

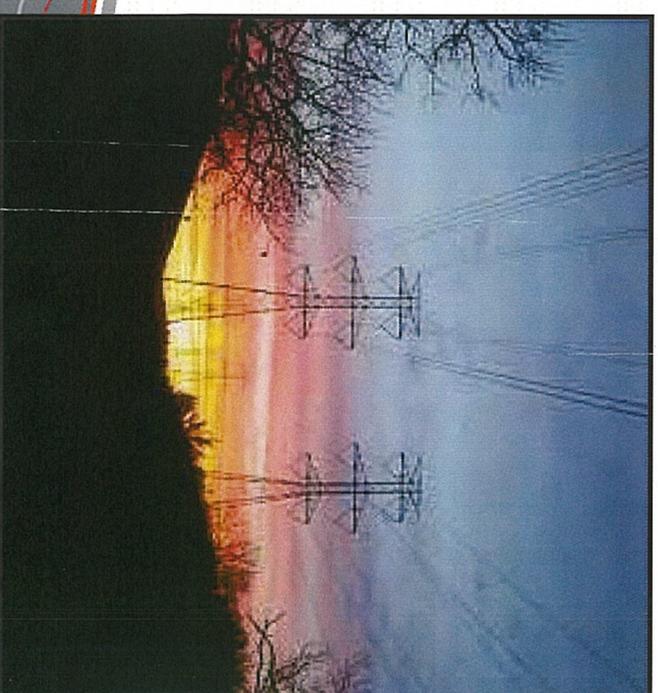


Preserving New Mexico's Oversight of Transmission Facilities:

Proposed 2015 Electric Transmission Right of First Refusal (ROFR) Bill

Economic and Rural Development
Interim Committee Meeting

November 25, 2014

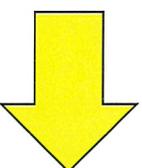
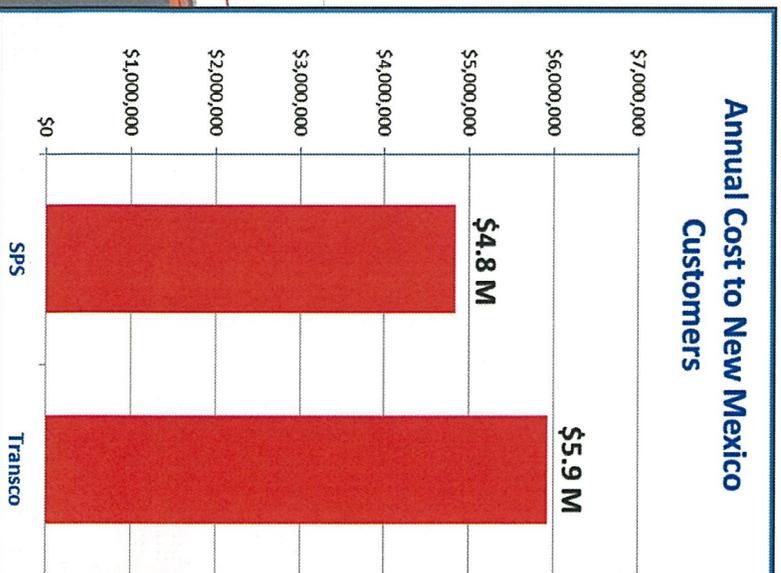


Summary of ROFR Bill Contents

- Provides public utilities / rural cooperatives / G&T cooperatives first option to construct new transmission lines in its service area if new line is:
 - ◆ Approved by Regional Transmission Org. (RTO)
 - ◆ Line is cost-allocated to RTO members
- Applies only to SE New Mexico (SPS & 4 Cooperatives)
- Does not affect interconnection of new renewable generation or non-utility transmission lines
- Provides ownership mechanism for transmission line between two public utilities

Cost Comparison – SE New Mexico Projects

- Total cost of projects is \$573.9 million
- Actual Southwest Power Pool (SPP) annual rates:
Transco: 16.57% **SPS: 13.52%**



- NIM customers annually pay \$1.1 M (22.6%) more if construction cost is same
- To have same annual cost impact, Transco would have to build project for \$105 M (18.3%) less than SPS
- SPS among lowest cost builders in SPP