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SAN JUAN COUNTY LEGISLATIVE SOLUTIONS

Economic and Rural Development Committee, August 13, 2018

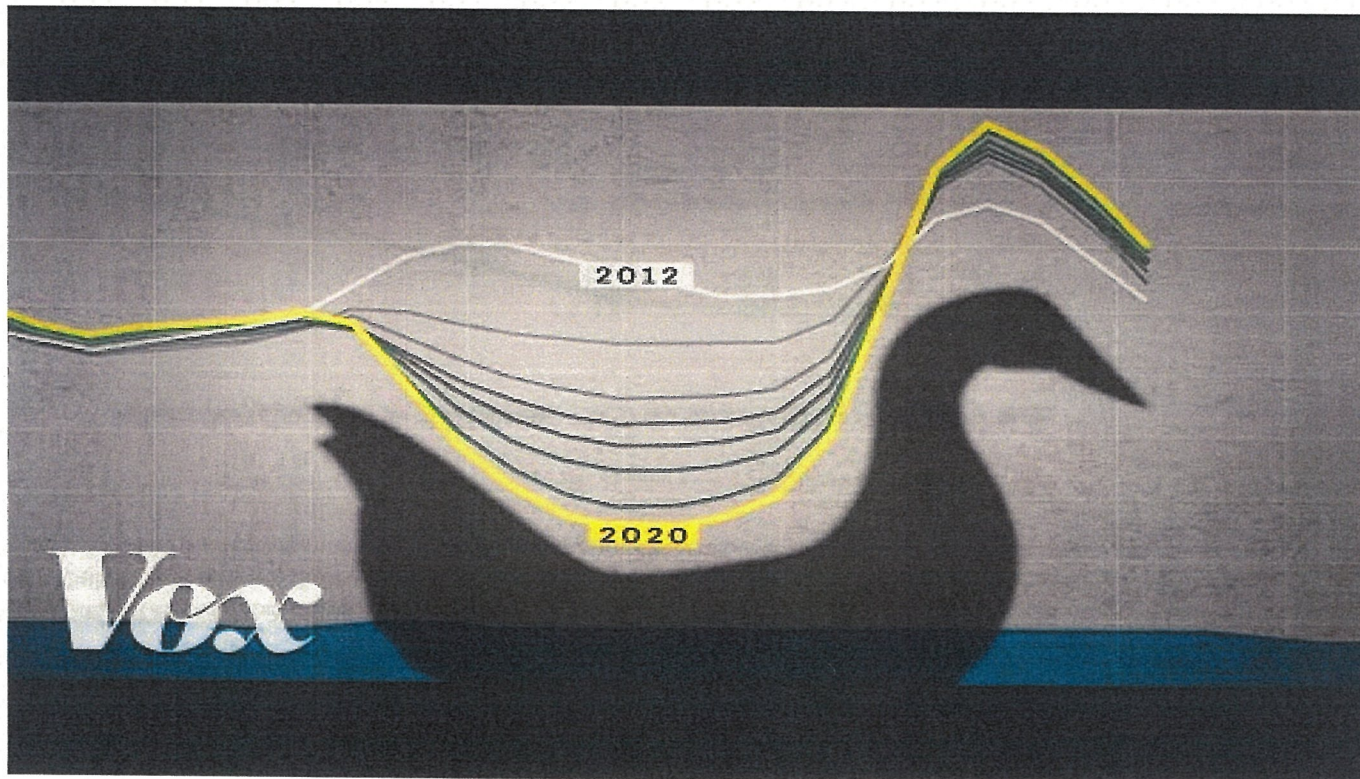


PNM & Renewable Advocates' Proposed Legislation

- PNM granted securitization of 100% stranded costs which would allow them to amortize the costs over an extended period
- “Economic Development” fund to Impacted Community
- PNM would build replacement power generation in San Juan County to help replace lost tax base
- Restrictions on Emissions Levels of Coal-Fired Plant
- Current proposal 40% by 2030 and 50% by 2035

