

**Before the New Mexico Public Regulation Commission**

IN THE MATTER OF THE ADOPTION OF )  
AMENDMENTS TO RULE 17.9.572 ) Case No. 13-00152-UT  
RENEWABLE ENERGY FOR ELECTRIC )  
UTILITIES )  
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**Comments of the New Mexico Utility Shareholders Alliance  
Carla J. Sonntag, Executive Director  
July 26, 2013**

Regarding Case No. 13-00152 UT, in the matter of adoption of amendments to Rule 17.9.572 Renewable Energy for Electric Utilities, the New Mexico Utility Shareholders Alliance (NMUSA) submits the following comments.

The NMUSA is a grassroots organization representing the interests of shareholders of gas and electric utility companies operating in New Mexico in public policy matters.

**INTRODUCTION**

The NMUSA can support renewable energy that is affordable and beneficial. It should be noted, however, that several states are now repealing renewable energy standards altogether due to the additional cost burden on ratepayers. With New Mexico being at the top of the nationwide poverty level, it is important that the greatest discretion be used to determine how to proceed with the amendments to Rule 17.9.572. To that end, the NMUSA recommends that revisions to the rule be cognizant of costs to ratepayers.

In regards to diversification, the NMUSA believes the rule should be stated in broad terms to allow utility company discretion in compliance in the most cost effective manner.

Utility companies must be allowed full cost recovery for compliance with this rule. When evaluating new resource acquisitions, these costs should only be offset with verifiable avoided costs, such as fuel.

**SPECIFIC SUPPORT OF OUR POSITION:**

**Diversification Requirement:**

The diversification requirement is an element of the Renewable Portfolio Standard (RPS) that has been in use for so long that to repeal it entirely could leave utility companies in an untenable position with renewable resources already developed. If there are changes to the diversification requirement, it would be imperative that the NMPRC recognize and allow recovery of costs already incurred for compliance.

Renewable energy requirements and diversification percentages should not be increased. Innovation in diversification should be encouraged, but specific types of renewable energy production should not be mandated. The rule should be written broadly to state, for example, that 25 percent of the portfolio should be nonwind production. This will encourage diversification without micromanaging utility company efforts to comply. Otherwise, the NMPRC is mandating support of certain industries which is inappropriate and, in the long run, ineffective.

The NMPRC is charged with finding balance between the company, its shareholders and its ratepayers. Allowing the utility company to determine the best solution for providing for its service area without being guided by special interest groups will be best for New Mexico and its ratepayers.

#### **Cost Recovery:**

It is important that utility companies be allowed to recover **all** costs associated with renewable energy production. It is also important that Rule 572 not attempt to itemize every possible cost associated with renewable energy production; many of these costs will only be determinable as the utility company pursues renewable energy production. To define this portion too narrowly, will only limit options for utility companies down the road and/or force amendments to the rule.

#### **Avoided Cost:**

There should be no attempt to determine future savings that are controversial and that do not have an immediate impact on customers' bills. This requirement would only prolong RPS cases before the NMPRC and increase costs of the same. Documentable hard avoided costs, such as fuel, can and should be used in net cost determination.

Renewable energy production requires back up generation to cover those times when the renewable source is not producing. For example, production of solar energy will require back up generation at night or on cloudy days. Those backup generating facilities must be maintained and be ready to ramp up very quickly. During the time that a renewable facility is producing power, however, it is saving the fuel that would otherwise be used to produce electricity by another means.

#### **SUMMARY**

1. Encourage diversification by broadening the language of the rule to define it as requiring 25 percent nonwind resources. The rule should not specify renewable energy types, but allow utility companies to determine the best means of compliance;

2. Allow for full cost recovery without attempting to define every variable within the rule;
3. Recognize only definite and measurable avoided costs.

Respectfully submitted,  
New Mexico Utility Shareholders Alliance



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