

The PNM 2014 Rate Case - Reworked

Gary Vaughn 10/10/15

PNM refiled their 2014 Rate Case at the end of August, after the PRC had rejected their first submittal because of insufficient documentation. It's important to realize that PNM has made major changes to this reworked Rate Case proposal. Not only have they dropped the monthly PV interconnect charges, but they've dropped all their previous punitive measures having to do with net-metering and REC credits. There are not even any put-downs of rooftop solar owners for not paying their "fair share" of grid costs! Was I surprised? You bet. Does this mean that PNM has finally changed its "attitude" about renewables? Not at all.

As you may remember, the first version of PNM's 2014 rate case proposal was loaded with rooftop solar "disincentives" and penalties specifically designed to put an end to this non-PNM owned rooftop solar "threat". PNM executives had been making their case for this approach for quite a while. PNM President Vincent-Collawn had been following the Edison Electric Institute game plan to the letter, even before she was appointed to the Edison Institute Board of Directors earlier this year. So what happened to cause such a major change in PNM's strategy?

My take is this:

- 1) As PNM said in their public re-submittal comments, they want to avoid a long drawn-out PRC hearing battle, and focus instead on increasing their profits [by raising their rates a bunch].
- 2) The arguments PNM used to justify their punitive rooftop solar proposals were full of holes.
- 3) Big national players like Solar City were lining up to fight PNM's "War on Solar".
- 4) PNM has been taking some big PR hits this year – they're very sensitive about that sort of thing.

Beyond that, PNM has actually scored some major behind-the-scenes wins recently:

- 1) Martinez vetoed NM's Renewable Energy tax credit extension bill. I haven't seen anyone connect that move to PNM, but the fact is that Martinez and PNM executives are joined at the hip. I suspect that PNM was the major behind-the-scenes lobbyist for that veto. And it's a big anti-rooftop solar win for PNM.
- 2) In the Rate Case re-submittal documents, PNM states several times that major factors in its declining electricity sales are "new EE (energy efficiency) initiatives and government Codes & Standards". You may remember that a couple of years ago the Martinez-appointed Building Commissioners threw out the new energy efficient building code requirements approved during the last year of the Richardson administration. Did PNM take a public role in that roll-back? Absolutely not. Was it a big win for PNM? Absolutely!
- 3) After many delays and much rancor, PNM got pretty much everything it wanted in the latest San Juan Generating Station "stipulation". I have no doubt that the PRC will approve the latest agreement without significant changes. More coal & more nuc power are included, almost exactly as PNM had proposed. No additional renewables are included, exactly as PNM had proposed. Is that a big win for PNM? Absolutely.

So viewed from PNM's perspective, things are moving along just fine – thank you very much. And oh-by-the-way, the PRC is obligated to let PNM charge its ratepayers for all the legal expenses PNM racked up related to these PRC cases. RE advocates have to pay their own way.

The latest 2014 PNM rate case proposal is loaded with initiatives that are based on classic Conservative Political Ideology – especially "fairness" which, when translated, means that poor New Mexicans should be charged more for electricity while wealthy New Mexicans and big industrial energy users should be charged less for electricity. Where do you suppose the push for those initiatives came from? Of course – the Martinez administration. The good news is that as far as the "new" 2014 PNM Rate Case is concerned, rooftop solar is completely safe. The not-so-good news is that PNM's strategy has changed significantly, and PNM has a very powerful ally in Martinez, who likes to "get things done" thru behind-the-scenes maneuvering.

So stay alert, solar powered New Mexicans. There be Dragons about!