

Good morning Senators,

My name is Mariel Nanasi, Executive Director of New Energy Economy. We can support this bill with amendments and I'd like to discuss the bill with specificity in the short time I have so that you can understand our concerns. We hope that this will assist you in creating a bill that will work for everyone.

As you have heard this bill addresses both San Juan Generating Station and Four Corners. Securitization of the Four Corners Power Plant should not be included in this securitization bill. There are 3 reasons: 1) it is only prudent to see how the securitization impacts of San Juan impacts ratepayers before automatically including another plant and all its costs and liabilities. To do so, I refer you to p. 9 S. (4) – please amend and *delete S (4) on page 9*. 2) Now please turn to p. 11. Letter F, line 13 – it defines replacement resources as 450 MW on line 14. PNM's investment in Four Corners is only 200 MW why would this bill guarantee PNM replacement power ownership of 450 MW when PNM's investment in Four Corners is only 200MW. It shouldn't. This is an easy fix. Instead of stating “for a qualify generating facility on lines 15 and 16 on page 11 – please remove that language and insert: for “*San Juan Generating Station.*” 3) The Commission has ordered that in PNM's next rate case cost disallowance from an imprudent finding with respect to the life extension of and investment in Four Corners without any contemporaneous financial analysis will be addressed.

Also on page 11, top of the page D: “The Commission shall grant all necessary approvals for replacement resources.” This is a change in the law and weakens consumer protection standards. Currently, if a utility wants to procure a new resource the utility must prove that 1. It is a net public benefit and 2. That it is the most cost effective resource among feasible alternatives. I have the law here: [17-00129-UT, 10/21/17, Recommended Decision, p. 65](#), which has been reiterated by the Commission a number of times. Please change this sentence to read: The commission shall grant all necessary approvals for replacement resources *if the commission determines that the resource is a net public benefit and is the most cost effective resource among feasible alternatives*. This way we can ensure high quality and low cost resources for ratepayers. And please realize that these resources will be approved and charged to ratepayers for the next 20-40 years so this is very important!

Amendment to “Definitions” in Section 2: At page 3, after line 16, insert a new subsection E as follows:

*"E. competitively procured replacement resources" means replacement resources selected by a qualifying utility from the results of a request for proposals and bid evaluation process determined by the commission to be reasonable in scope, competitively fair as to ownership of replacement resources and otherwise reasonable and consistent with the objective of identifying the most cost-effective portfolio of resources to supply the energy needs of customers of the qualifying facility."*

Beginning at page 3, after the foregoing amendment, re-label the subsections accordingly.

On p. 5 letter (d) referring to what should be included in the financing order to be securitized:

- (d) other undepreciated investments in a qualifying generating facility incurred to comply with law, whether established by statute, court decision or rule.

~~(or necessary to maintain the safe and reliable operation of the qualifying generating facility prior to the facility's abandonment;)~~

It should end there because otherwise it would allow **any** utility costs to plant without any Commission review at all and is a license to spend or gold plate.

Amendment to Section 3.A: following:

At page 10, line 4, after “replacement resources,” remove all the remainder of that paragraph and insert:

*“provided that a qualifying utility’s competitive procurement process for replacement resources shall not prevent bidders from proposing, or the qualifying utility from considering, a resource owned by an independent power producer provided pursuant to a purchased power agreement at a site owned or controlled by the qualifying utility unless the qualifying utility shows the commission that it would not be feasible for it to lease or transfer ownership or control of the site to an independent power producer for the term of such an agreement for reasonable compensation.”*

A staccato of last changes with this forum to ensure that ratepayers will pay LESS than what they would pay under traditional ratemaking and that there will be an actual benefit to the poorest people in NM and we must care about them, especially because NO ONE was advocating for them when SB 489 was being written:

p. 4 H “energy transition” cost means the sum of, please add:

*“all costs determined by the PRC to be prudent and reasonable including:”*:

on p. 15 – after ¶11, line 4, insert a new ¶12:

an estimate of the net present value of qualifying utility customer savings expected to result if the proposed energy transition bonds are issued, as determined by a comparison between the costs to customers that are expected to result from the financing with energy transition bonds and the costs that would result from the application of traditional electric utility financing mechanisms for the same purposes, using the qualifying utility’s pre-tax weighted average cost of capital

as a discount rated, and assuming the same level of abandonment costs are paid from proceeds of traditional electric utility financing mechanisms.

On p. 17 instead of ¶E that is there, insert:

E In addition to other powers and duties of the commission:

(1) the commission shall perform comprehensive due diligence in its evaluation of an application for a financing order and shall oversee the process used to structure, market and price the securitization bonds;

(2) the commission may attach such conditions to the approval of a financing order as the commission deems appropriate to maximize the financial benefits or minimize the financial risks of the transaction to customers and to directly impacted New Mexico workers and communities;

(3) the commission may specify details of the process used to structure, market and price energy transition bonds, including selection of the underwriter or underwriters;

(4) the commission shall review and determine the reasonableness of all proposed up-front and ongoing financing costs; and

(5) the commission shall ensure that the structuring, marketing and pricing of energy transition bonds optimizes net present value customer savings, consistent with market conditions and the terms of the financing order.

Amendments to § 25.D: At page 49, strike lines 16 through 19 in their entirety and insert the following in lieu thereof:

“D. The commission shall approve an application by a public utility for a certificate of public convenience and necessity for an energy storage system or for approval of an agreement to purchase energy storage services from another party that shows the commission, based on a competitively fair request for proposals process that does not unreasonably discriminate between proposals for utility ownership of an energy storage system and proposals for the sale of energy storage services by another party, that the energy storage system or purchase of energy storage services from another party proposed is the utility’s most cost-effective resource option among feasible alternatives to provide it with the energy storage service it needs and is reasonably expected to:”

At page 49, line 20, strike “(1)” and insert “(2)” in lieu thereof.

At page 49, line 24, strike “(2)” and insert “(3)” in lieu thereof.

At page 50, line 2, strike “(3)” and insert “(4)” in lieu thereof.

At page 50, line 5, strike “(4)” and insert “(5)” in lieu thereof.

At page 50, line 7, strike “(5)” and insert “(6)” in lieu thereof.

At page 50, strike lines 9-11 before “so as to ensure” on line 11 and insert the following in lieu thereof:

(7) allow the public utility, subject to applicable laws and rules, to control the use of an energy storage system or storage services purchased from another party”

Just this week the California regulatory agency made a finding that utilities must compete with independent power producers for storage to reduce bias and keep costs competitive:  
<https://www.utilitydive.com/news/california-regulators-tee-up-changes-to-utility-distributed-storage-program/549425/>

To be completely honest we have many other changes, but if this body made these changes New Energy Economy would retract our opposition and support this bill.

Yes, that's not it but, yes I relent on behalf of New Energy Economy, Kumbaya!