

For immediate release: May 21, 2022

Contacts: Cara Lynch, Coalition for Clean Affordable Energy, lynch.cara.nm@gmail.com, (505) 977-3025

Sara Gersen, Earthjustice, counsel for CCAE, sgersen@earthjustice.org, 413-212-3100

Julianne Basinger, Western Resource Advocates, julianne.basinger@westernresources.org

Thomas Singer, Western Environmental Law Center

Community groups, NM Gas settle on hydrogen, rate proposal

Utility agrees to drop hydrogen-blending pilot, cut proposed rate increase in half, advocate for legislation enabling low-income utility rates

On Friday, Coalition for Clean Affordable Energy, Western Resource Advocates, PRC staff, the New Mexico attorney general, New Mexico Affordable Reliable Energy Alliance, New Energy Economy, and Incorporated County of Los Alamos reached an agreement with New Mexico Gas Company on its rate case, which had included plans to charge customers for a pilot to blend hydrogen into its gas supply and for compressed-natural-gas (CNG) fueling stations.

The settlement included:

- Agreement that NM Gas will not provide any customers a blend of hydrogen and natural gas without seeking the PRC's approval in a future case;
- Agreement that the utility will share testing results of a pilot it is conducting to study the impacts and potential hazards of hydrogen on household appliances, and that shareholders, not ratepayers, will pay for that pilot;
- Agreement to analyze electric options when the company purchases passenger vehicles and trucks and to "show a preference" for electric passenger vehicles and trucks when feasible;
- Agreement to end an offer to finance, construct, and operate compressed natural gas fueling stations for customers on the customers' property; and
- Agreement to analyze the feasibility of electrifying some or all of the company's compressor stations.

Although not included in the settlement, the utility also agreed to work with WRA, CCAE, NEE and others on a legislative proposal to enable reduced utility rates for lower-income New Mexicans.

Statements in response:

"New Mexico Gas Company originally requested millions of dollars to test a blend of hydrogen and methane on a section of the company's system that serves hundreds of customers. But the company has not even completed its initial tests of the safety and air-quality impact of running appliances on a hydrogen blend in a laboratory setting," explained **Sara Gersen, a senior attorney at Earthjustice who represents CCAE** in the case. "In the settlement, the company agreed to conduct additional analysis before using hydrogen in its distribution system. Without the distraction of this hydrogen pilot project, New Mexico's leaders should tackle

climate and air pollution by helping customers upgrade to zero-emission electric appliances and quit burning fossil fuels in their homes and businesses.”

“We not only negotiated lower residential rates than the company proposed in its application, but we successfully advocated for New Mexico Gas Company to study important health impacts of residential hydrogen-blend projects. New Mexico Gas must report on indoor air-quality measurements as part of its Phase I hydrogen blend project,” said **CCAIE attorney Cara Lynch**.

“The agreement to work with advocates to develop a low-income rate proposal is wonderful news! A reduction in energy burden via low-income rates will help many New Mexican families who are struggling to balance high energy bills, housing costs, and other essential expenses,” said **Tammy Fiebelkorn with Southwest Energy Efficiency Project**.

“This settlement agreement makes important improvements to New Mexico Gas Company’s initial request, including a lower rate increase than the company had sought and steps to strengthen the company’s plans to address climate change,” said **Pat O’Connell, deputy director of Western Resource Advocates’ Clean Energy Program**. “We look forward to continuing our work with New Mexico Gas Company on further ways to reduce the harmful methane pollution that is a significant contributor to the fossil-fuel emissions that cause climate change.”