

Selling credits has its rewards

Nevada Power may get \$9 million from pollution credits sale

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Nevada Power and others closed the coal-fired Mojave power plant in Laughlin on Dec. 31. With the closure, the plant stopped producing 53,000 tons of sulfur dioxide pollution yearly, a document says. Photo by [John Locher](#).

Nevada Power Co. can expect to receive \$9 million yearly as its share from the sale of sulfur dioxide pollution credits if the coal-fired Mohave Generating Station at Laughlin remains closed.

Under the Clean Air Act of 1990, a company that needs to increase its production, and thus increase pollution, can do so if it buys an offset credit from another company that has curtailed air pollution.

When the owners of Mohave, including Nevada Power, closed the power plant on Dec. 31, it stopped producing about 53,000 tons of sulfur dioxide pollution yearly, a document filed with the California Public Utilities Commission last week shows. So Nevada Power and the other owners may sell the sulfur dioxide credits to another company. The market price is estimated to be \$1,300 a ton, or \$65 million yearly. As a 14 percent owner of Mohave, Nevada Power would be entitled to \$9 million of that revenue.

In a motion filed with the California commission last week, however, the Just Transition Organization, a group including Indian and environmental organizations, urged California regulators to order Southern California Edison to turn over its 56 percent, or \$36 million, share of the estimated annual pollution credit revenue to Indians for compensation caused by the plant closure. The motion said that minority owners, such as Nevada Power, would be asked to relinquish their share of the pollution credit sales as well.

The coalition argued that closing the plant resulted in the loss of 200 jobs at the Black Mesa Mine, which provided coal to Mohave.

The money is "urgently needed to make restitution to, and provide investment opportunities for, the Hopi and Navajo to mitigate the economic and social impacts," the motion argued.

The coalition also said that the tribes subsidized decades of coal mining that allowed utility customers to "benefit from a cheap supply of power."

Edison and Nevada Power rejected the coalition's arguments.

"These emission credits with regard to Nevada Power belong to our customers. It would not be profitable to our shareholders," said Roberto Denis, senior vice president of Sierra Pacific Resources, Nevada Power's parent company. "There would be no appetite (at Nevada Power to give the revenue to the tribes)."

In a statement, Edison argued: "To claim that an asset belonging to our customers should be transferred to others is unprecedented and inappropriate. Furthermore, any claim our customers owe payments to the Navajo Nation and Hopi Tribe would be invalid."

Edison said it also disagreed with the implication that Mohave will not resume operations.

"We are working hard to find a way to return Mohave to service as soon as possible because of its unique value to our customers, to the Navajo Nation and Hopi Tribe, to the regional economy and to grid reliability throughout Southern California," Edison said. "Meanwhile, during what we hope will be a temporary shutdown, the emission credits will serve to partially offset the higher cost of electricity which has to be procured from other sources," Edison said.

Nevada consumer advocate Eric Witkoski agreed that the credits belonged to Nevada Power customers and would be used as an offset in future rate cases.

"We're sympathetic that there's going to be some economic impact on the tribes," Denis said.

He added that the owners and the tribes have been negotiating new water supply and coal contracts for years, and that the tribes and power plant owners share responsibility for the failure of negotiations.

Witkoski noted that the emission credits also could offset the cost of dismantling the plant if it is closed permanently.

The longer the Mohave plant's reopening is delayed, the less likely it becomes, Denis said.

The Just Transition includes the Black Mesa Trust, Black Mesa Water Coalition, Sierra Club and Grand Canyon Trust.

"It does not represent the Navajo Nation at this point," said George Hardeen, a nation spokesman.

Hardeen said he has been told that negotiations are continuing.

Navajo Nation President Joe Shirley Jr. definitely would like to see Mohave open again, Hardeen said. Shirley wants to get jobs back for the workers at the Black Mesa Mine, the sole supplier of coal to Mohave.

While Southern Nevada obtains low-cost power from Mohave, it also assigned a portion of its Colorado River water allotment for use at the Mohave plant.

The plant has a contract for 16,000 acre feet yearly through 2026 and was using 13,000 acre feet while it was operating, said J.C. Davis, a spokesman for the Southern Nevada Water Authority.

If the plant remains closed, the water authority probably would have that water available for other purposes, he said.