



September 5, 2023

Position Statement: AGNC's Objection to GEMM 2 Rulemaking Impact on Natural Soda and Just Transition in Northwest Colorado

Introduction

The Associated Governments of Northwest Colorado (AGNC) extends our utmost respect and present our deep concerns regarding the proposed Greenhouse Gas Emissions and Energy Management for Manufacturing Phase 2 (GEMM 2) rulemaking currently under consideration at the Colorado Department of Public Health and Environment (CDPHE).

AGNC acknowledges and commends the Colorado legislature's steadfast commitment to environmental stewardship and the well-being of Colorado's diverse communities. CDPHE and AQCC's dedication is essential in steering our state towards a sustainable future. However, we wish to emphasize the importance of recognizing the distinct needs and realities of both urban and rural areas within Colorado, where a "one size fits all" approach to environmental regulations may not yield optimal outcomes.

Our Objection:

AGNC categorically objects to the implementation of the GEMM 2 rulemaking as currently outlined. We firmly believe that the proposed regulations could further disrupt local employment and potentially conflict with the goals of the Just Transition framework while hindering regional economic growth and resiliency as Northwest Colorado faces several coal closures.

Reasons for Our Objection:

Economic Impact in Rio Blanco County

At the core of our concerns lies the potential impact of the GEMM 2 rulemaking on the economy of Northwest Colorado, particularly in Rio Blanco County. This region stands at a pivotal crossroads as it faces the imminent closure of two coal power plants and three coal mines by 2030. With the energy sector contributing a substantial 71% to Rio Blanco County's GDP¹, the confluence of evolving energy

¹ Perry, N., PhD & Uinta Group. (2022). AGNC Economic Emergency Recovery and Resiliency Plan. <https://agnc.org/wp-content/uploads/AGNC-ERRP-report-2022.pdf>. Associated Governments of Northwest Colorado.

dynamics and the GEMM 2 rulemaking has the potential to amplify the economic vulnerability of our communities.

Significance of Just Transition

The designation of Rio Blanco County as a Tier 1 Just Transition community underscores the critical importance of supporting regions in transition due to shifts in the energy sector. However, we assert that the current formulation of the GEMM 2 rulemaking might inadvertently challenge the core objectives of the Just Transition initiative. Businesses like Natural Soda, integral for local growth and job creation, could experience adverse impacts that ripple through the community, diverging from the initiative's intended outcomes.

Cumulative Impact of Legislation

AGNC is compelled to address the cumulative impact of relentless legislative endeavors on our region. Northwest Colorado has been disproportionately affected by a variety of legislative measures, ranging from energy production regulations to wildlife reintroduction mandates. Many of these measures are fashioned to align with urban contexts, rendering them unsuitable for our rural landscape. This accumulation of legislative undertakings further exacerbates our region's economic vulnerability.

Balanced Legislation and Regulation

While recognizing the merits of environmental regulations, we advocate for a judicious approach that acknowledges the disproportionate impact on communities like ours. The introduction of the GEMM 2 rulemaking, while promising, must be accompanied by careful evaluation to prevent unintentional exacerbation of existing economic challenges without commensurate environmental gains.

Consideration of Prior Emissions Reduction Efforts

Furthermore, we wish to highlight Natural Soda's proactive emissions reduction efforts in the last 10 years, including over \$7,000,000 invested to reduce emissions. On an intensity basis per ton of product, Natural Soda has reduced emissions by 23+% since 2015. Another \$44,000,000 has been invested in expanding production capacity at the facility in order to further grow production and create more jobs. The choice to use 2015 as the baseline year for emissions calculations in the GEMM 2 rulemaking raises concerns about potentially undervaluing Natural Soda's earlier environmentally responsible actions. It appears arbitrary to potentially penalize entities for demonstrating environmental responsibility ahead of mandated requirements.

Recommendations for Thoughtful Approach

Considering the aforementioned concerns, AGNC presents the following recommendations:

1. Holistic Economic Impact Assessment: We advocate for a comprehensive economic impact assessment of the GEMM 2 rulemaking on Rio Blanco County and similar regions. Collaborating with

local stakeholders and the Office of Just Transition, this analysis will facilitate well-informed decisions that strike a balance between economic sustainability and environmental objectives.

2. Engagement with Relevant Initiatives: We propose proactive engagement with initiatives like the Just Transition program during the formulation of the GEMM 2 rulemaking. This collaboration will ensure that regulations align with economic realities and the unique needs of our communities while maintaining environmental aspirations.

3. Tailored and Flexible Compliance Options: Recognizing the economic diversity of our communities, we advocate for compliance options that accommodate distinctive circumstances while upholding the essence of environmental responsibility. AGNC encourages the exploration of flexible compliance options that accommodate the unique challenges faced by businesses in different communities. Allowing businesses like Natural Soda to implement emissions reduction measures in a manner that aligns with their growth plans can strike a balance between environmental protection and economic development. Flexible compliance options should be in place at the time of the adoption of the rulemaking. It is not appropriate to approve this rulemaking without all options clearly identified and available at the time of adoption as it leaves room for uncertainties and unexpected consequences.

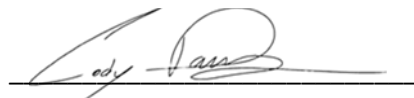
4. Interim Regulatory Pause: In the interest of safeguarding economic stability within Just Transition communities, such as Rio Blanco County, we respectfully propose a temporary cessation in enforcing additional rulemakings in Just Transition communities until the finalization of coal facility closures and the establishment of replacement employment opportunities.

Conclusion

In conclusion, AGNC respectfully urges the AQCC to consider the potential economic implications of the GEMM 2 rulemaking on Northwest Colorado and not adopt the GEMM 2 rulemaking at this time. Natural Soda is a key employer in Rio Blanco County and should not have growth hindered during this time of industry transition for this rural workforce. Our commitment to environmental responsibility is unwavering, and we believe that a balanced approach is within reach. We express gratitude for your attention to our concerns and eagerly anticipate productive dialogue to ensure the prosperity of our communities and the enduring sustainability of our economy.

Thank you for your consideration.

Sincerely,



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