

New Mexico Renewable Energy Transmission Authority

Water and Natural Resources Committee Meeting
July 27, 2018

Robert Busch, Chairman



NM RETA Background

RETA was established by the NM legislature in 2007 to plan, finance, develop and acquire high voltage transmission lines and storage projects in order to promote economic development in New Mexico.

RETA is one of only seven state-level transmission authorities in the United States and only the second to have issued Bonds. All of RETA sponsored projects must include 30% of its power from renewable resources.

New Mexico has some of the most valuable wind and solar resources in the United States, yet has no transmission to utilize them. RETA was formed to take advantage of this unique opportunity.

Why do we need “Green Energy”?

- There are many misperceptions about the renewable energy available today.
 - ❖ The wind farms of 20 years ago are very different today, the technology is benefiting from worldwide implementation
 - ❖ Wind energy is now priced at close to gas generation levels
 - ❖ While not able to be dispatched, wind is now reaching over 40% capacity levels, this makes grid integration much easier
 - ❖ Wind is not subject to future emissions risk or fuel escalation and adds long term price stability
 - New transmission not only strengthens the grid, it provides opportunities for all possible power sources.
 - True energy security is when customers are provided power from a portfolio of generation resources.
 - Contrary to some environmental skeptics views, renewable “energy” is complementary to oil and gas resources.
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Project Policies

- Over the years RETA has developed Project Policies that outline the process in which RETA will participate in a project.
 - ❖ These gradually increase support as project certainty is increased
 - ❖ RETA's transparent operation allows for public input at every level
 - The current Administration's vetoes of Legislative approved funding has required RETA to utilize Developer funding.
 - Recently, the Policies were updated and approved by the RETA Board of Directors to include Developer Contribution Guidelines.
 - Developer Contribution Guidelines outline the manner in which RETA will request and utilize funds received from developers.
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Project Policies (cont.)

- Developer provided funds are not Project specific and are not subject to refund.
- RETA is specifically permitted to receive funds from private entities as outlined in its statute.
 - ❖ Statute allows RETA to: “receive by gift, grant, donation or otherwise, any sum of money, aid or assistance from the United States, the state of New Mexico, any other state, any political subdivision or any other public or private entity” (62-16A-4. Authority; duties and powers. (2007))
 - ❖ RETA continues to meet audit and financial oversight requirements of the Act.

RETA Sponsored Projects

- High Lonesome Mesa Wind Farm Project
 - ❖ Issued \$50 in Bonds for the HLM transmission lines
- Western Spirit Transmission Project
 - ❖ Co-developing the Western Spirit Project
 - ❖ Will serve Mesa Canyons LLC wind project
- SunZia Transmission Project
 - ❖ Memorandum of Understanding with SunZia
 - ❖ Will serve several wind projects in Lincoln, Torrance and Guadalupe Counties



High Lonesome Mesa



Background

- 100 MW Wind Farm located in Torrance County.
- In 2010 RETA issued \$50 million in Revenue Bonds for the transmission portion of the Project.

Benefits to NM Now Taking Place

- \$14 million to Torrance County and Estancia Schools over 30 years.
- \$19 million in leases to local landowners.

Western Spirit Transmission Line LLC

- The Western Spirit Transmission Line LLC is a 140-mile transmission line, that will collect renewable power from east-central New Mexico and deliver approximately 1,000 megawatts of power to markets in the western United States that have a strong demand for clean, renewable energy.
- May 2018 – Pattern Development acquired the Western Spirit Project from Clean Line Energy.



www.westernspirittransmission.com

Western Spirit Project Update

FERC Approval

- In June of 2016, the Federal Energy Regulatory Commission (FERC) granted Clean Line the authority to sell transmission rights on the Western Spirit Transmission Line. Receiving this authority from FERC allows Pattern Development to negotiate market-based rates with potential customers of the project, likely energy generators in New Mexico or utilities and other load serving entities in the West.

Tribal Access

- Negotiated a critical right of way with a local Pueblo.
- Received a Grant of Easement and Finding of No Significant Impact. from the Bureau of Indian Affairs.