“The ‘duck curve’ is solar energy’s greatest challenge” -Vox

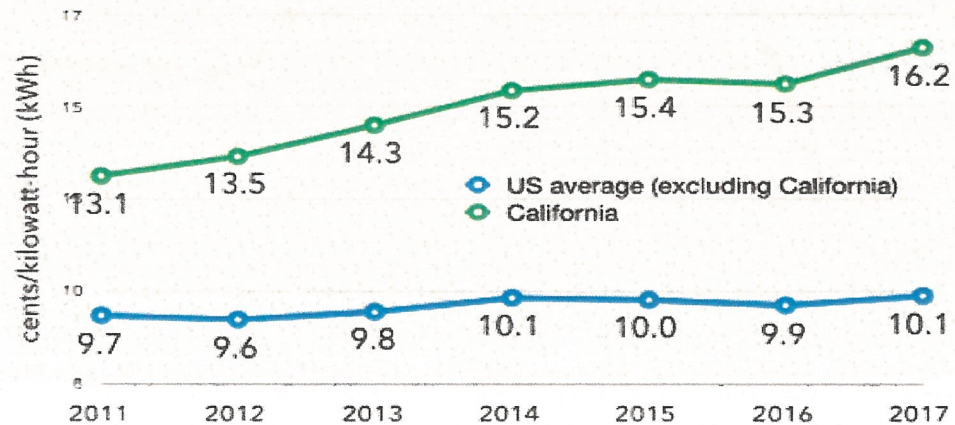
<https://www.youtube.com/watch?v=YYLzss58CLs#action=share>



“Between 2011 and 2017, California’s electricity prices rose five times faster than they did nationally. Today, Californians pay 60 percent more, on average, than the rest of the nation, for residential, commercial and industrial electricity.”

-“Electricity Prices in California rose three times more in 2017 than they did in the rest of the United States,” Environmental Progress, Mark Nelson and Michael Shellenberger, February 12, 2018 <http://environmentalprogress.org/big-news/2018/2/12/electricity-prices-rose-three-times-more-in-california-than-in-rest-of-us-in-2017>

Electricity prices in California rose 5x more than in rest of U.S.



Source: US Energy Information Administration, 2017.

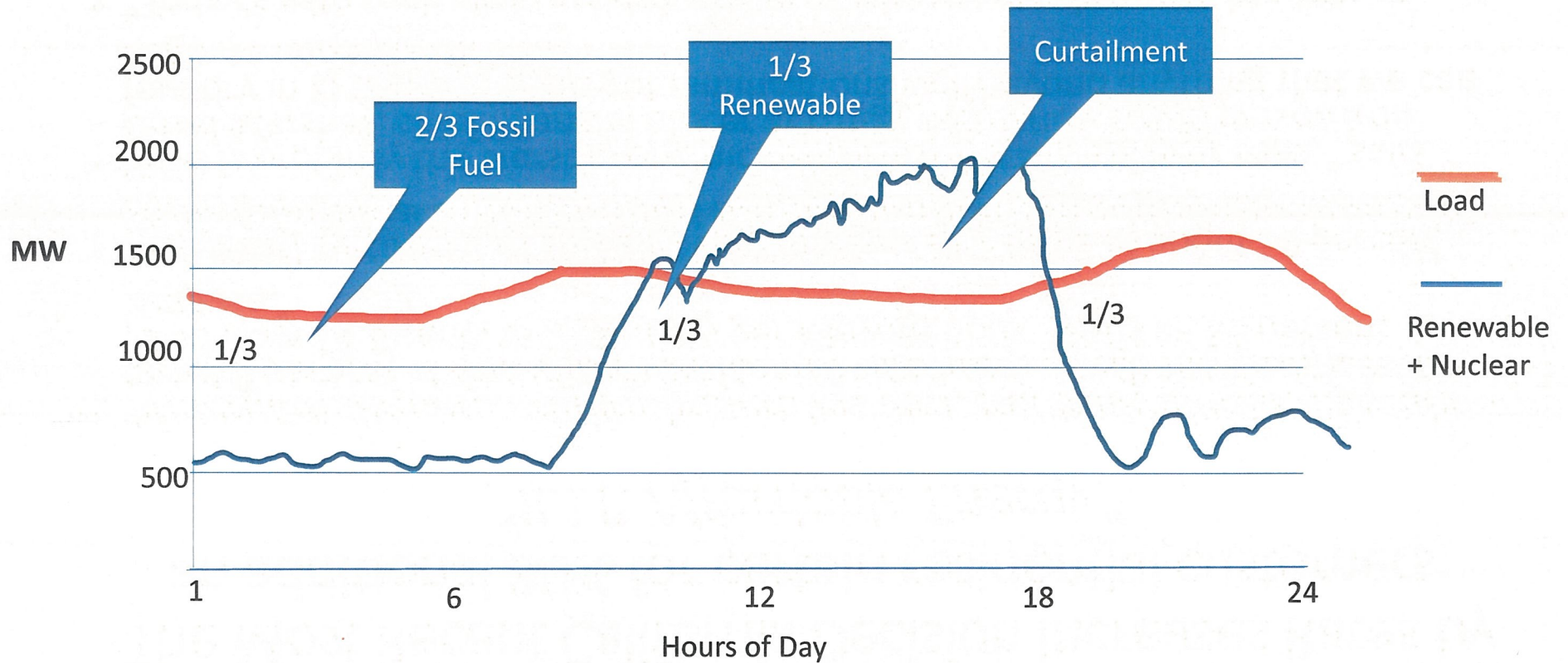
“Life After Solar – Top Solar Financial Benefits” Sunlux, February 28, 2018 <https://www.sunlux.com/blog/tag/california-electric-rates/>

