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## *Environmental News*

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### **Nevada DEP, US EPA and US DOJ reach \$90 million joint settlement with Nevada Power**

**CARSON CITY** - Nevada Power Co. has agreed to a joint settlement today with the federal government and the State of Nevada that will require the utility to spend nearly \$85 million on cleaner technology and pay a \$1.11 million fine, the Nevada Division of Environmental Protection, U.S. Department of Justice, and U.S. Environmental Protection Agency announced. The settlement resolves allegations of air pollution control violations at its Reid Gardner coal-fired electric generating plant located 50 miles northeast of Las Vegas.

As part of the settlement, Nevada Power will also fund more than \$4 million in energy conservation projects for the Clark County School District over the next seven years, saving the district at least \$500,000 per year in energy costs.

"I am pleased that this case has been amicably resolved," said Governor Jim Gibbons. "I applaud NDEP for its determination in carrying out this enforcement action and its dedicated efforts to protect the state's air quality. Nevada Power, to its credit, has accepted the penalty, and embraced additional proactive measures that will result in energy cost savings for the school district and other air quality improvements in southern Nevada."

"The State of Nevada in cooperation with the federal government has worked to ensure that environmental laws are being followed," said Matthew J. McKeown, acting assistant attorney general for the Justice Department's Environment and Natural Resource's Division. "We continue to be committed to working with the EPA and states in order to ensure that industry and companies are in compliance with laws that protect the environment."

In July 2005, after a year-long investigation, NDEP's Bureau of Air Pollution Control issued 56 violation notices to Nevada Power for alleged air pollution control violations at its Reid Gardner electric generating plant in Clark County.

Most of the alleged violations involved failure to comply with emissions limitations and failure to adequately monitor and record operational data necessary for NDEP to ensure that the company was complying with the state's air quality requirements.

"This case clearly demonstrates our strong commitment to the protection of Nevada's environment," said NDEP Administrator Leo Drozdoff. "In addition to reducing air pollution in southern Nevada and assisting the school district with energy conservation, this settlement has led to a much-improved working relationship between NDEP and Nevada Power's management and staff."

NDEP and Nevada Power requested EPA's participation in this case in September 2005 to assist with negotiations and to resolve federal Clean Air Act violations of Reid Gardner's Title V emissions permit and federal opacity, or smoke regulations.

"NDEP's strong lead on this case helped propel us to today's settlement," said Wayne Nastri, regional administrator for the U.S. EPA's Pacific Southwest region. "We were able to strike an effective state/federal partnership building on NDEP's extensive investigation and the federal government's experience negotiating large power plant cases."

As part of the settlement, Nevada Power agreed to spend nearly \$85 million on these additional measures to prevent future emissions violations:

- Replacement of the fuel oil igniters with cleaner-burning natural gas igniters used in start-up and flame stabilization in the plant's boilers;
- Installation and operation of a baghouse system to reduce particulate emissions at Units 1, 2 and 3 of the plant by more than 300 tons per year;
- Development and implementation of an Environmental Management System to ensure compliance with the stringent emissions monitoring, recordkeeping and reporting requirements contained in its operating permit. The plant's operations must also be audited by a third-party auditor, and the findings reported to NDEP and EPA.

Additionally, Nevada Power will install a new advanced combustion system in the boiler of Unit 4 at Reid Gardner, which will reduce nitrogen oxide emissions by as much as 1000 tons per year. This system, which is expected to cost up to \$9.7 million, will be installed and operational within two years. Through this settlement, Nevada Power has agreed to permanently retire the greater of 30 percent or 282 tons of NOx emissions from the Clark County air pollution inventory.

The State of Nevada will receive 70 percent, or \$770,000, of the \$1.11 million civil penalty which reflects the state's level of effort in this case. The federal government will receive 30 percent, or \$340,000.

Clark County School District officials expressed support for the settlement.

“We look forward to continuing and expanding the well-proven partnership we have with Nevada Power in terms of identifying and implementing energy efficiency measures,” said Paul Gerner, associate superintendent of facilities. “It is fortunate that these funds, which arise from a negative circumstance, can be put to such a generally beneficial use. We’ll use these funds to make changes that permanently reduce our power consumption, ensuring more dollars are available to support education.”

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