

### GHG Regulation Summary

- 1) Beginning in 2012, stationary sources (electricity generation or oil and gas facilities) in New Mexico with CO<sub>2</sub> emissions exceeding 25,000 mtons/year would be required to reduce their emissions of greenhouse gases (GHGs) by 3% per year from 2010 levels. Electricity or oil & gas facilities emitting less than 25,000 mtons/year can opt into the regulation, and a baseline other than 2010 can be used, if it's more representative of a facility's usual operations.
- 2) These requirements would initially apply only to the oil and gas (refineries, processing and treatment plants, and compressor stations) and electricity (coal or gas generating stations) sectors of New Mexico's economy, and would initially regulate only carbon dioxide (CO<sub>2</sub>).
- 3) The baseline for new electricity sources would be 0.5 mtons per MWh in 2012, and reduced 3% per year. For new oil and gas sources, the baseline would be best available control technology in the first year of operations.
- 4) An owner or operator of more than one source emitting GHGs may use excess reductions at one source to comply at a source that it also owns, operates or controls. In addition, sources can petition NMED for early action credit for voluntary emission reductions achieved by the emitter during or after 2005.
- 5) Sources may propose the use of New Mexico offsets approved by NMED, or certified by the Climate Action Reserve, to meet their GHG reduction requirements. These offsets could be based on reductions to any greenhouse gas emissions, not just CO<sub>2</sub>.
- 6) Sources may bank excess reductions indefinitely for later use, and may "borrow" (i.e. delay) emission reductions for up to one year with a ten percent penalty.
- 7) Full compliance would be excused in any year that the source demonstrates it has spent, over its prior year's expenditure, \$50/mton times 3% of its 2010, or baseline CO<sub>2</sub> metric tons on reasonable and effective CO<sub>2</sub> mitigation measures. For example, a source emitting 100,000 mtons in 2010 would be excused after it spent \$150,000 (\$50 x 3000). The \$50 limit increases by \$1 each year after 2012. Sources may seek variances from the regulations.
- 8) During calendar year 2014, NMED would re-examine these regulations and may propose changes to the regulation, in order to have these regulations consistent with what the best science informs should be done to avoid catastrophic climate change.
- 9) These regulations would no longer apply to any source whose emissions are capped by a regional or national GHG reduction program, and would sunset in 2020.
- 10) Non-compliance would be subject to a penalty and/or other enforcement action, as determined by the New Mexico Environment Department (NMED) Secretary.