

**MINUTES  
of the  
SECOND MEETING  
of the  
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**September 18, 2020  
Video Conference Meeting**

The second meeting of the New Mexico Finance Authority (NMFA) Oversight Committee for the 2020 interim was called to order by Senator Jacob R. Candelaria, chair, on Friday, September 18, 2020, at 9:10 a.m. by video and audio conference via an online platform.

**Present**

Sen. Jacob R. Candelaria, Chair  
Rep. Tomás E. Salazar, Vice Chair  
Rep. Alonzo Baldonado  
Rep. Micaela Lara Cadena  
Rep. Jack Chatfield  
Rep. Rebecca Dow  
Rep. Harry Garcia  
Sen. Ron Griggs  
Rep. Susan K. Herrera  
Rep. Raymundo Lara  
Sen. Richard C. Martinez  
Sen. Michael Padilla  
Sen. Nancy Rodriguez  
Rep. Patricia Roybal Caballero

**Absent**

Sen. Craig W. Brandt  
Sen. Joseph Cervantes  
Rep. D. Wonda Johnson  
Rep. Marian Matthews  
Rep. Jane E. Powdrell-Culbert  
Rep. Patricio Ruiloba  
Sen. William E. Sharer

**Advisory Members**

Rep. Kelly K. Fajardo  
Rep. Natalie Figueroa  
Rep. Georgene Louis  
Rep. Willie D. Madrid  
Sen. Mary Kay Papen  
Sen. Clemente "Memé" Sanchez  
Rep. Sheryl Williams Stapleton  
Rep. Candie G. Sweetser

Rep. Doreen Y. Gallegos  
Rep. Andrea Romero  
Sen. Bill Tallman  
Sen. Pat Woods

**Staff**

Tom Kricka, Staff Attorney, Legislative Council Service (LCS)  
Erin Bond, Research Assistant, LCS  
Clinton Turner, Fiscal Analyst, LCS

## **Handouts**

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

## **Friday, September 18**

### **Testimony on the Energy Transition Act and Renewable Energy in New Mexico (9:10 a.m.)**

Sarah Cottrell Propst, secretary, Energy, Minerals and Natural Resources Department (EMNRD), and Sayuri Yamada, executive director of public affairs, Public Service Company of New Mexico (PNM), provided the committee with presentations on the implementation of the Energy Transition Act and the replacement resources and economic impact of the shift toward renewable energy in New Mexico. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=NMFA&Date=9/18/2020&ItemNumber=1>.

Answers to questions and comments from committee members included the following:

- the full-term depreciation for new installations would be 20 years, then the installations would be fully depreciated for tax purposes;
- Red Mesa Wind Farm hired two employees from out-of-state; individual solar developers will decide whether to hire locally or from out-of-state;
- many local hires for initial construction offer only temporary employment;
- PNM is investing approximately \$1 billion in these investments, with all capital coming from private investors;
- the projects will not be sustainable without reliable baseload power; PNM is planning not to renew its lease agreements with the Palo Verde nuclear power plant in Arizona, and the request for proposals for replacements will be addressing adequate and reliable power;
- New Mexico has abundant wind, solar and natural gas resources; PNM will continue to consider natural gas use;
- batteries have a finite lifetime, and disposal or recycling costs for batteries and solar panels must be included in cost analyses;
- tax benefits at the federal level are received and taken into consideration by PNM;
- a utility-level tax credit expired a few years ago, and given the state's current fiscal situation, the EMNRD is not pushing to renew the credit this year but is looking at industrial revenue bond incentives;
- an all-of-the-above energy policy is needed;
- Tri-State Generation and Transmission Association initially said that it would not shut down its coal-fired generating station for five to 10 years but will shut it down this year;
- at the same time as the Escalante Generating Station west of Grants is shutting down, nearby Marathon Petroleum Corporation is also shutting down its Gallup/Ciniza

- refinery, thereby creating a huge impact on the region's employment and economy;  
and
- energy plans that can move the state to clean energy without devastating communities are needed.

### **Testimony on the Public Regulation Commission's (PRC's) Adoption of the Energy Transition Act Plan (10:15 a.m.)**

Noah Long, senior attorney, Natural Resources Defense Council, and Kelly O'Donnell, economist and public finance expert, provided the committee with presentations on the economic benefits of the Energy Transition Act and the future of New Mexico's clean energy economy. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=NMFA&Date=9/18/2020&ItemNumber=2>.

