

# 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.





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

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## 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

## Securitization:

low interest AAA-rated bonds  
applied to undepreciated investment  
    (“stranded costs”)  
reclamation + decommissioning  
severance and worker training  
economic relief



# 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

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- 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)
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- 100% zero-CO<sub>2</sub> emission electricity by 2045 (2050 for Coops)  
(subject to affordability + reliability)



# COAL PLANT EMISSION LIMIT

- Applies to 300MW+ coal plants
- 1100 lb CO<sub>2</sub>/MWh limit for coal plants after 2022





# ETA IMPLEMENTATION

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- 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
- NEE/Coal Industry (Power the Future)
  - 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?

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