



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

SB 418: Enhancing the Renewable Portfolio Standard

Sponsor: Sen. Michael Sanchez

Senate: 32-0 House: 43-18

Governor Richardson Signed: 5 March 2007



Concentrating Solar Power



**PNM/FPL Energy 204 MW
Wind Farm (House, NM)**

Purpose

- **Continue to stimulate New Mexico's renewable energy-related economic expansion renaissance.** Originally adopted by the NM Legislature in 2004, the state's "Renewable Portfolio Standard", or RPS, (requiring the large investor-owned utilities to have 10% renewable energy in their mix by 2011), has driven more than 400 megawatts (MW) of wind and 35 MW of biomass power development – **representing over \$500 million in capital investment.**
- **Incentivize utilities to develop renewable energy BEYOND their requirements under the RPS.**
- **Incentivize utilities to develop substantive energy efficiency programs.**
- **Bring rural electric cooperatives into the RPS and establish funding mechanisms to assist with developing or purchasing renewable energy resources.**
- **Stimulate large utility-scale "Concentrating Solar Power" (CSP) projects.** To date, NM has yet to take much advantage of its world-class solar energy resource. While the RPS has stimulated nearly 500 MW of wind and biomass energy, less than 1 MW of solar has been developed. By raising the RPS, in combination with NM's large-scale solar incentives, NM will be well-positioned to attract utility-scale solar projects.

Summary

Maintains the existing "Reasonable Cost Threshold" – capping rate impacts at 2% for customers of investor-owned utilities. Establishes cost caps for rural electric coops at 1%.

Maintains the existing dollar impact caps on the state's large industrial energy consumers.

Rural Electric Cooperatives:

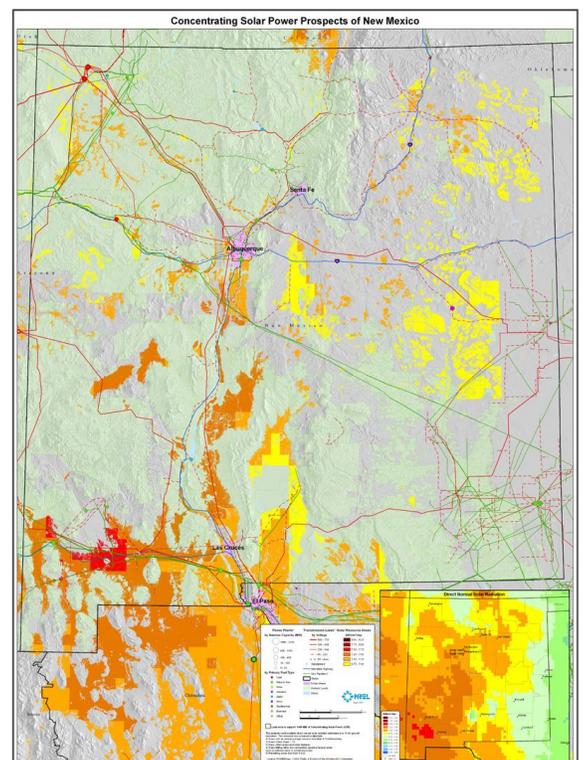
- **By 2015, 5% renewable energy. 2020: 10% renewable energy.**
- Establishes a Renewable Energy and Conservation Fee - funding source for acquiring renewable energy and funding energy efficiency programs.
- Co-ops may elect to collect from customers up to a 1% renewable energy and conservation fee. The fee, if collected, will be matched at 50% by the state (through reduction of an existing fee already collected by the coops).
- The funds in the account are to be used solely on programs or projects to promote the use of renewable energy, load management or energy efficiency.
- Funds may only be used for energy efficiency projects after the RPS has been met.
- Establishes a program for retail customers to voluntarily purchase renewable energy, in excess of that required by the coop to provide under the RPS.

Targets Extended to 2020 for NM's 3 Large Investor-Owned Utilities:

- **Existing 10% renewable energy by 2011 requirement is maintained.**
- **New Targets: 2015: 15% 2020: 20%**
- New hydropower is added as a qualifying renewable energy source.

Other Significant Changes to the RPS:

- PRC may provide performance-based incentives to encourage public utilities to acquire renewable energy that goes beyond meeting the RPS.
- Provides for the establishment of a system of "renewable energy certificates" (RECs) and a renewable energy information system to register and track renewable energy certificates.
- Directs PRC to identify any disincentives or barriers for utilities to engage in energy efficiency and eliminate the disincentives via appropriate rate structures and/or financial incentives.
- Public utilities may recover costs of energy efficiency and load management programs through PRC-approved tariff riders.
- Directs utilities to establish a goal of 5% energy demand reduction from energy efficiency by 2020.



For More Information:

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New Mexico's World Class Solar Resource →

Nearly the entire state has 'investment grade' solar energy prime for large-scale solar development! Solar developers have expressed a keen interest in NM – totaling almost a \$1 billion in capital investment.