

New Mexico Renewable Energy Transmission Authority

NMFA Legislative Oversight Committee Meeting November 1, 2017

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, remember 70% is still available.
- 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.

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.

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.

Western Spirit Clean Line Project



RETA and Clean Line Energy entered into an agreement to co-develop the Western Spirit Clean Line Project.

The Western Spirit Project is a 140-mile transmission line, that will collect renewable power from east-central New Mexico and deliver approximately 1,000 megawatts (MW) of power to markets in the western United States that have a strong demand for clean, reliable energy.

www.westernspiritcleanline.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 Clean Line. Receiving this authority from FERC allows Clean Line 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.

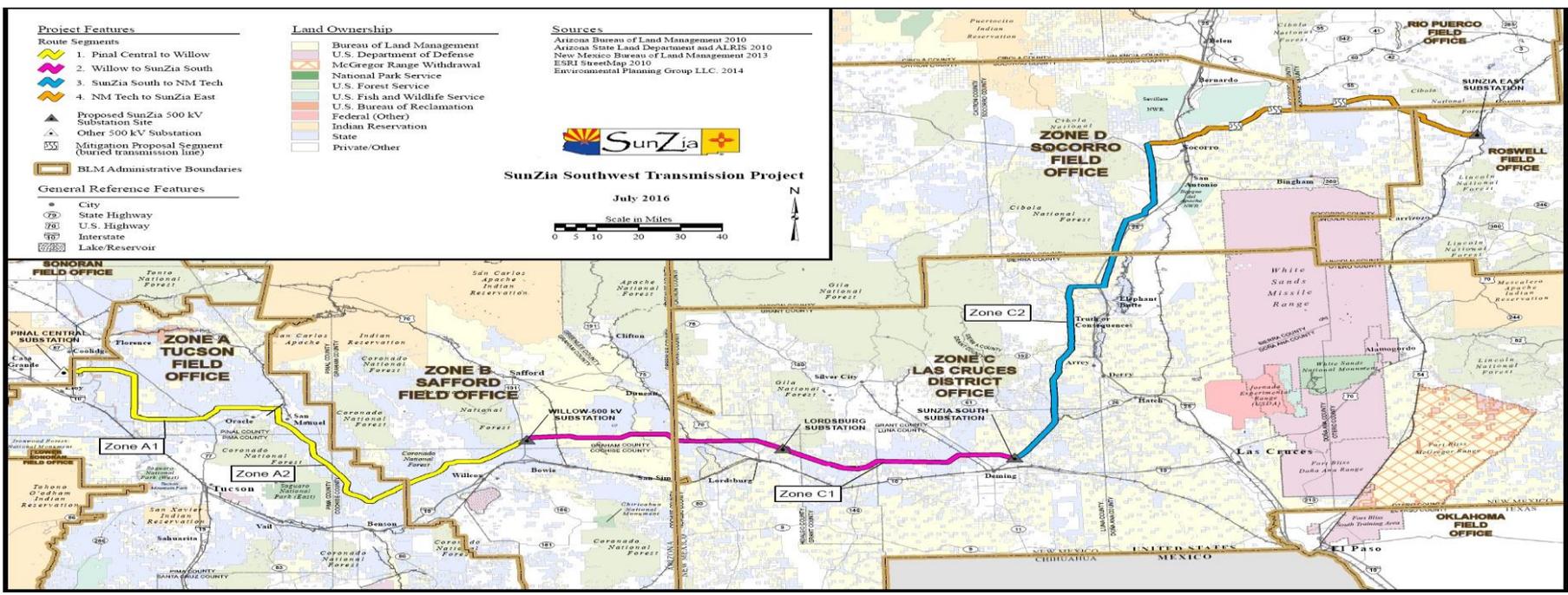


Make possible over \$1 billion of investment in renewable power projects that could not otherwise be built due to limitations of the existing electric transmission grid.



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.

SunZia is a 515 mile transmission project in New Mexico and Arizona with 315 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 under way with property owners for rights-of-way.
- Apply for Section 404 permit with US Army Corps of Engineers.
- Apply for location control permit with NM PRC.
- The project is estimated to be completed and placed in service by the end of 2020.

SunZia Economic Benefits



State and Local Taxes

Approximately \$46 million during a 2 1/2 year construction period of the transmission and generation.

