

PNM & NM's Energy Future

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The NMPRC requires PNM to submit a 20 Year Plan, with revisions, every 3 years. PNM released its 2014 Integrated Resource Plan (IRP) last July. You can download a copy from the link our Advocacy page at NMSolar.org, or directly from PNM at <https://www.pnm.com/irp> .

A few of you may remember my March 2012 SunPaper article titled "The End of Pretend" about PNM's 2011 IRP (it's also available on the Advocacy page at NMSolar.org). That title was inspired by the fact that in the 2011 IRP, PNM executives were blunt about their opinion of clean energy in general and renewable energy in particular. Here's an excerpt from the PNM 2011 IRP Executive Summary:

*"Existing baseload resources [that means coal & nuclear] are least cost even when considering environmental compliance uncertainty."
"Natural gas, in combination with energy efficiency and load management, is the least cost future resource additions."
"Renewable resources are added to meet regulatory requirements, but increase cost and degrade system operation."
"Environmental rules and regulations add significant costs to customers."*

So what's changed 3 years later? Quite a bit, or so it seems. For one thing, PNM will have to make major changes to its generation portfolio in order to meet EPA Clean Air regulations affecting the San Juan Generation Station. PNM vigorously fought those rules with the full support of the Martinez Administration, but they lost. In the end PNM agreed to a "compromise" that, at least on paper, meets the EPA requirements at a lower cost than the plan that was initially proposed. The so-called SJGS Plan involves retiring two of the four coal-fired generating units, and installing less expensive (and much less effective) pollution control systems on the remaining two units. The net result (approval of the final Plan is still pending) will be a significant reduction in visible and invisible air pollution from the SJGS - which is great - but PNM will still be burning lots of coal to power New Mexico. New Mexicans deserve better but - - -.

You might contrast the 2011 IRP Executive Summary statements above with those from the 2014 IRP below:

"the most cost effective mix of resources to serve PNM's growing customer energy needs is a mixture of renewable energy and natural gas resources."

"Replacing retired SJGS capacity with a mixture of new solar, existing nuclear, and new natural gas peaking capacity is the most cost effective resource plan. In addition to cost savings, this plan results in an improvement in visibility, a reduction in greenhouse gas emissions, and other significant environmental benefits."

(PNM will) "Install 40 megawatts (MW) of new single axis tracking solar photovoltaic (solar PV) capacity. PNM needs additional Renewable Energy Certificates (RECs) to meet the New Mexico Renewable Portfolio Standard (RPS) in 2016. The additional solar PV capacity will provide the required RECs and also is an element of the most cost-effective portfolio identified in the IRP. The dual functions served by this resource make it an optimal near-term choice to replace part of the retired San Juan capacity."

Aside from seeming to embrace solar PV and acknowledging clean energy's real environmental benefits, there are other significant differences between PNM's 2011 and 2014 IRPs:

- 1) A very different tone, with an absence of the use of political ideology to support PNM's decisions.
- 2) An acknowledgement that PNM's assumptions & models for PV & wind generating resources needed revision.
- 3) Dropping PNM's oft-repeated claim that solar PV is "unreliable" and that renewable resources "degrade system operation".
- 4) Dropping PNM's misleading argument that "PV output peaks at mid-day but system demand peaks much later". PNM is now including single axis tracking for new PNM PV installations, which can provide much better demand matching.
- 5) Dropping PNM's intentionally misleading argument that "Solar radiation potential is the greatest in the SW region of NM, but the value of solar generation is the highest in the north." PNM's "doctored" solar resource map of NM is gone too.
- 6) Giving more weight to concerns about water use & acknowledging that PNM-owned solar uses NO water.
- 7) Statements like this one on pg 37 - "Renewables provide a growing resource in PNM's portfolio that lowers overall system emissions and water usage but presents integration challenges that the generation and transmission systems must accommodate." - are far more "reasonable" than those expressed in the 2011 IRP.
- 8) There is some evidence in the 2014 IRP that PNM executives actually listened to public input during the 2014 IRP process. That's certainly a shift!

Overall, these kinds of "changes in attitude" on the part of PNM executives are encouraging - assuming that they're real & not just smooth PR (the IRP isn't "legally binding", nor does it establish rules or regulations). But keep in mind that what **wasn't** mentioned in PNM's 2014 IRP is important too:

- 1) Climate Change is actually discussed in the 2014 IRP, but only as it pertains to proposed EPA regulations on CO2 emissions from power plants. As far as PNM is concerned, CO2 emissions are a "cost risk" - not a risk to NM residents' way of life, but a risk to PNM profits & executive bonuses.
- 2) Likewise, proposed coal ash disposal regulations which would impact PNM's coal fired generation plants in the Four Corners area are also "cost risks" to PNM. It's more profitable to let toxic coal ash blow where it will.
- 3) Clean renewable energy sources get no "official" NMPRC accounting credit for environmental & health benefits, and as a result less RE is installed in NM than would be the case if the real costs & benefits were accounted for.
- 4) PNM is required by the PRC to meet modest energy efficiency targets for reducing customer electricity use. This obviously conflicts with PNM's desire to sell more of its "product". Other utilities are adopting efficiency measures as profit generators.
- 5) PNM has decided that if it's going to embrace solar PV, then it has to own those PV systems itself (PNM takes its electric monopoly seriously). Residential & commercial & third-party owned PV systems threaten PNM's traditional business model. If PNM

can meet NM's Renewable Energy Portfolio Standards by installing large PNM owned systems, then there'll be no need for privately owned PV! In the 2014 IRP there's no mention of residential PV or the future of REC credits for PV.

6) There's no mention of the 8 cent per KWH "PV grid interconnect rate rider" that PNM is expected to include in its upcoming rate case. If approved by the NMPRC, this outrageous rate rider would effectively kill residential solar PV & Community Solar in NM.

7) PNM has been funding RE training programs & buildings at SFCC and at CNM – and harvesting a bounty of good PR as a result. NMSEA has "no problemo" with that. But at the same time, PNM is threatening to undermine the fast growing PV businesses in NM that will employ those students. Makes perfect sense if you think like a PNM executive.

In spite of obvious issues & concerns, I think PNM's 2014 IRP is a refreshing change from the 2011 model. You can actually read thru it without wincing! And there are signs that PNM executives may be slowly changing their attitudes about renewable energy. But we'll see what part of that apparent shift actually gets morphed into reality. **Pay close attention to the PNM rate case scheduled to be filed in late December.** It's your energy future.

Now let's play a game called "I Wish PNM Would". I'll go first.

I wish PNM would:

- 1) Tone down the misleading propaganda, and engage in real dialog
 - 2) Take full responsibility for cleaning up its own poop
 - 3) Start financing residential PV & "Community Solar" instead of trying to kill them (PNM Resources could certainly do this)
 - 4) Start promoting electric vehicles & charging stations, especially for local governments & business fleets & taxis
 - 5) Get serious about energy efficiency, starting with its own generating plants
 - 6) Remove the blinders regarding the benefits to PNM & to PNM customers of "Distributed Solar"
 - 7) Stop ignoring Climate Change & PNM's role in it, and start collaborating to address Climate Change for the benefit of all
 - 8) Pay careful attention to the risks of ignoring or attempting to stonewall the RE revolution. It's already too late for that.
- OK - it's your turn.