

New Mexico's Electric Future: The Energy Transition Act

Interim Water & Natural Resource Committee
Santa Fe Meeting
November 7-8, 2019



What is the Energy Transition Act?



The ETA provides a path for NM utilities, coops and communities to transition from fossil generation to clean and renewable resources.























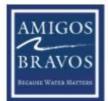
















ALBUQUERQUE







Coalition for Clean Affordable Energy





NTERFAITH PROSPERITY WORKS









Navajo Nation

Albuquerque-Bernalillo County Water **Utility Authority**

Native American Voters' Alliance

New Mexico Rural Electric Cooperative Association

Public Service Company of NM

Xcel Energy

El Paso Electric Company





The ETA has four main components

- 1) Financing (securitization) to exit coal
- 2) Economic relief for impacted communities
- 3) Requirements for clean and renewable energy
- 4) Coal plant emission standard

FINANCING



Securitization:



ECONOMIC RELIEF



- Worker training and severance
- Apprenticeship requirements for new projects (25% by 2026)
- Tribal outreach + funding
- New resource locational directives
- Economic development funds
 - Paid for by "over-securitizing"



CLEAN + RENEWABLE ENERGY



- Applies to all IOUs and Coops
- 30% RE by 2025 (\$60/MWh at busbar cap)
- 50% RE by 2030 (\$60/MWh at busbar cap)
- 80% RE by 2040
 (subject to affordability + reliability)



 100% zero-CO₂ emission electricity by 2045 (2050 for Coops) (subject to affordability + reliability)

COAL PLANT EMISSION LIMIT



Applies to 300MW+ coal plants

• 1100 lb CO₂/MWh limit for coal plants after 2022







- PNM filed application July 1, 2019
- Abandonment of SJGS
- Securitization (\$361M); includes
 - Undepreciated investment (\$283M)
 - Worker relief (\$20M)
 - Economic development (\$20M)
 - Decommissioning and reclamation (\$29M)
 - Transaction costs (\$9M)
- Replacement
 - 140 MW wind (separate application)
 - 370 MW solar (20MW CCSD)
 - 130 MW battery storage
 - 280 MW fast-start gas (CCSD)
 - Estimated cost reduction of \$83M in 2023
 - Typical residential customer saves \$80 in 2023



WHAT ARE THE CHALLENGES?



- Public Regulation Commission
 - Refusal to recognize the new law
 - 19-00018-UT (abandonment/financing up to 9 months)
 - 19-00195-UT (replacement up to 15 months)
 - PRC Reform



- Claims of unconstitutionality/inapplicability/cost
- To be resolved in Court
- Farmington/Enchant Energy CCS effort
 - Front End Engineering & Design (FEED) study (\$2.6M)
 - Economic development fund disbursal







QUESTIONS?

Steve Michel
Clean Energy Program – Deputy Director
505-690-8733

smichel@westernresources.org