

CCAIE Priority Bills Fact Sheet
SB 415a (Beffort) Utility Cost Limits
Oppose Renewable Energy Rollbacks

3-4-11

This bill is sponsored by PNM to unfairly limit the amount of renewable energy utilities need to acquire to meet the existing Renewable Portfolio Standard. It was slightly amended in Senate Corporations but has been passed to Senate Judiciary. Please support our efforts to stop this bill by expressing your opposition to members of the Senate Judiciary Committee.

This bill would limit the utility's net expenditures on renewable energy to 2% of the prior year's revenues, but...

- "Revenues" in this calculation is arbitrarily reduced by all the utility's rate riders and taxes. The cost of renewables will represent less than 2% of revenues.
- A cap based upon revenues does not recognize the "lumpiness" of adding new resources to the ratebase. Coal, natural gas, and nuclear power plants are not limited this way. None of these resources could meet this test.
- The 2% cap would increase to 3% over time, but the PRC's current rules do this already.
- The PRC has a pending rule that accounts for the "lumpiness" of new resources and calculates the cost of a renewable resource based upon its levelized cost, less all avoided costs, over the life of the resource.
- This bill does not address 62-16-4 which allows the PRC to set a reasonable cost threshold to address rate impacts on consumers, which the PRC has done.

CCAIE opposes such changes to the Renewable Energy Act (REA). The Renewable Portfolio Standard (RPS) in the REA keeps utilities on a path for cleaner air, healthier people, a healthier economy and a brighter future for our children in all areas of the state. The PRC currently has the statutory authority to limit the costs of investment in renewable energy.

Benefits of Renewable Energy

Cleaner air

Reduced dependence on fossil fuels

Stable utility rates – no price spikes

Stable supply (anyone freeze in the dark lately?)

Investment in New Mexico's economy, both urban and rural

New Mexico jobs

Prepare utilities and New Mexicans for the future

Important for rural economic development