

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

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IN THE MATTER OF AN INQUIRY INTO)
ELECTRIC ENERGY POLICY PRINCIPLES)
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Utility Case No. 3668

COMMENTS OF THE
COALITION FOR CLEAN AFFORDABLE ENERGY

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The Coalition for Clean Affordable Energy (“CCAIE”), pursuant to the Public Regulation Commission’s (“Commission” or “PRC”) Notice of Inquiry into the subject of Electric Energy Policy Principles issued on September 18, 2001, hereby submits its comments on New Mexico Electric Energy Policy Principles.

CCAIE is a coalition of eight environmental and public interest groups active in New Mexico and the broader Rocky Mountain and Desert Southwest region that was formed in 1997 to promote environmental and clean energy interests in the restructuring of New Mexico’s electric utility industry. CCAIE consists of the Conservation Voters Alliance, the Land and Water Fund of the Rockies, the National Parks Conservation Association, New Mexico Citizens for Clean Air & Water, the New Mexico Public Interest Research Group, the New Mexico Solar Energy Association, the Rio Grande Chapter of the Sierra Club, and the Southwest Research and Information Center. The organizations comprising CCAIE have over 10,000 members who live in New Mexico.

1. INTRODUCTION

CCAIE encourages the Commission to establish comprehensive Electric Energy Policy Principles to help guide New Mexico in its regulation of electricity generation, and, in particular, to help New Mexico prepare for the possible onset of competition in five years.

2. COMMENTS ON THE PRC'S POLICY PRINCIPLES

CCAIE generally supports principles encouraging the development of renewable energy and energy efficiency. We make the following recommendations regarding the wording and implementation of particular principles.

Principle 2: New Mexico utilities should be required to support more diverse generation sources, including renewable energy, as a means to hedge against market and fuel price fluctuations.

CCAIE agrees with this principle and suggests that the PRC adopt a strong renewable portfolio standard (RPS) in Utility Case No. 3619. The RPS should require that a specified percentage of renewable energy of no less than 5% be included in electricity supplied to residential, commercial, and industrial customers by investor-owned utilities in New Mexico.

Principle 3: Distributed generation holds promise for many customers and may enhance redundancy in supply and should be promoted with appropriate interconnection rules and provisions for just compensation for excess electricity.

CCAIE agrees with this principle. CCAIE suggests that the PRC complete the rulemaking on self-generation and interconnection (Utility Case No. 3312). This rule could create a flexible, well-informed interconnection standard that will facilitate the development of distributed resources in New Mexico.

Principle 8: A thorough analysis of New Mexico's transmission system should be performed to determine under capacity and constraints.

CCAIE agrees with this principle but suggests that the wording be modified to "A thorough analysis of New Mexico's transmission system should be performed to determine under capacity, constraints, and the ability to accommodate a wide diversity of sources."

Principle 9: Efforts to educate consumers about electric issues including effective conservation, fuel source implications, and rate and service provisions are important and should be commenced immediately.

CCAIE agrees with this principle and suggests that the PRC require utilities to begin consumer education programs (approved by the PRC) prior to deregulation.

Principle 10: All load serving entities should be required to provide information to their customers regarding their power portfolio, including the generation types and fuel sources and the associated environmental impacts to allow consumers to make informed decisions about their electricity use.

CCAIE agrees with this principle and suggests that the PRC establish a disclosure requirement, similar to that drafted previously by staff for the competitive environment, for the present period prior to restructuring. This requirement should require utilities to regularly disclose to customers the mix of generation types, emissions, and environmental impact of emissions of the electricity they receive.

Principle 13: New Mexico should reward efforts by consumers, utilities, and others, to convert inappropriate and inefficient electricity uses to other non-electric power sources.

CCAIE agrees with this principle, but recommends that New Mexico should actively encourage these efforts, not simply reward them. CCAIE suggests that the PRC open an inquiry into energy conservation and energy efficiency to solicit comments on appropriate technologies, programs and/or incentives.

Principle 18: A thorough study regarding subsidization of fuel source or externalization of cost connected to New Mexico generating plants and fuels should be conducted. Information gained through this study should be used to firmly establish an even playing field for electric generation alternatives, including renewable energy sources and distributed generation.

CCAIE agrees with this principle and suggests that the PRC approach several New Mexico Universities to conduct such a study. We recommend that the study address at least the costs of environmental pollution and public health impacts.

Principle 21: A thorough risk benefit analysis of competition should be performed before additional legislation to open New Mexico markets is considered.

CCAIE agrees with this principle and suggests that the PRC recommend the state legislature fund the PRC to conduct such a study.

Principle 22: Research into and the use of alternative sources such as wind, solar, and

geothermal should be encouraged by strong State and Federal incentives.

CCAIE agrees with this principle.

Principle 23: Cooperative policies should be formulated with the appropriate governmental entities to ensure adequate access to Federal, Tribal, and State land for electric energy development and transmission.

CCAIE is concerned that the word “adequate” in this principle is not well defined, and might lead to inappropriate development of lands from the standpoint of environmental impacts and impacts on nearby land owners. On the other hand, we feel that increased access to state lands for renewable energy development may be beneficial, and the development of tribal lands may result in positive and desired financial impact to tribes. We suggest that the word “adequate” be replaced with “appropriate and beneficial.” Moreover, we suggest that the phrase “taking into account the impact on adjacent or directly impacted land owners and environmental impact” be added to the end of the sentence.

Principle 27: New Mexico should require its utilities to support engineering studies by New Mexico universities and national laboratories on solutions for technical problems, and on ways to reduce coal fired emission and other environmental impacts from electricity production.

CCAIE agrees with this principle.

CCAIE appreciates the opportunity to submit comments on these issues.

Dated this 30th day of October, 2001.

Respectfully submitted,

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ON BEHALF OF THE COALITION FOR
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