The Most Recent California Decision Increases Rates by an additional 80% for certain residential customers: *"R.I.P. Affordable Energy."*

- "Residential ratepayers are divided into five tiers, and those in PG&E's top tier — about 9 percent of that utility's residential customers — will see electric rates jump from 14.3 cents to 25.8 cents per kilowatt hour. That's an 80 percent increase."
- "Industrial customers of PG&E and Edison face rate hikes of about 50 percent, while commercial and agricultural ratepayers will see less significant increases."
- "This is probably the worst economic calamity the state has ever seen," said David Marshall, chief financial officer at Gregg Industries, a 400-person iron foundry in El Monte. "It has got ramifications well beyond anything that we can begin to understand."
- "Today's vote took place amid the jeers of protesters, who wore tombstone-shaped placards that read: *"R.I.P. Affordable Energy."*"

"California Power Rates Go Up 80 Percent," ABC News, Karen Gaudette, May 15, 2018, <https://abcnews.go.com/US/story?id=93303&page=1>

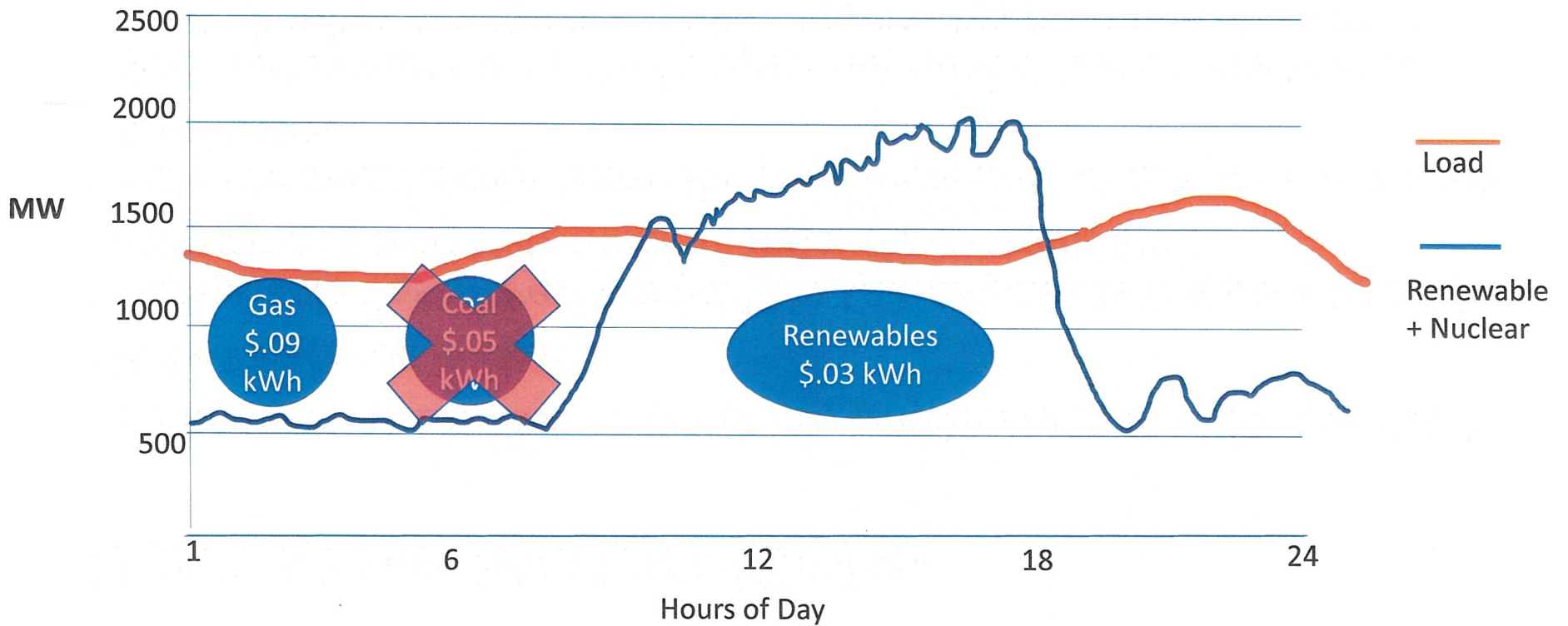
Redundancy and Curtailment = Increased Cost



