From:	Harris-Bishop, Rusty
To:	McKaughan, Colleen; Glosson, Niloufar; Lee, Anita
Cc:	Zito, Kelly; Keener, Bill
Subject:	RE: Any word on NGS from TWG?
Date:	Friday, July 26, 2013 4:07:25 PM

Looks like it was the same as DOI's press release. I got this from the CAP website.

FOR IMMEDIATE RELEASE:

Historic Agreement Reached to Significantly Reduce Emissions from Navajo Generating Station and Provide Greater Certainty for Arizona Water and Power Customers

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Interior Department commits to reduce carbon dioxide emissions and study opportunities to transition the Federal Share of NGS over time

A Technical Work Group (TWG), established to identify emission reduction alternatives for the Navajo Generating Station, has reached agreement on a proposal that will achieve even greater nitrogen oxide (NOx) emission reductions than a proposal from the Environmental Protection Agency. The proposal will allow the continued operation of NGS, and includes commitments by the U.S. Department of Interior to reduce carbon dioxide emissions and study opportunities to transition the Federal share of NGS over time.

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

The EPA issued a Best Available Retrofit Technology (BART) proposal for Navajo Generating Station in February of this year. EPA's proposal would require the NGS owners to install Selective Catalytic Reduction (SCR) technology on all three units by 2018. However, EPA also proposed an alternative that acknowledges the owners' 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.

In recognition of the importance of NGS and the unique circumstances surrounding the plant, EPA also invited the submittal of alternative proposals that would achieve the same or greater emissions reductions as EPA's proposal. In response to EPA's invitation, the TWG worked to address the concerns of many diverse parties with an interest in the future of the plant in a manner that reflects both current and future economic and environmental considerations and developed a "better-than-BART" alternative that achieves overall greater emission reductions. 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.

Under the terms of the TWG agreement announced today, one 750 MW unit at the power plant would be shut down by January 1, 2020 and SCR would be installed on the remaining units by 2030 – if the 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, today's agreement would require NOx reductions equivalent to the shutdown of one unit between 2020 and 2030. The owners would have to submit annual plans to EPA beginning in 2020 through the end of 2044 describing the measures to be implemented to achieve greater emission reductions than EPA's proposed rule through a combination of retirement in capacity or curtailment in utilization at the plant and new emission controls.

Under both scenarios, the current NGS owners are committed to cease operation of all conventional coal-fired generation at NGS no later than Dec. 22, 2044.

"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 TWG agreement also includes a commitment by the non-Federal NGS owners to establish a $5 million Local Benefit Fund for community improvement projects within 100 miles of NGS or the Kayenta Mine, the plant's coal supplier.

"NGS and Kayenta Mine provide over 1,000 private sector jobs and support thousands of public sector jobs in the Navajo Nation government," said Ben Shelly, President of the Navajo Nation. "Therefore, maintaining all units of NGS at maximum efficiency for as long as possible and complying with USEPA's regional haze regulations are the Nation's goals. NGS is important to the Navajo Nation because current and future payments generated by NGS directly benefit the Nation, and will assist with a long-term transition to a diverse energy portfolio. The Nation has never accepted the prospect of shutting down one unit at NGS, however, in response to the current USEPA proposed rule, this Reasonable Progress Alternative is a reasonable compromise by all parties. While this compromise may negatively impact the Nation's overall economy, it is better than the potential for a complete shutdown of NGS in 2019, or before the end of the 25-year lease extension period in 2044. The Nation will continue to consult with U.S. EPA on the proposed rule before USEPA makes its final decision."

The agreement also includes a variety of commitments from the Interior Department that are separate from the "better than BART" alternative. These include promoting development of clean energy, with an emphasis on Indian Tribes affected by NGS, conducting studies to identify options for replacing the federal share of energy from NGS with low-carbon dioxide emitting energy, and a commitment to reduce the CO_2 associated with the energy used to pump Central Arizona Project water by 3 percent annually for a total of 11.3 million metric tons (approximately 12.5 million U.S. tons) to be achieved no later than December 31, 2035. Interior's commitment will be administered through an innovative credit-based CO_2 tracking and accounting program that assures the reductions are accurately measured and genuine. The Interior Department's clean energy commitment includes facilitating energy projects and other energy related initiatives associated with 26,975,000 MWh from zero-carbon to low-carbon emitting energy sources.

"This plan provides a roadmap to cleaner air, climate progress and a stronger clean energy economy," said Vickie Patton General Counsel at Environmental Defense Fund. "We had to work through some difficult issues but together we were able to develop an approach that provides for cleaner air at the Grand Canyon and surrounding communities, that begins a cost-effective clean energy transition at the Navajo Generating Station, and that provides for crucial clean energy economic development for the Navajo Nation, Hopi Tribe and Gila River Indian Community."

John Nielsen, Energy Program Director for Western Resource Advocates, said "Reaching this Agreement was a challenging, but rewarding, process. The Agreement balances complex and diverse issues and interests. The environmental benefits of this Agreement are significant, and the progress toward addressing climate change is of utmost importance."

The agreement also includes a commitment by the United States to take actions that would mitigate the effects of the BART proceeding and other developments on the rising costs of CAP water for Arizona Indian tribes with CAP water contracts, in addition to providing at least $100 million in new funding for CAP water costs of Arizona tribes beginning in 2020 without requiring additional congressional authorization.

"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. The TWG 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."

The agreement also includes significant commitments by the United States to further new renewable, low-emission power projects to benefit Arizona tribes. The United States has also agreed to meet with all Arizona tribes with CAP contracts at least once a year in the future to collectively and individually address future ways to keep CAP water costs down.

"As the single largest user of CAP water in the State, our Community has had a very significant concern from the outset that the EPA might require such costly controls for emissions at NGS that our water would simply have become unaffordable to us, particularly if NGS would have had to close as a result of the EPA's actions," said Governor Gregory Mendoza of the Gila River Indian Community. "While much will still need to be done to ensure our water remains affordable for future generations of our people and all other CAP tribes in the State, through this agreement the United States has begun a major effort to mitigate the effects of rising CAP water costs for the Community and all other Arizona CAP tribes. We look forward to working with the United States to ensure that today's agreement is just the starting point for this effort."

NGS is a 2250 megawatt coal-fired power plant located just outside of Page on the Navajo Reservation. The plant is operated by SRP. The other participants in NGS include the U.S. Bureau of Reclamation, Arizona Public Service Co., Los Angeles Department of Water and Power, Tucson Electric Power Co. and NV Energy.

From: McKaughan, Colleen
Sent: Friday, July 26, 2013 4:04 PM
To: Harris-Bishop, Rusty; Glosson, Niloufar; Lee, Anita
Subject: RE: Any word on NGS from TWG?

We got the official submittal, but I never saw their press release. Anita is posting the submittal to the docket.

From: Harris-Bishop, Rusty
Sent: Friday, July 26, 2013 2:22 PM
To: Glosson, Niloufar; Lee, Anita; McKaughan, Colleen
Subject: Any word on NGS from TWG?

Just wondering . . . .

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