

Minimizing Economic Impact to the Four Corners Area

A goal was to minimize the economic impact to the Four Corners area. Commitments include:

- Agreement by PNM to construct a 150- to 200-megawatt natural gas peaking plant at San Juan
- More than \$1 million for workforce training and economic development in the Four Corners area
- A commitment by PNM to have no layoffs as a result of the closure of units 2 and 3

The PNM Navajo Nation Workforce Training program was announced in August 2013 and includes partnerships with San Juan College School of Energy and the Navajo Technical University. More information is available at www.PNM.com/navajo.

The commitment from PNM is to provide \$200,000 of training support each year for five years, beginning in 2013. The cost is paid from shareholders and not customers.

Environmental Benefits

What makes this agreement significant isn't just its reduction of the cost impact for customers from the original federal plan, but its leadership in positioning the plant to comply with future environmental regulations. The federal plan only reduced nitrogen oxides to improve visibility, leaving customers exposed to even more compliance costs.

As a result of this agreement, PNM may be well positioned to not only achieve, but surpass, President Obama's pledge on reducing greenhouse gas emissions over the next several years. It also will potentially comply with new ozone standards scheduled to be released in 2014.

The state plan reduces nitrogen oxides along with sulfur dioxide and particulates (all related to visibility) and a number of other emissions, including a significant reduction in greenhouse gas and the amount of water needed for generation.

Reduction Comparison of San Juan Current Emissions, Water Use and Coal Residuals of State Plan vs. Federal Plan

	NOx	SO ₂	Par-ticulate Matter	CO	VOCs	CO ₂	Mercury	Water	Coal Residuals
State Plan	62%	67%	50%	44%	50%	50%	50%	53%	48%
Federal Plan	83%	0	0	0	0	0	0	0	0

Consumer Benefits

Consumers benefit from the overall lower cost of implementation and lower increases related to future environmental mandates associated with coal.

The federal plan in place prior to this agreement had a large price tag and would have required compliance by September 2016.

The new proposal will cost less and have a later implementation date, delaying the cost impact to customers.

Regional Haze Rule Background

The federal Clean Air Act sets the goal of returning national parks and wilderness areas to natural visibility levels by 2064. States are tasked with developing implementation plans to limit emissions from major contributors and other emitting sources to regional haze.

