



New Mexico State Legislature

STATE CAPITOL
Santa Fe

November 10, 2023

New Mexico Public Regulation Commissioners
Chairman Patrick O'Connell
Commissioner Gabriel Aguilera
Commissioner James Ellison
Public Regulation Commission
P.O. Box 1269
Santa Fe, NM 87504-1269

Re: Application of New Mexico Gas Company for Liquefied Natural Gas Plant in Rio Rancho New Mexico Case No. 22-000309-UT

Dear Commissioners,

My colleagues and I write to you pursuant to the Application of New Mexico Gas Company (NMGC) for the Liquefied Natural Gas (LNG) Plant in Rio Rancho (section incorporated in Bernalillo County), New Mexico, Case No. 22-000309-UT. As proposed, the LNG facility will take up approximately 25 acres of a 160-acre parcel located within Bernalillo County on the outskirts of Albuquerque and Rio Rancho. The proposed location lies within two miles of Double Eagle II Airport and three miles of Petroglyph National Monument and the Albuquerque Public School corridor, a corridor consisting of Volcano Vista High School, Tony Hillerman Middle School, Tierra Antigua Elementary School, and the outdoor APS soccer complex. The proposed facility includes liquefaction, storage, and vaporization (also known as regasification) components for injection into NMGC's existing distribution pipelines. As designed, it would store approximately 12 million gallons of LNG, with a liquefaction rate of approximately 200,000 gallons per day.

For the reasons discussed below, we urge the Public Regulatory Commission to vote against the NMGC proposal.

In February 2021, New Mexico and the surrounding region experienced a storm of unusual severity and duration - Winter Storm Uri. NMGC learned that this storm was coming and took

steps to arrange for gas supplies during the storm. Gas supply failures in Texas, combined with significant increases in demand for natural gas throughout the region, caused gas prices to spike to levels never seen before. Nevertheless, NMGC ensured continuous gas supply for its customers and, in this environment, was subject to the dynamics of the exceptionally volatile gas markets. Ultimately, NMGC incurred over \$107 million in extraordinary gas costs over a period of six days – an amount that NMGC normally spends over the entire winter heating season.

The Public Regulation Commission (“Commission”) ordered NMGC to evaluate and assess potential measures to prevent future extraordinary gas price spikes to customers. As stated above, reliability, it turns out, was not an issue. NMGC’s answer to gas volatility, which failed to fully consider a holistic set of precautionary fiscal opportunities (energy efficiency and response; increased gas hedging contracts; long-term and short-term contracts; in-state and out-of-state supply, storage, and more), is inadequate to mitigate against the risk of price volatility. The proposed Liquefied Natural Gas storage facility is not in the public interest because it fails to compete when the risks are weighed against the alleged benefits that will be borne by our constituents.

Increased risk of dangerous methane fueled fires and wildfires. The primary physical danger at an LNG plant is a leak forming a low-lying vapor cloud of methane gas that drifts until it hits an ignition source — even simple static electricity — igniting an inferno that cannot be extinguished with water. Depending on wind speed and topography, these vapor clouds can drift for miles. First responders require specialized training and equipment to respond to these leaks, and the risk of an explosive wildfire spreading in the arid Rio Grande valley threatens the health and safety of our largest population center. Though statistically infrequent, when these fires and explosions do occur, they can and do result in multiple fatalities, violent destruction of nearby infrastructure and homes, and millions of dollars in property damage.¹

Exacerbation of already dangerous air quality problems in the most populated valley in New Mexico. The residents of Rio Rancho (in Sandoval County) and Bernalillo County already experience dangerously high levels of ozone and particulates according to a 2022 State of the Air report from the American Lung Association², presenting life threatening risks to individuals sensitive to air pollution. Bernalillo County alone has 63,480 residents with asthma, 32,622 with COPD, 250 with lung cancer, 42,466 with heart disease, 147,370 children under 18, and 111,216 adults over 65, all of whom are prone to experiencing adverse health effects such as coughing,

¹ <https://delawarecurrents.org/2021/03/11/the-storage-and-transportation-of-lng-what-could-go-wrong/>

² American Lung Association State of the air 2023, American Lung Association. (n.d.). <https://www.lung.org/research/sota> (accessed July 20, 2023).

breathing difficulty, chest pain, and throat irritation, among more severe consequences.³ Although the closed loop system proposed by NMGC could minimize emissions of dangerous air pollutants during normal operations, boil off gas and intermittent venting in the event of power failures, excessive heat or other unexpected interruptions to normal operations have the potential to significantly impact the health of the nearly one million people living in the Albuquerque basin.

