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PRC Approves Renewable Energy Targets *New rule diversifies renewable energy sources, sets stage for more solar-generated power*

SANTA FE, N.M. – The New Mexico Public Regulation Commission on Tuesday set renewable energy diversification targets for electric utilities that are expected to significantly increase the amount of solar-generated power used in New Mexico.

The Commission voted 3-2 for the new rule, which reflects changes to state statutes and is meant to encourage utilities to diversify the kinds of renewable energy sources they use.

Earlier this year, the State Legislature increased the percentage of power that utilities must derive from renewable energy sources, and the PRC is responsible for creating rules to implement the increases. The state's 2004 renewable portfolio standard (RPS) law, which had required public utilities to generate 10 percent of their electricity sales from renewable sources, was extended by the Legislature to require 15 percent by 2015 and 20 percent by 2020. The 2007 law also required rural electric cooperatives to meet an RPS of 5 percent beginning in 2015 and increasing to 10 percent in 2020.

The PRC rule adopted Tuesday specifies how utilities and cooperatives achieve those goals. Public utilities will be required to diversify their renewable energy portfolios so that they include at least 20 percent solar-generated power and 20 percent wind-generated power by 2011. At least 10 percent of the portfolio should come from biomass or geothermal sources by that date, and 1.5 percent should be derived from distributed generation, under the new rule. So, for example, since public utilities will be required to generate 10 percent of their power from renewable resources in 2011, the 20 percent solar target means that 2 percent of all public utility electric sales will be expected to come from solar energy.

Cooperatives will not be subject to the diversity targets in the new rule.

“Achieving our state’s goals for a sustainable energy supply will take a diverse portfolio of renewable resources, including central station and distributed solar,” said District 1 Commissioner Jason Marks, who sponsored the new rule. “We can’t afford to let the preferences of utility companies drive all the decisions on how and when we develop these resources.”

A key benefit of solar energy production, the new Commission order notes, is that the sun shines when electricity is in greatest demand, and through the use of thermal storage, supply can be matched to actual hourly demand through the afternoon and early evening.

“Here in the West, we have an abundant source of solar energy and plenty of great locations for solar energy plants, but we’re not using those resources. That has to change, and today’s action will help ensure that it does.” said PRC Chairman Ben R. Lujan, who supported the new rule. “We need to do everything we can to encourage the development of solar technologies and decrease our dependence on burning dirty old coal, which contributes to global warming.”

“Solar energy offers great long-term potential, but only through the development of larger scale solar projects can this potential be realized at a reasonable cost,” added District 4 Commissioner Carol K. Sloan. “The rule we adopted today aims to encourage development of these larger scale solar projects.”

Utilities will be excused from the targets should costs of achieving them raise the cost of electricity by more than 2 percent or if diversification cannot be accomplished without impairing system reliability.

Lujan and Sloan voted with Marks to approve the new rule. District 2 Commissioner David King and District 5 Commissioner Sandy Jones dissented.

Jones said that achieving a 20 percent renewable energy portfolio by 2020 is unrealistic with the targets laid out in the new rule. He asked the Commission to hold off on approving them so that the PRC could gather more information on the best ways to achieve diverse portfolios.

“It’s important that utilities meet the 2020 goals set forth by the State Legislature, and it’s our responsibility to craft policies that allow utilities to achieve those goals. But the rule adopted today is unlikely to do that, because the costs associated with meeting specific targets will be too great, and utilities will be excused from complying with them,” Jones said. “I’m asking for 90 days to conduct new hearings, so that we can determine the most cost effective and realistic way to achieve our renewable energy goals.”

District 2 Commissioner David King agreed.

“I have concerns with the rule as passed today and voted against it because I don't believe it is cost effective,” King said.

In addition to setting the new targets, the rule approved Tuesday also requires utilities to use a centralized system, known as the Western Renewable Energies Geographic Information Systems (WREGIS), to track renewable energy certificates used to demonstrate compliance with the RPS.

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