AN ACT
RELATING TO UTILITIES; PROVIDING THAT COMPLIANCE WITH RENEWABLE PORTFOLIO STANDARDS SHALL NOT RESULT IN AN INCREASE IN RATES TO CUSTOMERS OF MORE THAN A CERTAIN PERCENTAGE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 62-16-4 NMSA 1978 (being Laws 2004, Chapter 65, Section 4, as amended) is amended to read:

"62-16-4. RENEWABLE PORTFOLIO STANDARD.--

A. A public utility shall meet the renewable portfolio standard requirements, as provided in this section, to include renewable energy in its electric energy supply portfolio as demonstrated by its retirement of renewable energy certificates; provided that the associated renewable energy is delivered to the public utility and assigned to the public utility's New Mexico customers. For public utilities other
than rural electric cooperatives and municipalities, requirements of the renewable portfolio standard are:

[(1) no later than January 1, 2015, renewable energy shall comprise no less than fifteen percent of each public utility's total retail sales to New Mexico customers;

(2) no later than January 1, 2020, renewable energy shall comprise no less than twenty percent of each public utility's total retail sales to New Mexico customers;

(3)] (1) no later than January 1, 2025, renewable energy shall comprise no less than forty percent of each public utility's total retail sales of electricity to New Mexico customers;

[(4) (2) no later than January 1, 2030, renewable energy shall comprise no less than fifty percent of each public utility's total retail sales of electricity to New Mexico customers;

[(5) (3) no later than January 1, 2040, renewable energy resources shall supply no less than eighty percent of all retail sales of electricity in New Mexico; provided that compliance with this standard until December 31, 2047 shall not require the public utility to displace zero carbon resources in the utility's generation portfolio on the effective date of this 2019 act; and

[(6) (4) no later than January 1, 2045, zero carbon resources shall supply one hundred percent of all retail sales to New Mexico customers.]}
sales of electricity in New Mexico. Reasonable and consistent progress shall be made over time toward this requirement.

B. In administering the standards required by Paragraphs [(5) and (6)] of Subsection A of this section, the commission shall:

(1) not jeopardize the operation of a sewage treatment facility that captures and combusts methane gas in the facility's operations;

(2) maintain and protect the safety, reliable operation and balancing of loads and resources on the electric system;

(3) prevent unreasonable impacts to customer electricity bills, taking into consideration the economic and environmental costs and benefits of renewable energy resources and zero carbon resources;

(4) prevent carbon dioxide emitting electricity-generating resources from being reassigned, redesignated or sold as a means of complying with the standard;

(5) in consultation with the energy, minerals and natural resources department, undertake programs not prohibited by law to achieve the standard;

(6) in consultation with the department of environment, ensure that the standard does not result in material increases to greenhouse gas emissions from entities not subject to commission oversight and regulation; and
(7) in consultation with electricity transmission system operators responsible for balancing New Mexico electricity loads and resources, issue a report to the legislature by [July 1, 2020, and each] July 1 [every four years thereafter] of each year. The report shall include:

(a) review of the standard, with a focus on technologies, forecasts, existing transmission, environmental protection, public safety, affordability and electricity transmission and distribution system reliability;

(b) evaluation of the anticipated financial costs and benefits to electric utilities in implementing the standard, including the impacts and benefits to customer electricity bills; and

(c) identification of the barriers to, and benefits of, achieving the standard.

C. Any customer that is a political subdivision of the state, or any educational institution designated in Article 12, Section 11 of the constitution of New Mexico with an enrollment of twenty thousand students or more during the fall semester on its main campus, with consumption exceeding twenty thousand megawatt-hours per year at any single location or facility and that owns facilities that produce renewable energy or hosts such facilities through a renewable purchased power agreement, shall not be charged by the utility for power purchases of one year or less or fuel on the amount of .218942.2
electricity purchased from the utility equal to the amount of 
renewable energy produced or hosted by the customer. The 
customer shall annually certify to the state auditor and notify 
the commission and the customer's serving electric utility of 
the amount of renewable energy produced at the customer-owned 
or customer-hosted facilities that generate renewable energy. 
The customer shall also certify to the state auditor and notify 
the commission that the customer will retire all renewable 
energy certificates associated with the renewable energy 
produced by those facilities. Any financial benefits as a 
result of the provisions of this subsection shall accrue to the 
customer immediately [upon the effective date of this 2019 act] 
on June 14, 2019 and shall be reflected in customer bills each 
month, subject to annual true-up and reconciliation. The 
provisions of this subsection shall not prevent the utility 
from recovering all of its reasonable and prudent fuel and 
purchased power costs.