Answers to questions and comments from committee members included the following:

- some of the lost jobs may have had salaries of approximately \$80,000, while some of the new jobs may have salaries nearer \$60,000 and at different locations; Ms. O'Donnell offered to share more details and methodology;
- few solar components are manufactured in New Mexico, and many are manufactured in China;
- the Four Corners region of New Mexico has potential for both wind and solar development, although the potential for solar is relatively low compared to other areas of New Mexico; and
- based on recent studies, New Mexico has the third-highest solar conditions and the twelfth-highest wind conditions in the United States; beyond the base geophysical characteristics, New Mexico has advantages with existing electricity transmission capacity to population centers inside New Mexico and connecting to population centers in Arizona and California.

### **Approval of Minutes**

Upon a motion made by Representative Roybal Caballero and seconded by Senator Padilla, the committee voted to adopt the minutes of the August 14, 2020 meeting.

### **Testimony on Renewable Energy Transmission and Storage in New Mexico (12:30 p.m.)**

Fernando Martinez, executive director, New Mexico Renewable Energy Transmission Authority (RETA), and Rikki Seguin, executive director, Interwest Energy Alliance, provided the committee with presentations on the New Mexico renewable energy transmission and storage study and the renewable energy growth case and economic benefits. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=NMFA&Date=9/18/2020&ItemNumber=3>.

Answers to questions and comments from committee members included the following:

- after the imposition of a tax on renewable energy in Wyoming, existing projects did not cease, but no new projects were added and new projects in the pipeline became less competitive;
- residents near proposed transmission lines have not opposed underground power lines but have opposed overhead power lines;
- each project will evaluate the economic and technical feasibility of placing lines underground on a case-by-case basis; underground lines have historically been uncommon, and there are currently very few examples of successful implementation;
- the Western Spirit transmission line did not have any cases of contested eminent domain; the transmission line had 18 cases of uncontested eminent domain in probate or where property owners could not be located;
- the land acquisition negotiations for the Western Spirit transmission line are complete, and no major regulatory hurdles remain; once complete and in commercial operation, the line will be sold to PNM;
- according to the Moss Adams study, the total net economic loss over a 10-year period from a wind tax would be \$6.7 billion;
- discussions of national investment in transmission infrastructure on the federal level have been ongoing, but regional cooperation and action appear more attainable;
- the RETA has a commitment to not impact the mission of any military installation in New Mexico; and
- normalized funding for the RETA in fiscal year 2021 paid for an engineer and director position.

**Testimony on the Status of the Litigation Involving the PRC and the Energy Transition Act (2:10 p.m.)**

Cydney Beadles, senior staff attorney, Western Resource Advocates, provided the committee with a presentation on litigation involving the PRC and the Energy Transition Act. The presentation can be found here:

<https://www.nmlegis.gov/handouts/NMFA%20091820%20Item%204%20Litigation%20Involving%20the%20PRC%20and%20the%20Energy%20Transition%20Act.pdf>.

It was noted that it would be unlikely for the New Mexico Supreme Court to overturn the PRC findings regarding the Energy Transition Act.

**Consideration of an Action on the NMFA's Emergency Rules Regarding the Essential Services Working Capital Program and Request for Committee Reauthorization (2:25 p.m.)**

Marquita Russel, chief executive officer, NMFA, provided the committee with a recommendation to adopt rules governing the Essential Services Working Capital Program under the Economic Development Revolving Fund. The memorandum and proposed rules can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=NMFA&Date=9/18/2020&ItemNumber=5>.

Answers to questions and comments from committee members included the following:

- the emergency rule allowed operation of the program for 180 days; if not made permanent, the rule would sunset; the program would end, and the funds would revert back to the Economic Development Revolving Fund;
- the NMFA rulemaking process does not require public comment; and
- the Small Business Recovery Act of 2020 loan program is often better for entities that are looking at the federal Paycheck Protection Program, as it does not require collateral, a personal guarantee or traditional underwriting.

#### **Approval of Essential Services Working Capital Program Rule (3:00 p.m.)**

Upon a motion made by Senator Rodriguez and seconded by Representative Roybal Caballero, the committee unanimously approved the adoption of the proposed rule.

#### **Public Comment**

There was no public comment.

#### **Adjournment**

There being no further business before the committee, the meeting adjourned at 3:05 p.m.