Represents a day in the 2021 50% RPS scenario (PNM IRP)

Patrick O'Connell Testimony: Gas \$.09 kWh; Coal \$.05 kWh; Renewable \$.03 kWh

-Water and Natural Resources Committee, July 2018



Represents a day in the 2021 50% RPS scenario (PNM IRP)

Don't Make Matters Worse

- If Renewables are cost-competitive, why increase the RPS mandate?
- Rate Cap (keep in law)
- Reasonable Cost Threshold (RCT) in Law to protect the poor (including increased cost of transmission and voltage regulation)
- Hold Harmless (From State) for price increases on the poor and small businesses
- Since renewables are now competitive treat this resource like we treat all other natural resources: Impose tax on renewables to replace lost severance tax and other lost revenue and Eliminate subsidies for renewables

Increased RPS = Increase Electric Rates

- In North Dakota, [electricity prices rose 40](#) percent while electricity from solar and wind grew from nine to 27 percent between 2009 and 2017.
- In South Dakota, [electricity prices rose 34 percent](#) while electricity from solar and wind grew from five to 30 percent between 2009 and 2017.
- In Kansas, [electricity prices rose 33](#) percent while electricity from solar and wind grew from six to 36 percent between 2009 and 2017.
- In Iowa, [electricity prices rose 21](#) percent while electricity from solar and wind grew from 14 to 37 percent between 2009 and 2017.
- In Oklahoma, [electricity prices rose 18](#) percent while electricity from solar and wind grew from four to 32 percent between 2009 and 2017.
- In Hawaii, [electricity prices rose 23](#) percent, while electricity from solar and wind grew from 3 to 18 percent between 2009 and 2017.

- Forbes "Yes, Solar and Wind Really do Increase Electricity Prices – And for Inherently Physical Reasons", Michael Shellenberger, April 25, 2018
<https://www.forbes.com/sites/michaelshellenberger/2018/04/25/yes-solar-and-wind-really-do-increase-electricity-prices-and-for-inherently-physical-reasons/>

Increased RPS = Increased Electric Rates

Customers aren't aware that too much capacity means higher rates.



“The winners are the energy companies,” Lynch said. “The losers are businesses and families.” – Loretta Lynch, former president, California Public Utilities Commission

“Californians are paying billions for power they don't need.” Los Angeles Times, Ivan Pen and Ryan Menezes, February 5, 2017
<http://www.latimes.com/projects/la-fi-electricity-capacity/>

Current Protections from Increased Rates Due to State Mandated Overbuild

- One of the best things we did for economic development is imposition of the rate cap and RCT
- Last enactment of REAct instituted 20% by 2020 and rate cap to protect industrial business from increased cost of renewables
- PRC went extra step and enacted RCT to protect all ratepayers from greater than 3% increased due to renewables

San Juan County Legislative Priorities

- Keep Original Glide Path Proposed by PNM – Extend closing of San Juan Generating Station to at least 2027 (or 2032)
- Install replacement power within Central Consolidated School District, San Juan County to maintain property tax revenues
- Provide support for economic development with local control of funds to assist with worker re-training, diversification of the economy and expansion of employment opportunities