



March 6, 2019

Dear Honorable New Mexico Legislators,

On behalf of New Energy Economy and the constituents we represent, I write to ask you consider the attached analysis by New Energy Economy's financial expert as you consider Senate Bill 489, the Energy Transition Act. David Van Winkle, New Energy Economy Board President and energy utility expert, created the attached analysis that **exposes that the cost of Senate Bill 489 - Energy Transition Act will cost ratepayers over \$1.3 Billion, \$400M more than "traditional ratemaking" at the PRC.**

By far the most egregious harm that will emerge from the passage of an un-amended SB 489 are the structural changes that will have far-reaching consequences: **weakening of consumer protection laws** that will eliminate the ability to challenge PNM's financial requests and replacement power proposals; enlarging PNM's monopoly by making it nearly **impossible for independent power producers and Pueblos to compete with PNM ownership of replacement power** (evidence demonstrates that utility-owned resources are 49% higher for ratepayers than other power producers); **eviscerating PRC authority** to alter the financing order (even if securitization doesn't save ratepayers money) or review the imprudence of PNM investments; and **removing due process protections.**

Major areas of concern:

1. Language unduly biased toward utility ownership of new energy generation resources which constrains competition and increases costs to ratepayers;
2. Language enables co-ops and monopoly utilities to purchase renewable energy from out of state in order to satisfy the higher renewable portfolio standard.
3. Language that guarantees that ratepayers will pay Wall St. bondholders 44% more than what ratepayers would pay under current NM law and by following Public Regulation Commission precedent that requires a balance of interests between shareholder investors and ratepayers. Estimated costs of SB 489 are \$1,326,000,000 and under PRC precedent costs would be \$923,000,000; obviously SB 489 would NOT be a benefit to ratepayers.
4. Language that hides costs to ratepayers that are not fully understood and are deliberately obscured within the bill. ("no order of the commission shall disallow recovery of any undepreciated investments or decommissioning costs associated with the facility." SB 489, p.82. This directly overrules prior PRC precedent that requires "the issue of PNM's prudence in continuing its investment in FCPP" to be decided. NM PRC Case No. 16-00276-UT) This PNM financial giveaway or nearly \$1Billion will mean that PNM will be paid in full for its imprudent investments and the PRC authority will be nullified.

New Energy Economy vows to continue working together to gain passage on a version of SB 489 which protects consumers and achieves our intended goals for a just transition to renewable energy. Thank you for your consideration and all you do to serve New Mexicans!

With Respect and Gratitude,

Mariel Nanasi

Executive Director and Lead Counsel