

SB 489: "ENERGY TRANSITION ACT"

We have heard from respected and trusted legislators that “the fix is in” on SB489 and no changes are being considered that would challenge the sections of the bill written by PNM for its benefit. We have been told that this is the reason that no amendments addressing securitization, replacement power, or Four Corners are being considered. It is our understanding that the dozen + enviro organizations supporting the bill have agreed to trade the gifts included in the bill for PNM in exchange for the Renewable Portfolio Standard. While New Energy Economy supports the RPS as well as economic recovery and transition support for workers, impacted communities, especially indigenous communities, as well as tax revenue replacement for the school district, and apprenticeship programs, we need to make SB 489 FAIR for the people! Why is \$1.3 BILLION ALL on the backs of Albuquerque & Santa Fe ratepayers without PNM contributing a penny?

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:

- 1) **weakening of consumer protection laws** that will eliminate the ability to challenge PNM’s financial requests and replacement power proposals;
- 2) **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);
- 3) **eviscerating PRC authority** to alter the financing order (even if securitization doesn’t save ratepayers money) or review the imprudence of PNM investments; and
- 4) **removing due process protections.**

Necessary amendments to achieve consumer protections AND increase the RPS

- Provide competitive procurement - no "baked in" PNM ownership of replacement power for the capacity needed to serve the needs of PNM customers. SB 489 enlarges PNM’s monopoly by making it nearly impossible for independent power producers and Pueblos to compete with PNM ownership over replacement power. A definition for competitive procurement in the bill could help resolve that. Also removing: “The Commission shall grant all necessary approvals for replacement resources”, p. 11. This undermines stronger laws now that require replacement resources to be approved *only if* those resources are a “net public benefit” and “are the most cost effective resources among feasible alternatives.”
- Maintain or enhance PRC authority over securitization and replacement power. **Senate Bill 489 - Energy Transition Act will cost ratepayers over \$1.3 Billion, \$400M more than “traditional ratemaking” at the PRC.** Maintain PRC regulatory authority and discretion under existing constitutionally mandated law to ensure that the costs in the financing order are an actual benefit and are lower cost than traditional ratemaking. This is actually an easy fix: SB 492 passed Senate Conservation Committee and that securitization language could be inserted into SB 489.
- Remove language that could include abandonment and all related costs for nearby Four Corners Power Plant. We should see how this securitization process goes before including another \$1B from FCPP. Language 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 of nearly \$1Billion will mean that PNM will be paid in full for its imprudent investments and the PRC authority will be nullified.
- SB 489 does not require renewables to be generated in New Mexico.

These necessary changes would truly allow SB 489 to do what it is designed to do: *help New Mexico address climate injustice, create a just transition toward 100% renewable energy resources, open a more competitive energy marketplace, and lower costs of energy for consumers.*