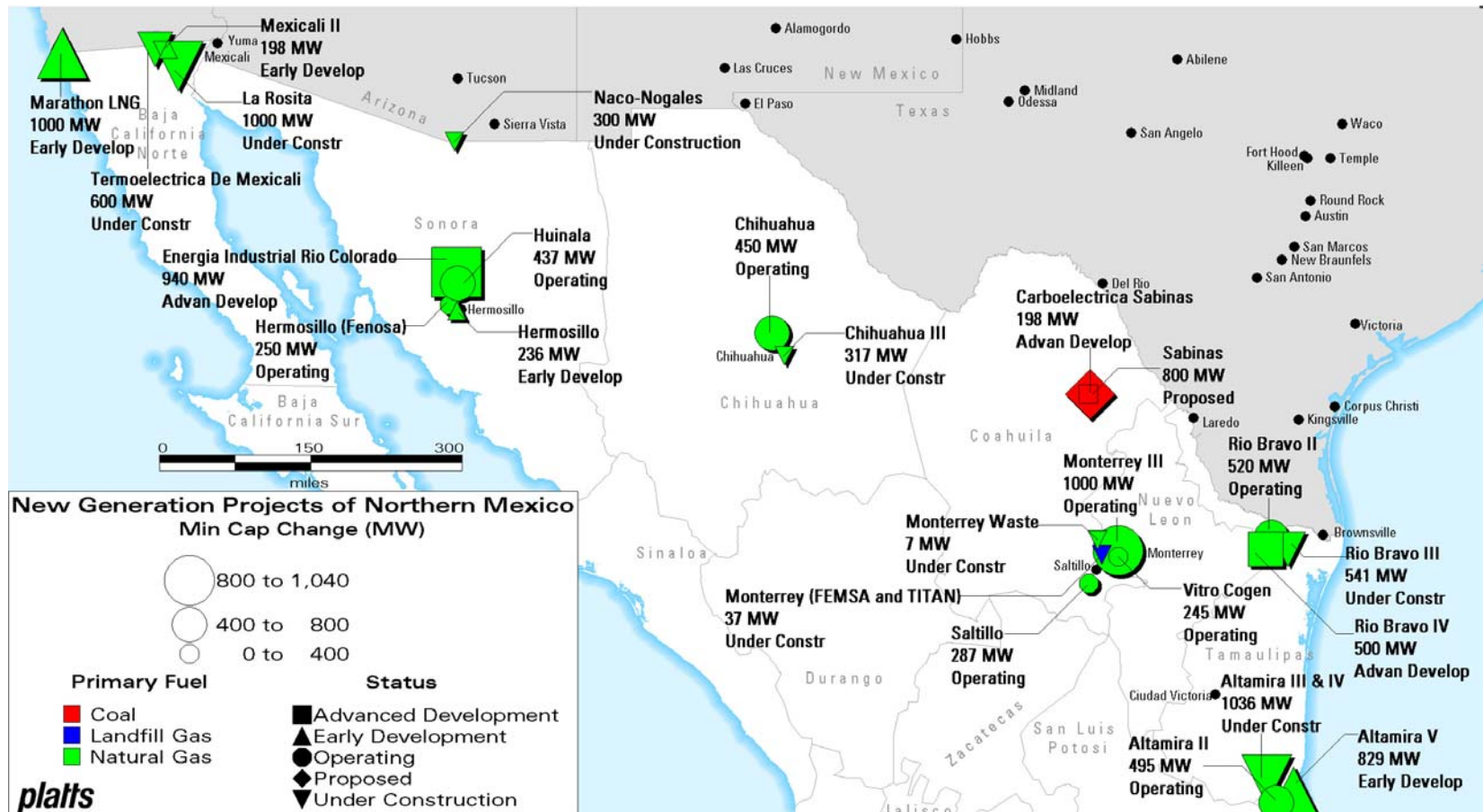

***Evolving Impact of Environmental Laws
on Cross-border Power Between Mexico
and the United States***

**Jeffrey Barron
Managing Editor
Power in Latin America
October 20, 2003**

platts

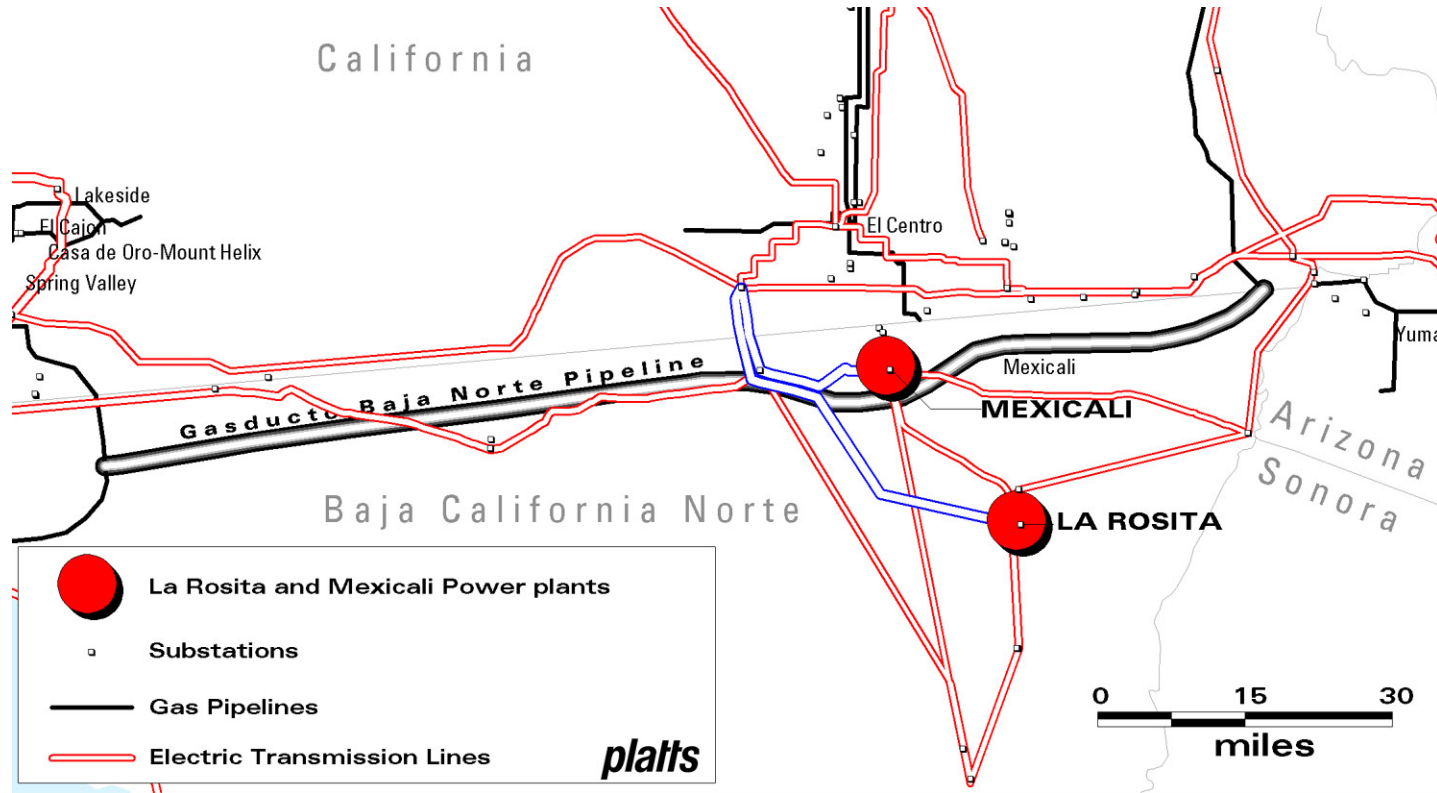
A Division of the McGraw-Hill Companies

New Generation Projects of Northern Mexico

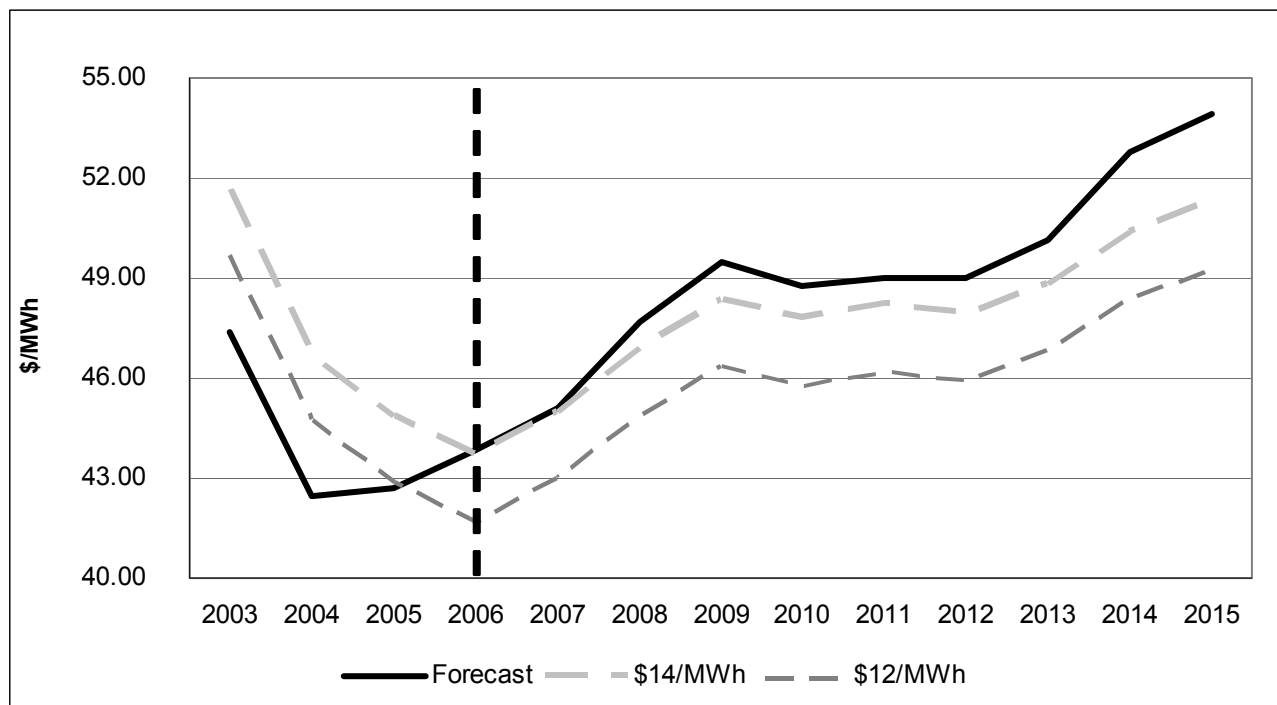


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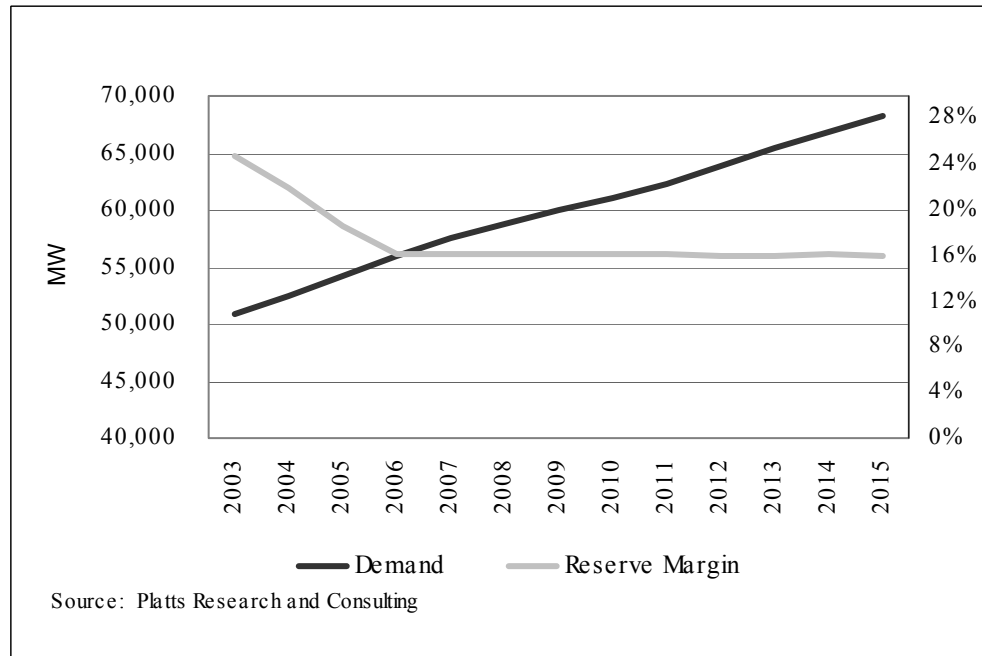
La Rosita and Termoelectrica de Mexicali Power Plants



Forecast California Price for Power v. Break-even Costs for New Generation



California Demand and Reserve Margin Forecast



BPPWG v. DOE, et al

Phase 1

- **EAs undertaken by DOE were inadequate under NEPA**
- **DOE did not consider impacts on Salton Sea**
- **DOE failed to address 412 comment letters**
- **EAs did not adequately analyze CO2 and Ammonia emissions**
- **DOE performed adequate human health impact analysis**
- **DOE did not act arbitrarily regarding impact of Ozone emission**
- **DOE had properly addressed NOx and PM-10 increases**

BPPWG v. DOE, et al

Phase 2

- **Rejection of temporary restraining order**
- **Mexicali plants were cleaner than existing alternatives**
- **Treatment of wastewater would improve Salton Sea and New River**

BPPWG v. DOE, et al

Phase 3

- **Public interest factors that kept Gonzalez from issuing injunction:**
 - Environmental benefits from sewage treatment plants
 - Displacement of dirtier plants
 - Foreign policy implications of injunction
 - California's need for additional capacity
- **What the power companies won:**
 - Permission to continue to transmit power
 - No requirement for an EIS
- **What BPPWG won:**
 - Judge retained jurisdiction, and requires updated EA by summer 2004

Future actions by BPPWG

- **NOx and PM-10 offsets**
- **Operation of wastewater treatment plants 24 hr. / 7 day**

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