

Navajo Generating Station

Central Arizona Project (CAP) is the largest supplier of renewable water in Arizona. It's also the biggest user of electricity in the state. Last year, CAP used 2.8 million megawatt hours to deliver more than 500 billion gallons of Colorado River water to a service area that includes more than 80% of the state's population.

Why so much power? Because between Lake Havasu and the end of the CAP system south of Tucson, Colorado River water flows 336 miles and ends its journey nearly 3,000 feet higher than where it started. Almost all of the power CAP uses to move this water comes from the coal-fired Navajo Generating Station near Lake Powell.

Because the Navajo plant is near a dozen or so National Parks, monuments and wilderness areas, controlling emissions released from the plant into the air has been a priority for CAP and the power plant owners for decades. In the 1990s, the plant owners invested more than \$400 million in scrubbers that take out sulfur dioxide (SO₂), a gas that can cause acid rain.

In 2008, installation began on Low-NO_x burners to reduce emissions of smog-forming nitrogen oxide, also known as NO_x. The job will be finished in 2011 at a cost of approximately \$45 million. The U.S. EPA is in the process of setting rules to control NO_x emissions at coal-burning power plants like Navajo to protect visibility in the region. The EPA is looking at the Low-NO_x burners. They are also considering a very different NO_x control system known as Selective Catalytic Reduction (SCR).

An SCR system could cost more than \$1 billion, at least 15-20 times more than the Low NO_x burners. Recent research shows the difference in visibility improvements between the two technologies won't be perceptible to the human eye. The high cost of SCR could lead to a CAP energy rate nearly 20% higher than the current rate - and potentially much higher if the equipment cannot be financed over a 20-year period. This would affect anyone who gets water from CAP, as well as existing and future Indian water rights settlements.

In fact, the higher energy costs would hit almost everyone in the state. Other critical uncertainties face the Navajo plant, including the renewal of land and water leases and future federal regulations. Because of these uncertainties, a near-term requirement to install SCR at Navajo could raise the spectre of plant closure, an unacceptable outcome. Closure of the Navajo Generating Station would be an economic disaster for the people of the Navajo Nation and the Hopi Tribe, and CAP would have to buy higher cost power elsewhere resulting in a doubling or tripling of energy and water rates. Currently, a broad-based stakeholder effort to provide EPA with additional information to consider in its rulemaking process is underway.

For more information, e-mail cap@cap-az.com or visit www.CAPSmartEnergy.com.



CAP
CENTRAL ARIZONA PROJECT

Contact your legislators today about this important issue

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