From:	Mahdavi, Sarvy
To:	McKaughan, Colleen
Subject:	FW: NGS
Date:	Monday, August 12, 2013 12:26:07 PM
Attachments:	#0706 TWG Joint News Release.docx #0707 TWG Fact Sheet.docx #0708 TWG CAP-SRP Joint News Release.docx

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Hi Colleen, so sorry for the delay in getting this to Air Planning, but I'm just now returning from 4 months of Leave.
Pls see email below sent a couple weeks ago re: NGS.

Thanks! Hope you're well.

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Sarvy Mahdavi
Aquatic Resources and Environmental Review
of the CA High Speed Rail Project
U.S. Environmental Protection Agency
Southern California Field Office
(213) 244-1830

From: Anne Minard [mailto:anne.minard@gmail.com]
Sent: Tuesday, July 30, 2013 1:50 PM
To: Mahdavi, Sarvy
Subject: Fwd: NGS

Dear Sarvy Mahdavi,

My name is Anne Minard, and I'm working on a story for Indian Country Today about the new proposal to reduce emissions at the Navajo Generating Station. I've included the press releases below.

I'm wondering how this proposal fits into the EPA's rulemaking process (and timeline). Would you be the person to address that? If so, great - just feel free to respond by email or let me know a couple of best times and a number, and I'll be happy to call. If not, I hope you'll direct me toward the appropriate spokesperson?

Thank you,
Anne Minard

Anne Minard
(928) 607-6952 cell
anneminard.com

---------- Forwarded message ----------
From: **George Hardeen** <georgehardeen@yahoo.com>
Date: Fri, Jul 26, 2013 at 9:42 AM
Subject: Historic Agreement Reached to Significantly Reduce Emissions from NGS, Provide Greater Certainty for Arizona Water, Power Customers
To: "kpolisse@ictmn.com" <kpolisse@ictmn.com>, "anne.minard@gmail.com"

<anne.minard@gmail.com>

Ken, Anne

This news broke today. For additional information or quotes, please give Patty Garcia-Likens a call at 602-236-2588.

Thanks.

George

Patty Garcia – Likens
SRP Media Relations
602.236.2588 - Office
480.278.4576 - Cell
602.236.2500 – Media Relations Hotline (24/7)

EPA Receives Stakeholder Proposal to Significantly Reduce Emissions at NGS and Provide Greater Certainty for Arizona Water and Power Customers

Today, a stakeholder group established to identify emission reduction alternatives for the Navajo Generating Station (NGS) will deliver to the U.S. Environmental Protection Agency (EPA) a proposal that will protect Arizona interests and allow continued operation of NGS while achieving even greater nitrogen oxide (NOx) emission reductions than a proposal from the EPA.

"Importantly," said Central Arizona Project (CAP) General Manager David Modeer, "this proposal, if accepted, delays and mitigates the substantial costs that CAP customers would see if NGS closes and CAP is forced to use other, more expensive energy sources. It also preserves CAP's ability to fund Arizona's repayment obligation to the federal government for construction of the CAP system through the sale of surplus NGS power."

On February 5, 2013, the EPA issued a proposed Best Available Retrofit Technology (BART) rule for NGS to reduce emissions of nitrogen oxides (NOx) from

the power plant. The EPA's proposal would require the NGS owners to install Selective Catalytic Reduction (SCR) technology on all three units at NGS by 2018. However, EPA also proposed an alternative that acknowledges the voluntary early installation of low-NOx burners at NGS, in exchange for an extended schedule requiring installation of SCR on one unit per year between 2021 and 2023.

Salt River Project has estimated the cost of SCR would be approximately $544 million. This cost could exceed $1.1 billion if additional equipment is also required at the plant to remove the air-borne particulates created by the SCR process.

Under the terms of the proposed "Better than BART" alternative to be delivered to EPA today, one 750 MW unit at the power plant would be shut down by January 1, 2020, and the implementation of SCR on the remaining units would be delayed until 2030 – if Los Angeles Department of Water & Power (LADWP) and NV Energy exit NGS as expected by 2019, and if the Navajo Nation chooses not to exercise an option to purchase a portion of the plant's ownership shares. Together, LADWP and NV Energy own the equivalent of almost exactly one unit at NGS.

If the ownership situation plays out differently, the Technical Working Group (TWG) proposal requires nitrogen oxide emission reductions equivalent to the shutdown of one unit between 2020 and 2030. The owners would have to submit annual plans beginning in 2020 through the end of the lease describing the operating scenarios to be used to achieve greater emission reductions than EPA's proposed rule.

Under both scenarios, the owners also commit to cease operation of conventional coal-fired generation at NGS no later than December 22, 2044.

The TWG stakeholder group includes representatives from SRP (on behalf of itself and the other NGS owners), the Central Arizona Water Conservation District, the Environmental Defense Fund, the Navajo Nation, the Gila River Indian Community, the U.S. Department of the Interior and Western Resource Advocates.

The TWG proposal will be submitted to EPA for review and issuance as a supplemental

proposal. EPA's process includes numerous opportunities for public comment.

The proposed BART alternative presented to EPA integrates the concerns of many diverse parties with an interest in the future of NGS in a manner that reflects both current and future economic and environmental considerations at the plant. It also addresses the expected exit of the Los Angeles Department of Water & Power (LADWP) and NV Energy from NGS by 2019.

The agreement goes beyond the specifics of NOx emissions control measures to include a number of other provisions that will address the concerns of Indian tribes, local communities and other NGS stakeholders.

The U.S. Department of Interior made several commitments that are separate from the “better than BART” alternative. These commitments include reducing or offsetting carbon emissions from Interior’s share of NGS, pursuing the development of low-emission power projects to benefit Arizona tribes, and mitigating the effects of the BART rule and other developments on the rising costs of CAP water. Although Interior’s commitments were critical to reaching an agreement that was acceptable to all TWG parties, they do not impose additional requirements or costs on the NGS owners or CAP.

“Given the challenges associated with the timelines specified in the proposed rule, the development of an alternative proposal was essential,” said Mike Hummel, chief power system executive at SRP. “The TWG proposal provides a path for the future operation of NGS that incorporates potential ownership changes and provides a much needed extension to the schedule for installing SCR at NGS. As such, SRP strongly believes that the TWG proposal is the best path forward for its customers and for the state of Arizona.”

“The fate of NGS is of critical importance to Central Arizona Project,” said CAP Board President Pam Pickard. “More than 90 percent of the power we use to

deliver Colorado River water to central and southern Arizona comes from the Navajo plant. This BART proposal preserves the viability of NGS and thus provides certainty that CAP can continue to provide reliable and affordable water supplies to our customers for many years."

Located just outside Page on the Navajo Reservation, NGS is one of the largest and most important sources of reliable electricity in the Southwest. Completed in the late 1970s, NGS supplies power to customers in Arizona and the southwest region and also supplies most of the energy used to pump water through the Central Arizona Project.

NGS and the associated Kayenta coal mine provide substantial economic benefits to the Navajo Nation and the Hopi Tribe and are a significant economic engine for the state of Arizona. NGS directly employs about 520 people, more than 85 percent of whom are Navajo. The Kayenta Mine, the plant's coal supplier, has more than 400 employees, more than 90 percent of whom are also Native American.

NGS is operated by SRP. Other participants in NGS include the U.S. Bureau of Reclamation, Arizona Public Service Co., LADWP, Tucson Electric Power Co. and NV Energy.

Additional information may be found at www.NGSPower.com

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