

## **Amendments to Senate Bill 266 Delay of Electric Deregulation**

**The recent amendments to SB 266 are damaging to consumers and the environment and cloud the issue of delaying deregulation. These amendments will bailout utilities with ratepayer funds and further entrench current utilities with a greater potential for unregulated monopolies once competition begins.** These amendments should be removed and replaced with programs that benefit New Mexico consumers and our environment.

### **1) Amendment 2, number 5: Utility Bailout by Ratepayers**

The amendments allow utilities to collect millions of dollars from ratepayers to clean up old coal mines, prior to competition, instead of putting the responsibility on the shareholders. This amendment sets a bad precedent for other industries, like the oil, gas and mining companies, to come to the legislature for bailouts on the backs of ratepayers and taxpayers. Estimated around \$125 million, this would give Public Service Company of New Mexico an unfair advantage before going to a competitive market and unfairly saddles ratepayers by shortening the timeline for collecting these costs. Customers would not be able to recognize these costs as a separate charge on their bills. It also hinders any potential rate cuts that are due to ratepayers during a delay. Since some New Mexico utilities are experiencing record profits from electric sales to other states, New Mexico ratepayers may actually deserve a rate cut. Finally, these costs should be determined by the Public Regulation Commission at the same time as the other stranded cost recovery in order to accurately determine the value of stranded costs or benefits.

### **2) Amendment 2, number 3: State Loses Control Over New Power Plants**

The amendments allow utilities to invest and build power plants without oversight of the state Public Regulation Commission. Utilities will be able to build potentially polluting power plants in New Mexico, but sell the power to other states. Most of these plants are expected to be natural gas and coal-fired plants, this amendment ignores the need for greater emphasis on energy efficiency, renewable energy and clean up of old plants as part of a state energy strategy. This amendment further entrenches incumbent utilities in new generation while stifling competition from other companies. Utilities have argued that this amendment allows them greater flexibility to invest in building power plants. However, utilities will be able to invest in power plants without this amendment.

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