Increased wear and tear, noise, pollution and danger from tanker truck traffic and potential accidents. NMGC's application foresees the transportation of LNG from the facility to other NMGC facilities throughout the state via trucks, a dangerous proposal that will not only increase the truck traffic, noise and wear and tear on busy roads in Bernalillo County, Albuquerque, and Rio Rancho—roads which are already inadequate in most cases—but will also endanger New Mexico drivers throughout the state. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) data shows that over the last 10 years, the number of big rig accidents involving hazardous materials has jumped two and a half times, an increase of 155%, and there have been 52 fatalities and 160 injuries due to hazmat incidents involving tractor trailers in transit, and most of these accidents involve combustible fuels.⁴ LNG tankers can and do leak, causing deaths, injuries, fires and extensive damage to roadways.

Overall, cryogenic LNG loss-of-containment transportation releases involve serious risks of cold embrittlement of nearby structures and surfaces, fire radiation from high and unquenchable gas cloud fires, and offsite travel downwind of flammable and explosive LNG vapor clouds. *See* 84 Fed. Reg. at 56972-73. Even without serious loss of containment, LNG containment facilities and trucks are subject to fire resulting from ignited hydrocarbons including pool fires and flash fires, smoke inhalation, and asphyxiation due to oxygen displacement by the nitrogen refrigerant or cold natural gas vapors.

Exacerbation of the climate crisis, which is already impacting the quality of life of every single New Mexican in the form of deadly heat waves, drought, wildfires and impacts on agriculture. Investment in fossil fuel infrastructure locks companies into the destructive business model that is already making our state hotter, drier, and less hospitable to humans and agriculture, representing a lost opportunity to invest resources into alternative solutions including efficiency, electrification, and renewable energy generation and storage that are necessary to decarbonize New Mexico's buildings and homes.

Increasing the costs and energy burden for every single New Mexico Gas Company customer without reducing exposure to price volatility or increasing reliability in any significant way. The \$180M or more that could be charged to ratepayers to build the plant will

³ <https://www.igair.com/us/usa/new-mexico/albuquerque>

⁴ <https://www.cbsnews.com/news/hazardous-materials-trucks/>

not reduce exposure to price volatility because the capacity of the plant - less than half the contracted capacity from the current supplier in Texas - could mean that even more gas would have to be purchased on the swing market at high prices. New Mexicans already spend a disproportionate percentage of their income paying for utility services, an energy burden borne disproportionately by low-income and elderly New Mexicans on fixed incomes who spend on average 8.7% of their income paying their energy bills.⁵ This plant would result in at least \$3 more per month for each NMGC customer just to repay the cost of the plant, and the plan's failure to protect against further exposure to price spikes puts them further at risk.

The proposed plant endangers the health, safety, security, and economic wellbeing of New Mexicans. Together, these unmitigated concerns cumulatively outweigh the project's admittedly limited (greater flexibility and operational control) and potentially negative impact on gas supply reliability, particularly in light of its potential for increasing our exposure to volatile gas prices on the swing market.

One of the most crucial deficiencies throughout the NMGC Application is that while briefly outlining some potential LNG release potentials, it severely downplays the unique safety challenges of LNG storage in general, as well as the significant risks of LNG transport by trucks in particular. This flies in the face of longstanding concerns from Congress, public officials, and the public, about LNG facilities and disaster risk potentials inherent in the transportation of large quantities of LNG. As one former Director of the Energy and Minerals Division of the General Accounting Office put it: "We believe **remote siting is the primary factor in safety**. Because of the inevitable uncertainties inherent in large-scale use of new technologies and the vulnerability of the facilities to natural phenomena and sabotage, the public can be best protected by placing these facilities away from densely populated areas."⁶ (Emphasis supplied.) While the NMGC Application refers to the siting of the proposed LNG location as "unpopulated," we believe that the new LNG terminal is too close to urban and densely populated areas (including that "the eastern edge of the site is located roughly 3000' from Paseo Del Norte Blvd. NW [is] commuting distance to Albuquerque, [and in] reasonable proximity to Interstate 40"⁷) and is therefore too risky.

⁵ PSE Health Energy. Residential Energy Cost Burdens - psehealthyenergy.org [Internet]. Residential Energy Cost Burdens. 2021 [cited 2022Apr20]. Available from:

<https://www.psehealthyenergy.org/wp-content/uploads/2021/02/NM-Res-Energy-Costs.pdf>

⁶ CONGRESSIONAL RESEARCH SERVICE, *Liquefied Natural Gas (LNG) Import Terminals: Siting, Safety, and Regulation* at 19, (Dec. 14, 2009),

https://www.everycrsreport.com/files/20091214_RL32205_e95cb50c88dbd56a2c8f706b2d521ef7ae81ee00.pdf

⁷ NMGC Exhibit TCB-3, page 134 of 217.