Approximately \$700,000 annually during operation of the transmission and generation.



Transmission

Estimated to provide approximately 1150 jobs during construction and 35 operation jobs.



Generation

Approximately 1,500 MW of wind generation is associated with the Project.

Estimated to provide approximately 2800 jobs during construction and 170 operation jobs.

SunZia Economic Benefits

	New Mexico Impacts for Line 1			
	Jobs per Year	Wages & Salaries (\$ millions)	State & Local Taxes (\$ millions)	Property Taxes (\$ millions)
During Construction (2 1/2 years)	1148	\$214.0	\$29.2	\$4.3
During Operations (per year)	33	\$1.9	\$0.2	\$4.5

	New Mexico Impacts for Wind Generation tied to Line 1 (1,500 MW)			
	Jobs per Year	Wages & Salaries (\$ millions)	State & Local Taxes (\$ millions)	Property Taxes (\$ millions)
During Construction (2 years)	2798	\$301.4	\$16.9	TBA
During Operations (per year)	170	\$9.4	\$0.6	TBA

	New Mexico Impacts for Line 1 + Wind Generation tied to Line 1 (1,500 MW)			
	Jobs per Year	Wages & Salaries (\$ millions)	State & Local Taxes (\$ millions)	Property Taxes (\$ millions)
During Construction (2 1/2 years)	3946	\$515.4	\$46.1	TBA
During Operations (per year)	203	\$11.3	\$0.7	TBA

Notes:

1. Estimated impacts provided by New Mexico State University (The Arrowhead Center) - October 2017

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.

Funding History

FY	Public Funds	Private Funds
2008	\$1,000,000	\$0
2009	\$500,000	\$0
2010	\$500,000	\$0
2011	\$0	\$550,000
2012	\$0	\$77,174
2013	\$0	\$142,933
2014	\$250,000	\$70,018
2015	\$350,000	\$28,731
2016	\$0	\$19,676
2017	\$0	\$80,000
2018	\$0	\$120,000

- 2008 – 2010 – operations were funded with State appropriations.
- 2011 – 2015 – operations were funded with a mix of state and private funds.
- 2016 –current – operations funded by private funds.
- FY 2016, 2017, and 2018 State funding requests were line item vetoed.
- Public funds have been expended in an efficient and timely manner.
- Current operations are supported by private funds.

FY 2018 Budget

REVENUES

Program Revenues	
General Fund Appropriations	\$ -
Commercial Revenue	120,000
Interest Income	<u>175</u>
Total Revenues	\$ 120,175

EXPENDITURES

Current	
Contract Services	
Accounting Fees	9,500
Audit Fees	7,500
Legal Fees	30,000
Administrative	<u>55,000</u>
Total Contract Services	\$ 102,000
Other Expenses	
Office Expenses	<u>2,000</u>
Total Expenditures	<u>\$ 104,000</u>
Net Change in Fund Balance	<u><u>\$ 16,175</u></u>

- RETA has a clean 2017 Draft Audit with no material weaknesses, deficiencies, or non-compliance findings.
 - The Draft Audit has been submitted to the State Auditor and is confidential by State Audit Rules until it's released by the State Auditor. Once released the Audit will be posted on the NM State Auditor's website and RETA's website.

Pro Forma FY 2019 Budget

REVENUES

Program Revenues	
General Fund Appropriations	\$ 250,000
Commercial Revenue	120,000
Interest Income	<u>175</u>
 Total Revenues	 \$ 370,175

EXPENDITURES

Use of Funds	
Operating Costs	25,000
Personnel Expense	240,000
Contractual Services	85,000
Office Supplies	<u>2,500</u>
 Total Expenditures	 \$ 352,500

Net Change in Fund Balance	<u><u>\$ 17,675</u></u>
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- RETA intends to request a Special Appropriation of \$250,000 during the 2018 Legislative Session.

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
 - ❖ 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.
- RETA's FY 2019 request can protect well over a billion dollars of new investment in New Mexico.
- ***RETA is requesting the help of this committee to successfully receive and retain funding of \$250,000 during the 2018 legislative session.***

New Mexico Renewable Energy Transmission Authority

505-699-0599

www.nmreta.com
