



Water and Natural Resources Committee Community Solar Act Implementation Update

Senator Elizabeth “Liz” Stefanics, Chair
Representative Derrick Lente, Vice-Chair





NMPRC

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Community Solar Program

New opportunity for customers to select energy resource

Distributed generation (DG) and voluntary renewable programs have been available.

- DG growing pains. Capital intensive.
- Voluntary programs limited.
- Independent resource. Competitive.

Community Solar Program (CSP)

- The CSP provides for the development of community solar facilities and for utility customers to have the option of accessing solar energy generated by community solar facilities pursuant to the Community Solar Act.
- The PRC is responsible for the administration and enforcement of the Community Solar Act, including regulations of subscriber organizations and oversight and review of consumer protections established for the CSP.
- The CSP is to be created through the adoption of rules by the PRC no later than April 1, 2022.
- SB 84 authorized the PRC to collect fees to cover the cost of implementing and administering the CSP.

Community Solar Program (CSP)

- As provided for by the Community Solar Act, the PRC shall develop rules to establish the CSP by addressing a number of issues.
- The CSP rules are to essentially establish three separate frameworks for the development of community solar resources associated with:
 - Investor-Owned Electric Utilities (Electric IOUs);
 - Electric Distribution Cooperatives (Coops); and
 - Native Community Solar (Sited on Indian Nation, Tribe or Pueblo land).
- The CSP is to be created through the adoption of rules by the PRC by no later than April 1, 2022.

Community Solar Rulemaking

Community Solar Act	
1. Initial statewide capacity cap of 200 MW allocated to electric IOUs	6. Establish fair and reasonable process for interconnection
2. Subsequent annual statewide cap effective 11/1/2024	7. Consumer protections for subscribers; disclose costs/benefits
3. Implement 30% low-income carve-out and customer pre-qualification	8. Establishing bill credit rate based on utility retail rates less distribution costs
4. Establish project selection process and allocation of program capacity cap	9. Allow for creation, financing, and accessibility of facilities
5. Require utilities to file tariffs, agreements or necessary forms	10. Provide requirements for siting and co-location with other resources



Community Solar Act PRC Policies

Docket 21-00112-UT opened May 12, 2021

Five Areas of PRC Policies to be determined in Rulemaking:

- Consumer Protection
- Ratemaking Issues
- Market Oversight
- Community Outreach and Involvement
- Information Collection for Nov. 2024 Report

Community Solar – Stakeholder Process

- In April 2021, the PRC engaged consultant Strategen, LLC, to develop and facilitate a stakeholder advisory group to inform community solar policies and make recommendations for incorporation via rulemaking.
- PRC conducted an initial workshop on June 24, 2021, to establish the parameters of its process and solicit participation in stakeholder group.
- Representatives of about 50 utilities, agencies, companies, and public interest groups participated in the advisory process.
- Strategen convened six stakeholder sessions (three meeting dates with two tracks each) to discuss top 10 issues that participants deemed most critical.
- The PRC held a second workshop on August 27, 2021, on consumer protection disclosures and solar credit estimations.
- PRC held a third and final workshop on Tuesday, Oct. 19, 2021, to review Stratagen Report and preview NOPR process and schedule.

Community Solar – Stakeholder Process

Top issues for stakeholders	
1. Selection process for projects	6. Eligibility criteria for Low-Income Customers
2. Allocation of program capacity	7. Small Commercial Customer Eligibility
3. Determining the value of solar bill credits	8. Uniform disclosures and other consumer protections
4. Calculation and application of cross-subsidization limits	9. Potential limitation on use of RECs by utilities
5. Siting and co-location of projects	10. Registration for Subscribing Organization (project owner/operators)

Community Solar – Stakeholder Process

- Strategen’s draft report was the basis for PRC workshop on Tuesday describing stakeholder discussions, party positions, and overall recommendations.
- Though some issues found general agreement, full consensus was not achieved despite a collegial stakeholder workshop process.
- The PRC has reviewed the report and selected recommended approaches to inform a draft Notice of Proposed Rulemaking (NOPR) for Commission consideration, with publication expected by November 9, 2021, to initiate the formal notice-and-comment process in order to allow for rule adoption by April 1, 2022.

Community Solar – Significant Issues

Some of the major policy proposals:

- Projects should be selected via a non-price RFP, with minimum requirements and ranked/scoring criteria.
- Selected projects will go to interconnection review under the process approved in the parallel Interconnection Rulemaking.
- Project capacity should be allocated by “addressable market” estimations: ~PNM – 125 MW; SPS 45 MW; EPE 30 MW;
- Solar Bill Credit formula (specified in the Act) should not deduct transmission costs and may consider analysis of net present value of RECs over the period for reaching 80% RPS, including full environmental and distribution benefits.

Community Solar Act – Significant Issues Remain

The PRC has identified three critical challenges to success of the program:

1. Although the Act provides for collection of an “application fee” to defray costs of program administration, the money is transferred to the state, and it provides no budget allocation or mechanism for the PRC to access funding. Significant, ongoing direct costs are expected.
2. Interconnection costs for proposed facilities (<5 MW) may be substantial, threatening project economics and feasibility, especially given subsidization limits. Act states community solar projects will be reviewed under “existing” interconnection rules, but they are currently being revised in 20-00171-UT. PRC is working to align approvals.
3. Early estimates from Investor-Owned Utilities of solar bill credits are low and may discourage subscribers, especially low-income customers, and developers.

Community Solar Act – Rulemaking Procedure/Timeline

