

## PRESS RELEASE

Coalition for Clean Affordable Energy  
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On Tuesday, December 27th, 2005, the Public Regulation Commission strengthened and approved an order allowing PNM to begin purchasing "renewable energy credits", or "RECs" from PNM customers who generate their own solar electricity with photovoltaic, or "PV" systems on their homes or businesses. Such "customer-generators" will be paid a price of thirteen cents per kilowatt-hour for all the solar power RECs they generate, in addition to being able to offset their power usage by spinning their meters backwards, as way of encouraging customers to participate by making it more affordable. Commissioner's Lujan, Marks, and Baca voted for the order, and Commissioner King also expressed his support for the program in the meeting, but was unable to attend the final vote. Commissioner Lovejoy was excused from the meeting.

"This program is a historic and major step forward for New Mexico that will make solar power much more affordable for residents. In particular, it leads the way for incentives that are based on actual production of solar energy, so that high quality systems are encouraged", said Ben Luce, Chair and Policy Director of the New Mexico Coalition for Clean Affordable Energy (CCAEO). Luce first proposed the idea for such a program to the Public Regulation Commission in 2004, an idea that the Commission approved at the time, but PNM's program is the first actual program to be proposed by a utility and approved by the Commission. "PNM was very proactive about proposing this program, and supporting it through the regulatory process. The regulatory process is not easy, and we congratulate PNM for sticking with it, and the Commission for both strengthening and approving PNM's proposal", said Luce.

Since 1998 such "customer-generators" have been able to connect their systems up to the grid under a different Commission rule and literally spin their electric meters backwards with their solar systems to offset their electric bills. This arrangement is called "net metering", and provides a modest incentive (about 10% of system cost over the lifetime of the system) for solar power generation. Under the new program, customer-generators will continue to do this, but will now receive additional payments for every solar kilowatt-hour they generate (each REC) with their systems through at least 2018. These payments will be supplemented by additional federal and possibly state solar tax credits in the near future, the existence of which was considered in the Commission's proceedings. "The analysis CCAEO submitted to the Commission found that with all incentives combined, including this new program, the payback of solar power is reduced from over 100 years to slightly less than 30 years", said Luce.

PNM will then be able to apply these purchased RECs towards meeting the utility's renewable energy production obligations under the New Mexico Renewable Energy Act, which requires investor owned utilities to provide a certain percentage of their power from renewable sources (5% starting this year, ramping up to 10% by 2011). The Commission allows PNM to count each kilowatt-hour of solar power as equivalent to three kilowatt-hours of wind power toward their renewable energy requirements, which makes the program very affordable to ratepayers. "This program will have little or no impact on rates compared to what ratepayers would otherwise pay to support the renewable energy standard, but will greatly diversify the overall program by including distributed solar power" said Luce.

During Tuesday's hearing, an amendment offered by Commissioner Jason Marks of Albuquerque significantly strengthened PNM's proposal to insure that customers who join the program and make a substantial investment in a solar system will receive the full benefit of the program through at least 2018. "This will provide significant additional certainty to this program, and substantially increase participation levels" said Randy Sadewic, a co-owner of the Santa Fe based PV installation company Positive Energy Inc., who provided technical analysis to the CCAE and the Commission about the costs and participation levels of the program.

"There is a tremendous amount of untapped solar energy that shines on the roofs of New Mexican homes, but for most people the expense of installing photovoltaic systems is simply too great," said Pat Scharff, PNM's Manager of Distributed Resources and lead designer of the program. "We believe that our program will bring this technology within reach of many more customers who are interested in generating solar energy so that together we can harness the power of the New Mexico sun."

CCAЕ estimates that the new program and other incentives will increase the solar installation industry in New Mexico by fivefold almost immediately, and more so as more and more people become familiar with the technology and available incentives. There are currently a little over 40 net-metered PV systems in New Mexico, which have been installed over the past seven years. The new program will accommodate at least about 45 new systems per year.

Under the new program, PNM customers who want to participate will install a second meter with measures the total output of their solar system. A PNM meter reader will then read that meter periodically to keep track of the solar power generation, and PNM will credit their electric bills or send payments accordingly. "Today's hearing essentially marks the major birth of solar electric power in New Mexico", remarked Luce. The program is scheduled to start after March 1, 2006.