

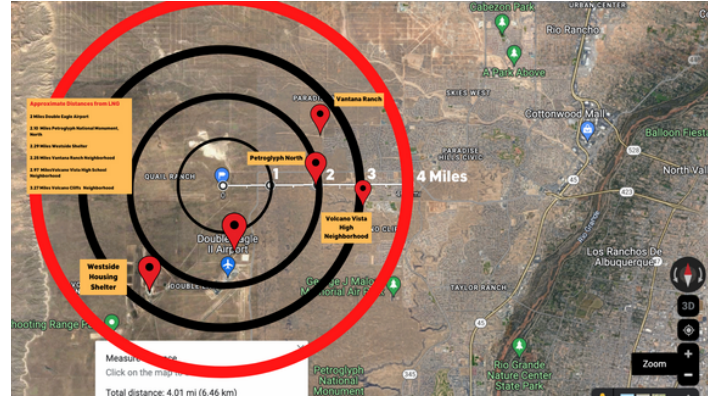


PROPOSED RIO RANCHO LIQUEFIED NATURAL GAS PLANT

KNOW THE FACTS

NM Gas Company (NMGC) is seeking to build a Liquefied Natural Gas (LNG) Storage plant for \$180 million. Under this plan New Mexicans would be paying a lot more for 30 years, but get very little, if any, benefit in return. During a 2021 winter storm in Texas, which contributed to at least 210 deaths, NMGC paid \$107.5 million extra for gas from its supplier, a result of gas plant failures and hedge fund owners on Wall St. taking advantage of the storm to raise prices. The Public Regulation Commission ordered NMGC to evaluate and assess potential measures to prevent extraordinary gas price spikes and curtailments to customers. The proposed plan to build a Rio Rancho LNG storage facility is NMGC's answer to that request, but it is the wrong answer because:

- **NMGC's claimed operational benefits don't outweigh the risks to the people of Rio Rancho and New Mexico.** As designed, the LNG Facility will take up approximately 25 acres of a 160-acre parcel located on the outskirts of Rio Rancho near the Double Eagle Airport. LNG, derived from fracked methane gas and chilled to -260°F, poses significant risks to public safety and the environment. The proposed facility includes liquefaction, storage and regasification components for injection into NMGC's existing distribution pipelines. The application also anticipates transportation of LNG by trucks to other parts of the state, which could lead to increased traffic and dangers along congested transportation corridors. **Health and safety risks to Rio Rancho, Bernalillo County and surrounding communities include:**



- **Physical danger from the ignition of leaking gas forming a low-lying cloud that drifts until it hits an ignition source — even simple static electricity — and ignites an inferno.** Depending upon wind and topography, such methane clouds can extend for miles.
- LNG production lines are rife with heavier hydrocarbons such as ethane & propane that **present a higher risk of exploding.**
- Emergency personnel (fire and hospital) require special training and equipment to respond to LNG fires. LNG poses unique safety risks and **related fires are extremely difficult to control.**
- Proposed LNG tanker trucks will **endanger New Mexico drivers and communities throughout the state.**
- Impacts from boil-off gas and other necessary intermittent venting **could increase cumulative emissions and further exacerbate existing air quality issues** in Rio Rancho and Albuquerque.

These dangers are not hypothetical. Even if safety procedures and technology are robust, accidents, leaks and explosions at LNG storage facilities and involving LNG tanker trucks have resulted in numerous fatalities, fires, widespread evacuations of communities in the US and around the world, and property damage in the billions.

- **NMGC's LNG facility is not cost effective. It does not protect against future price spikes, and may even make us more vulnerable to them.** The \$180M or more that could be charged to ratepayers to build the plant will 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. **In fact the real motivation for building the plant is the ability for NMGC to add \$180M with a guaranteed 9.375% return on equity to rates for the next thirty years, resulting in at least \$3 more in costs for each NMGC customer each month.**
- **Improvements and upgrades have been made to Keystone storage facility in Texas,** including enhanced investments to prevent the kinds of freeze offs that caused the shortage in 2021, and electric & gas coordination for critical functions.
- **The proposed facility could decrease property values of nearby communities and will create just 8 to 10 permanent jobs.**

New fossil fuel investments will slow the adoption of alternatives and ultimately turn into stranded assets when those alternatives become inevitable. Now is not the time to build new infrastructure that makes decarbonization more difficult!

