduction program, which means that the petition proposes to isolate New Mexico with a significant burden on its economy. Higher prices for energy, goods and services would result from having to comply with the greenhouse gas reduction program. Having these costs applied only to New Mexico would make it difficult for any business to justify choosing this state over others as a place locate and grow. This would lead to job losses for New Mexico and a deepening of the economic struggles we already face as one of the most poverty-stricken states in the country.

Tri-State supports efforts to invest in technologies that ensure affordable and reliable electricity, including in renewable energy and energy efficiency. A diverse suite of domestic energy sources to generate electricity, including coal and natural gas, is critical to meet demand for energy in an affordable and reliable manner. Technology to control greenhouse gas emissions from the industrial sector is neither commercially available nor affordable at this time. While there is much ongoing research in this area, and Tri-State is engaged in many innovative studies and technology demonstrations, the lack of available control technologies means that the petition's aggressive emission reduction timelines are infeasible.



Conclusion

Tri-State urges the EIB to reject the petition in this docket and to deny the request for a hearing. The proposed rule is impractical, costly and would not appreciably alter global greenhouse gas concentrations. A hearing would not change those facts and would thus waste both government and stakeholder resources.

Thank you for the opportunity to offer Tri-State's comments.

Sincerely,

Barbara A. Walz
Senior Vice President
Policy and Compliance
Chief Compliance Officer

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File No. P3 – 3.3(2)i

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