

## NETAC RESOLUTION 2007-001

WHEREAS, in 2002, Gregg, Harrison, Rusk, Smith and Upshur counties and the cities of Longview, Marshall, Tyler, Kilgore, Henderson and Gilmer, and the East Texas Council of Governments, all acting through Northeast Texas Air Care (NETAC), entered into an Early Action Compact (EAC) with the Texas Commission on Environmental Quality (TCEQ) and the United States Environmental Protection Agency (EPA); and

WHEREAS, the purpose of the EAC was to develop a plan to reduce ground-level ozone concentrations throughout the five-county NETAC area to comply with the 8-hour ozone standard by December 31, 2007; and

WHEREAS, following the implementation of emission reduction measures within the NETAC area, ozone air quality levels at the Gregg County Airport improved from a design value of 88 ppb in 2002 to 83 ppb in 2004; and

WHEREAS, based on air quality values measured at all monitors in the NETAC area, EPA designated all five counties in the NETAC area as ozone attainment areas in April 2004; and

WHEREAS, following the 2006 ozone season, the monitor at the Gregg County Airport exceeded the 8-hour ozone standard with a design value of 85 ppb; and

WHEREAS, during 2007, a fourth high 8-hour ozone value of 82 ppb or lower at the Gregg County monitor is required in order to demonstrate attainment with the 8-hour ozone standard by December 31, 2007; and

WHEREAS, following the December 31, 2007 date established in the EAC for demonstrating compliance with the ozone standard, EPA has authority under the federal Clean Air Act to consider both air quality data and air quality planning and control considerations in deciding whether to revise the attainment designation for all or part of the NETAC area; and

WHEREAS, in July 2006 TXU publicly announced and advised TCEQ of its plans to reduce NO<sub>x</sub> emissions from its coal-fired electric generating units by 20% below 2005 levels by January 1, 2011; and

WHEREAS, in November 2006, TXU filed with TCEQ applications for permits to authorize installation of selective catalytic reduction (SCR) systems on each of its three electric generating units at the Martin Lake station in Rusk County; and

WHEREAS, an analysis of modeling done for NETAC indicates that emission reductions resulting from installation of SCR systems on each of the three electric generating units at the Martin Lake station would reduce 8-hour ozone levels by approximately 1.4 ppb at the Gregg County monitor; and

WHEREAS, in February 2007 Kohlberg Kravis Roberts & Co. (KKR) and Texas Pacific Group (TPG) announced their agreement to acquire TXU, such acquisition to be subject to regulatory approvals that have not yet occurred; and

WHEREAS, KKR and TPG have reaffirmed TXU's commitment to implement a program to reduce NOx emissions from its coal-fired electric generating units to 20% below the 2005 baseline emission rate; and

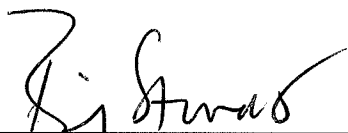
WHEREAS, on June 13, 2007, TXU appeared before the TCEQ in a contested case proceeding concerning its application for permits to construct a new electric generating unit to be known as the Oak Grove station; and

WHEREAS, during deliberations on TXU's permit application, its legal counsel informed the commission that the companies' commitment to reduce emissions was demonstrated, in part, by the pending applications to install SCR systems on each of the three electric generating units at the Martin Lake station, and that those emission reductions would occur; and

WHEREAS, the commitments of TXU, KKR and TPG to further reduce emissions at the Martin Lake station could, if incorporated into the state implementation plan for Northeast Texas, be a relevant factor to be considered by EPA in considering whether or not to re-designate all or part of the NETAC area.

NOW, THEREFORE, be it resolved that NETAC urges TXU, KKR and TPG to coordinate and cooperate with NETAC and with TCEQ in making its proposed emission reductions legally enforceable by incorporating into the state implementation plan for Northeast Texas its commitment to install SCR systems or achieve equivalent or better emission reductions on each of the three Martin Lake units.

PASSED AND APPROVED BY THE NETAC POLICY COMMITTEE ON THIS THE 17<sup>TH</sup> DAY OF JULY 2007.



Gregg County Judge Bill Stoudt  
NETAC Co-Chair



Tyler Mayor Joey Seeber  
NETAC Co-Chair