We urge the Public Regulation Commission to deny New Mexico Gas Company's dangerous and risky application and to instead require the company to investigate alternatives that better diversify and secure our gas supply without investing significantly in expensive fossil fuel infrastructure that will soon become obsolete. In response to the war in Ukraine, Europe not only managed to quickly diversify their gas supplies through adoption of alternative sources and contracts, but also reduced their gas usage in the building sector by 20%.⁸ The New Mexico Gas Company should be required, similarly, to diversify their supply rather than rely on one expensive and unnecessary plant. The Commission should require the gas company to adopt a multifaceted approach to comprehensively address gas price volatility, similar to an Integrated Resource Plan analysis: including state of the art, comprehensive leak detection technology, energy efficiency measures, long term gas contracts, short term gas contracts, hedging and other components of a diversified portfolio that will help New Mexicans reduce our dependence on climate altering methane gas. Such measures will not only reduce emissions but ameliorate the risks from disruptions to the gas supply now and until total electrification is achieved.

NMGC's Application downplays potential safety and security concerns by stating that safety requirements at the plant would minimize such risks, but NMGC has no experience operating such a facility. The potential hazards the plant represents to nearby residents in multiple Bernalillo County neighborhoods and housing developments (existing, such as Ventana Ranch West, and under construction, such as those being built westward on Paseo del Norte), Double Eagle II Airport, nearby schools centered on Volcano Vista High School, two community centers, CNM West, and Petroglyph National Monument. We urge the Commission to reject the LNG Facility and opt, instead, to consider less risky alternatives that may have the added benefit of increasing reliability and reducing cost.

Respectfully,



Harold Pope Jr.
State Senator, District 23 (Northwest Bernalillo County)
harold.popejr@nmlegis.gov

⁸ Europe's energy crisis: What factors drove the record fall in natural gas demand in 2022?
<https://www.iea.org/commentaries/europe-s-energy-crisis-what-factors-drove-the-record-fall-in-natural-gas-demand-in-2022>



Brenda G. McKenna

State Senator, District 9 (Bernalillo & Sandoval Counties)

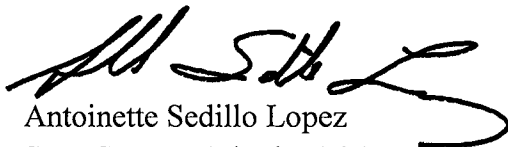
brenda.mckenna@nmlegis.gov



Linda M. Lopez

State Senator, District 11 (Southwest Bernalillo County)

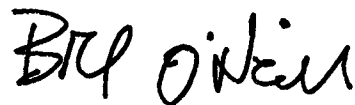
Linda.lopez@nmlegis.gov



Antoinette Sedillo Lopez

State Senator, District 16 (Bernalillo County)

a.sedillolopez@nmlegis.gov



Bill B. O'Neill

State Senator, District 13 (Bernalillo County)

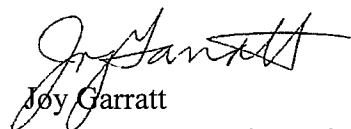
Bill@BILLONEILL4NM.COM



Bill Tallman

State Senator, District 18 (Bernalillo County)

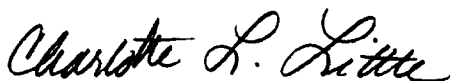
bill.tallman@nmlegis.gov



Joy Garratt

State Representative, District 29 (Northwest Bernalillo County)


Joy.garratt@nmlegis.gov



Charlotte Little

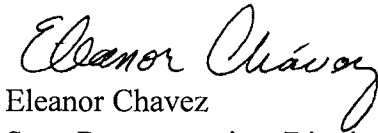
State Representative, District 68 (Northwest Bernalillo County)

Charlotte.Little@nmlegis.gov



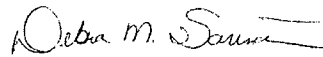
Yanira Gurrola

State Representative, District 16 (Northwest Bernalillo County)
yanira.gurrola@nmlegis.gov



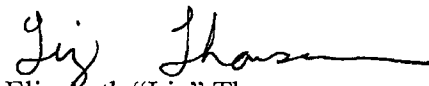
Eleanor Chavez

State Representative, District 26 (Southwest Bernalillo County)
Eleanor.Chavez@nmlegis.gov



Debra M. Sarinana

State Representative, District 21 (Bernalillo County)
Debbie.sarinana@nmlegis.gov



Elizabeth "Liz" Thomson

State Representative, District 24 (Bernalillo County)
liz.thomson@nmlegis.gov



Kathleen Cates

State Representative, District 44 (Northwest Bernalillo & Sandoval Counties)
Kathleen.Cates@nmlegis.gov



Patricia Roybal Caballero

State Representative, District 13 (Southwest Bernalillo County)
patriciaformn@gmail.com