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Power-plant compromise is good news for Arizona- Energy chiefs: Navajo Generating deal delays big costs

http://www.azcentral.com/opinions/articles/20130816arizona-power-plant-compromise-good-news.html

By John Sullivan, David Modeer

Our TurnSun Aug 18, 2013 5:52 PM

With much at stake for Arizona, a group of very different interests recently gathered to best determine how to provide certainty for our energy future while balancing the environmental impacts on national parks in the Southwest — in particular the Grand Canyon.

At the heart of the issue they faced stands the Navajo Generating Station, a large coal-fired power plant located on the Navajo Reservation just outside of Page that not only generates electricity for millions of people but also provides the energy the Central Arizona Project needs to bring water from the Colorado River to the people of southern and central Arizona.

Faced with an Environmental Protection Agency proposal to install additional emission-control equipment to the NGS at a cost of up to more than $1 billion, Salt River Project and other owners of the plant as well as CAP accepted an invitation from the EPA to investigate other Best Available Retrofit Technology alternatives for the NGS.

Together with the Environmental Defense Fund, U.S. Department of the Interior, the Navajo Nation, the Gila River Indian Community and Western Resource Advocates, a technical working group was formed and a compromise was reached that both preserves air quality at our state's national parks and protects the interests of Arizona's citizens who rely on the plant for low-cost and reliable energy.

Depending on how ownership of the plant is resolved, the proposal calls for the plant to shut down one of its three units in 2020 or reduce emissions by an equivalent amount between 2020 and 2030 — a significant decrease either way.

Importantly, the agreement also delays the costs associated with implementing costly additional environmental controls at the plant until 2030. That's good news for electricity consumers and also a great benefit to CAP water customers.

This timing will allow CAP to lower the costs for all of its customers and stakeholders through extended financing. Additionally, the costs for agricultural customers whose use of CAP water is projected to diminish considerably by 2030. And finally, at no cost to CAP, the Bureau of Reclamation has committed to work with affected Indian tribes in the coming years to address concerns about the impacts of the proposed changes to NGS. In particular, Reclamation has agreed to seek options for mitigating costs for CAP water that tribes might expect to occur.

In a desert region, there is little argument as to the benefits of reliable electricity and abundant, low-cost water.

Conversely, there is little debate as to the value of our national parks, including the Grand Canyon.

The EPA must still review the proposal to determine whether it meets its criteria. If so, the agency will provide for a public notice and host meetings to gather public input.

In the meantime, the technical working group agreement demonstrates that diverse interests can come together and reach a compromise that benefits all citizens of Arizona.

John Sullivan is chief resource planning executive at Salt River Project. David Modeer is general manager of the Central Arizona Project.

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Thanks,

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