Next Steps

- Land acquisition is underway with property owners for rights-of-way.
- Pursuing all necessary authorizations from federal, state, and local governments and agencies.
- In service as early as 2019.

Western Spirit Economic Benefits

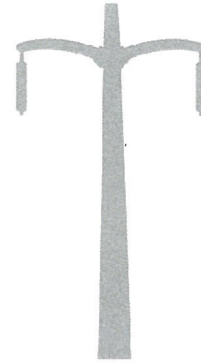


Represents an investment of approximately \$150 million.

Contribute approximately \$28 million in property tax payments to NM counties over the first 40 years of operation.



Estimated to provide hundreds of jobs to construct, maintain, and operate the wind farms and transmission line.

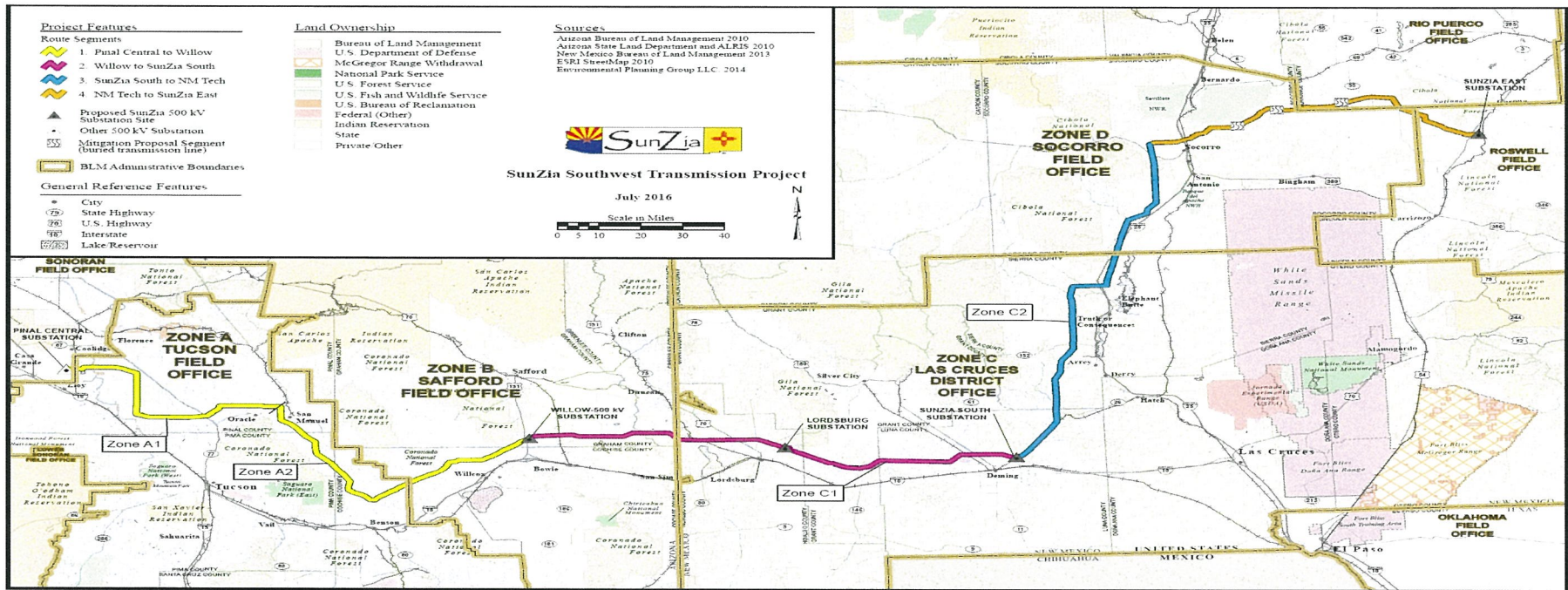


Make possible over \$1 billion of investment in renewable power projects that could not otherwise be built due to limitations of the existing electric transmission grid.



More than 590,000 homes will be powered by the clean, renewable energy generated as a result of this project.

SunZia Southwest Transmission Project



RETA and SunZia renewed a Memorandum of Understanding for the SunZia Southwest Transmission Project in 2017 and signed a Financing Agreement in June 2018.

