



STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

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NEWS RELEASE

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NDEP to Accept Comments from Environmental Groups Regarding Proposed Power Plant Agreements

CARSON CITY – The Nevada Division of Environmental Protection (NDEP) has granted a group of environmental organizations unprecedented participation in the review of memorandums of understanding (MOUs) for three companies that have proposed coal-fired electric generating plants in eastern and southern Nevada. At the same time, however, the administrator of the NDEP questioned the tactics of the group.

The MOUs will establish agreements with Sierra Pacific Resources and LS Power Associates for their proposed plants in White Pine County, and with Toquop Energy a subsidiary of Sithe Global Power for its proposed plant in Lincoln County to require the installation of carbon capture technology as soon as it is technically and commercially available. They will also ensure that the plants are designed so they can be retrofitted with equipment to manage and sequester greenhouse gas emissions.

“Despite the fact that there are no federal or state laws with regard to carbon capture and sequestration, NDEP has been working with these companies in good faith for more than two years and discussing these MOUs since early August,” said NDEP Administrator Leo Drozdoff. “NDEP and the companies chose to pursue the strategy of MOUs because they would help address carbon dioxide impacts in advance of any state or federal legislation.”

The environmental groups, collectively known as Nevadans for Clean, Affordable, Reliable Energy (NCARE), sent a letter to Drozdoff just prior to the Nevada Day holiday asking for unprecedented participation in development of the MOUs. This request was made even though it was clear from comments following the Sept. 7, 2007 State Environmental Commission (SEC) hearing, http://www.sec.nv.gov/main/hearing_0907.htm where NDEP discussed the development of these agreements, that the environmental community didn't think that MOUs would be of value.

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The environmental group's first and only letter requesting participation in this process was received by NDEP on Oct. 29, 2007, { http://ndep.nv.gov/docs_07/wra_let-1031071.pdf } over seven weeks after the SEC hearing. At that hearing, NDEP advised the SEC that the agency's goal was to have these MOUs completed by the end of October. "It does seem disingenuous that these groups would wait until the end of October, over seven weeks, to make this request if they were truly interested in being part of this discussion," Drozdoff said.

He also questioned the manner in which the request was made. "I do take issue with the groups releasing a copy of a letter, addressed to me, to the media on a State holiday, October 26, but not providing it to this Agency until October 29. This approach created confusion and reporting inaccuracies," Drozdoff said. "With this in mind, NDEP could have easily dismissed their request as being untimely, completely without precedent and an effort to merely delay the process. However, because NDEP believes that government should be held to a higher standard and because climate change is an important issue to many Nevadans, NDEP will go the extra mile and allow the environmental groups to comment on the MOUs. It is our hope that these groups will take advantage of the time offered to provide specific and constructive comments on the issue of carbon capture and sequestration memorialized in these MOUs."

At its September 7 hearing, the SEC, which oversees NDEP's regulatory activities, rejected a petition submitted by Western Resource Advocates, a member of NCARE, to halt the permitting process for the coal plants and set carbon dioxide emission limits. In denying the petition, the SEC noted that they did not have the authority to stop the permitting process and that setting limits that were not properly vetted would be arbitrary and premature.

Instead, upon hearing that NDEP was negotiating these MOUs with all three companies, the SEC requested that NDEP continue these negotiations so that the proposed plants are designed for carbon capture equipment, and that the equipment would be installed when the technology is technically and commercially available.

MOUs are used by agencies all over the country to establish working relationships with parties and memorialize good faith efforts to address areas of concern. Typically MOU negotiations involve only the parties to the agreement and the agency staff.

"NDEP has negotiated dozens of MOUs with different parties that established written agreements to advance the protection of Nevada's environment. It's a very effective approach," Drozdoff said. "Our staff and the parties involved sit down and negotiate in good faith to establish a sound environmental path forward. As always, our overriding responsibility is to protect Nevada's environment, and we take it very seriously. In this case, these three MOUs go well beyond good faith efforts and require real commitments and actions by the companies."

Drozdoff said NDEP has shared each of the draft MOUs with NCARE, and will take their comments through the close of business November 9.

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