



REIA NM Positions in 2012 REPP Case

Wednesday, October 12, 2011

Today, the Renewable Energy Industries Association of New Mexico (REIANM) PRC committee met to discuss our current position in the 2012 PNM Renewable Energy Procurement Plan case before the PRC (11-00265-UT). A number of items are brought up in the filing. REIANM takes the following positions regarding:

- 1. PNM's claims that its minimum 10% Renewable Portfolio Standard (RPS) obligations under the New Mexico Renewable Energy Act and 20% solar diversity requirement under the PRC's Rules should be "waived" and reduced based on PNM's interpretation of the PRC's Reasonable Cost Threshold (RCT) – REIANM believes those claims are not reasonably supported or consistent with applicable law or consistent with past methods PNM has used to calculate the cost of renewable energy procurements.**

Having reviewed PRC Rule 572, the evidence presented in this case and the methods used in the past by PNM and New Mexico's other investor-owned public electric utilities to calculate the costs of renewable energy procurements and apply the RCT, we find that PNM's RCT calculations and proposed reductions of its RPS and solar diversity obligations in 2012 and 2013 are not reasonable or justified because they fail to consider the avoided capacity cost and other avoided cost benefits of PNM's proposed renewable energy procurements, including solar DG interconnected with its system and the RCT "headroom" for additional renewable energy procurements provided by the rate increase PNM recently obtained from the PRC.

- 2. PNM's failure to include a proposal in its 2012 REPP for extension of the smaller system size (100 kW or smaller) "tranches" of its Solar Incentive Program when those tranches are filled. – REIANM finds this to be an exceptional and unjustified oversight.**

At a time when PNM is far behind meeting its 2011 and future minimum solar diversity requirements, this significant flaw in PNM's 2012 REPP threatens one of New Mexico's important growth industries and opportunities for good paying jobs. The SIP has proven to be a program that brings clean power onto PNM's grid to the benefit of that utility and all of its customers. The SIP has created jobs at a time when they are most needed in this State. PRC approval of an extension of PNM's SIP with reasonable REC incentives during the next 2-3 years is a critical component of PNM's satisfaction of the objectives of the REA, including economic development in New Mexico and the promotion of energy self-sufficiency by PNM's customers.