SunZia is a 520 mile transmission project in New Mexico and Arizona with 320 miles located within NM. SunZia is rated at 3,000 MW for two 500kV AC lines.

SunZia Project Update

FERC Approval

- In September 2017, the Federal Energy Regulatory Commission (FERC) granted SunZia the authority to select Pattern Energy as the preferred anchor customer to enter into a precedent agreement for up to 100% of the capacity for Phase 1 of the Project.

Next Steps

- Land acquisition is nearly complete with property owners for rights-of-way.
- Apply for Section 404 permit with US Army Corps of Engineers.
- Expect a decision from the NM PRC regarding location control permit in September.
- The project is estimated to be completed and placed in service in 2020/2021.

SunZia Economic Benefits

in New Mexico



State and Local Taxes for First 500kV AC Line

Approximately \$33.4 million during a 2 1/2 year construction period.

Approximately \$4.7 million during the first year of operation of the transmission line.



First 500kV AC Transmission Line

Estimated to provide approximately 2,900 jobs during construction and 33 operation jobs.

Helps ranch families with steady source of long-term income during drought and fluctuating cattle markets



Generation

Approximately 1,500 MW of Corona Wind generation is associated with SunZia.

Estimated to provide approximately 1,186 jobs during construction and 94 operation jobs.

Eminent Domain

How did RETA get Eminent Domain?

- In 2007 the New Mexico legislature created RETA in order to facilitate the transmission and use of New Mexico's abundant renewable energy sources. When it was created, the New Mexico legislature gave RETA powers of eminent domain to acquire property or rights-of-way for public use if needed for RETA's renewable energy projects. (NMSA 1978, § 62-16A-4(B)(8)).

Eminent Domain Rule

- RETA Board of Directors wanted to establish policies on its use of eminent domain. This process began in January 2011.
- RETA Board approved release of its draft rules for condemnation procedures to the public and also presented the timeline and draft rule to NMFA Oversight Committee.
- Public hearings were held throughout NM and public comment was received over a 9 month period.
- There were several revisions to the proposed rule that were responsive to the many public comments received.
- Final Rule was established in December 2011 and was presented to the NMFA Oversight Committee.

❖ Title 17 Public Utilities and utility services Chapter 8 Renewable Energy Part 3 Eminent Domain

Eminent Domain (cont.)

Under what circumstances would RETA use its eminent domain powers?

As is required under New Mexico statutory law, RETA's eminent domain rule requires that the developer make reasonable and diligent efforts to negotiate with the private property owner prior to RETA exercising eminent domain powers (NMAC, § 17.8.3.9).

RETA's eminent domain rule further protects private land owners by requiring that:

- A proposed project route in NM is necessary for the project,
- The proposed project route in NM will not involve the taking of utility-owned property,
- The project will not materially diminish the reliability of the NM transmission system,
- The project is in the public interest, and
- The developer has the financial capacity to complete the project (NMAC, § 17.8.3.8.).

RETA will always consider the use of eminent domain as a last resort, but these powers are essential to RETA's mission. As such RETA has taken steps to ensure that the rights of individual property owners are appropriately balanced with the needs of the public-at-large as it works to develop New Mexico's renewable energy resources. To date, RETA has never used its eminent domain authority.

RETA Needs Continued Public Support

- *RETA has the potential to make a difference for New Mexico, the Act is working!*
 - The farsighted vision of the 2007 legislation and RETA's mission are being delayed and hampered by the lack of State support.
 - ❖ Coordination with other State agencies is being limited by a lack of resources
 - ❖ No funding is available for public education on renewable energy
 - ❖ Legislative outreach has been curtailed, creating knowledge gaps
 - ❖ State support removes potential public concerns over private funding
 - The RETA Budget should consist of a mix of state and private funding, demonstrating the State's support for the Authority and renewable energy.
 - RETA is within a few years of bringing a major RETA-sponsored project to fruition.
 - ***RETA is requesting the help of this committee to successfully receive and retain funding during the 2019 legislative session.***
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New Mexico Renewable Energy Transmission Authority

505-699-0599

www.nmreta.com