D. Upon a motion or application by a public utility 
the commission shall, or upon a motion or application by any 
other person the commission may, open a docket to develop and 
provide financial or other incentives to encourage public 
utilities to produce or acquire renewable energy that exceeds 
the applicable annual renewable portfolio standard set forth in 
this section; results in reductions in carbon dioxide emissions 
earlier than required by Subsection A of this section; or 

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causes a reduction in the generation of electricity by coal-
fire generating facilities, including coal-fired generating
facilities located outside of New Mexico. The incentives may
include additional earnings and capital investment
opportunities for resources used in furtherance of the outcomes
described in this subsection.

E. If, in any given year, a public utility
determines that the average annual levelized cost of renewable
ergy that would need to be procured or generated for purposes
of compliance with the renewable portfolio standard would be
greater than the reasonable cost threshold, the public utility
shall not be required to incur that excess cost; provided that
the existence of this condition excusing performance in any
given year shall not operate to delay compliance with the
renewable portfolio standard in subsequent years. The
provisions of this subsection do not preclude a public utility
from accepting a project with a cost that would exceed the
reasonable cost threshold. When a public utility can generate
or procure renewable energy at or below the reasonable cost
threshold, it shall be required to do so to the extent
necessary to meet the applicable renewable portfolio standard
and shall not be precluded from exceeding the standard.

[F. By September 1, 2007 and until June 30, 2019, a
public utility shall file a report to the commission on its
procurement and generation of renewable energy during the prior
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calendar year and a procurement plan that includes:

  (1) the cost of procurement for any new renewable energy resource in the next calendar year required to comply with the renewable portfolio standard; and

  (2) testimony and exhibits that demonstrate that the proposed procurement is reasonable as to its terms and conditions considering price, availability, reliability, any renewable energy certificate values and diversity of the renewable energy resource; or

  (3) demonstration that the plan is otherwise in the public interest.)

F. Compliance with the renewable portfolio standard shall not result in an increase in rates for residential or commercial customers of more than two percent in any one year or more than five percent in any three-year period.

G. By [July 1, 2020, and each] July 1 [thereafter] of each year, a public utility shall file a report to the commission on the public utility's procurement and generation of renewable energy since the last report and a procurement plan that includes:

  (1) the cost of procurement for new renewable energy required to comply with the renewable portfolio standard;

  (2) the capital, operating and fuel costs on a per-megawatt-hour basis during the preceding calendar year of
each nonrenewable generation resource rate-based by the
utility, or dedicated to the utility through a power purchase
agreement of one year or longer, and the nonrenewable
generation resources' carbon dioxide emissions on a per-
megawatt-hour basis during that same year;

(3) information, including exhibits, as
applicable, that demonstrates that the proposed procurement:

(a) was the result of competitive
procurement that included opportunities for bidders to propose
purchased power, facility self-build or facility build-transfer
options;

(b) has a cost that is reasonable as
evidenced by a comparison of the price of electricity from
renewable energy resources in the bids received by the public
utility to recent prices for comparable energy resources
elsewhere in the southwestern United States; and

(c) is in the public interest,
considering factors such as overall cost and economic
development opportunities; and

(4) strategies used to minimize costs of
renewable energy integration, including location, diversity,
balancing area activity, demand-side management and load
management.

H. The commission shall approve or modify a public
utility's procurement plan within ninety days and may approve
the plan without a hearing, unless a protest is filed that
demonstrates to the commission's reasonable satisfaction that a
hearing is necessary. The commission may modify a plan after
notice and hearing. The commission may, for good cause, extend
the time to approve a procurement plan for an additional ninety
days. If the commission does not act within the ninety-day
period, the procurement plan is deemed approved.

I. The commission may reject a procurement plan
if, within forty days of filing, the commission finds that the
plan does not contain the required information and, upon the
rejection, shall provide the public utility the time necessary
to file a revised plan; provided that the total amount of
renewable energy required to be procured by the public utility
shall not change."

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