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PRC votes to ease renewable energy rules

By Staci Matlock, *The New Mexican*

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In a split vote Nov. 20, New Mexico utility regulators approved changes to the state's renewable energy rule, infuriating advocates who say the decision will hurt a blossoming solar industry.

The state Public Regulation Commission altered a rule that commissioners had approved less than a year ago. It dictates how much solar, wind and other renewable energy sources utilities can add to their portfolios without costing customers an exorbitant amount of money. Hidden in the rule's technicalities are factors affecting how the costs and benefits of renewable energy stack up against nonrenewable, less clean sources of electricity, such as coal and natural gas.

On Nov. 20, the commission voted 3-2 to change the value of the Renewable Energy Certificates issued for electricity produced from solar and other renewable energy resources. They also changed the way utilities can calculate the costs and benefits of renewable energy, adding in costs that some regulators claim have been hidden.

Utilities use Renewable Energy Certificates to prove to regulators that they are providing the amount of solar, wind and other types of renewable energy required under the state's Renewable Portfolio Standard. Until Wednesday, one Renewable Energy Certificate equaled 1 kilowatt-hour of electricity whether it was from wind, solar or any other type of renewable energy.

Under the new rule, 1 kilowatt-hour of wind energy will still be worth one certificate. But 1 kilowatt-hour of solar energy will be worth two certificates, and 1 kilowatt-hour of other types of renewable energy, such as biomass or geothermal, will be worth three certificates.

"The problem is if you are getting two credits for 1 kilowatt-hour of energy, you are cutting in half the amount of energy you have to buy or produce," said Camilla Feibelman, director of the Sierra Club's Rio Grande Chapter, after the vote. "They have essentially gutted the renewable portfolio standard."

The standard requires investor-owned utilities to supply 15 percent of the electricity sold to customers from renewable sources by 2015, and 20 percent by 2020. The renewable energy must be diversified, with 30 percent from wind, 20 percent from solar and 5 percent from other sources like biomass.

Commissioner Patrick Lyons moved to approve a new rule that included his amendment on changing the Renewable Energy Certificate values. He denied it will change the renewable portfolio standard, although he said it might reduce the need for solar "a little."

Lyons said he thinks the changes will help utilities by giving them more Renewable Energy Certificates to exchange on the market in New Mexico. He also said that when he came on the commission, solar was exchanged at a 2-1 ratio by some utilities, such as the Kit Carson Electric Cooperative.

He blamed costs for renewable energy sources, especially solar, for increasing the electric bills of New Mexicans, many of whom are low-income. "I support the most economical alternative energy for the consumer," the commissioner said.

Wind generally has been cheaper than solar energy per kilowatt-hour, but it's still a little more expensive than electricity generated by burning coal. But the costs of solar energy have been dropping dramatically. Recently, Public Service Company of New Mexico added a chunk of solar to its new energy plan because it was cheaper than other options.

On Nov. 20, Commissioners Lyons, Ben Hall and Theresa Becenti-Aguilar voted for changing the renewable energy rule. Commissioners Karen Montoya and Valerie Espinoza, who represents Taos area, voted in the minority.

Montoya and Espinoza earlier tried to convince other commissioners to postpone a vote on the rule for a week to give commissioners time to understand the changes. But they were outvoted.

Lyons said waiting another week would allow renewable energy advocates to influence the PRC's decision. "I think it is in the best interest of the commission to vote today," he said Wednesday.

Feibelman said the vote was a blow to hundreds of people who spoke or wrote over the summer about changes to the renewable energy rule. "More than 100 citizens and small businesses participated in public hearings in which all but three people called on the PRC to protect our renewables law and allow the current rules passed in December to work," she said.

It wasn't immediately clear how the rule change could eventually affect individual homeowners who install photovoltaic solar panels in the future and sell excess electricity to utilities such as PNM.

Doug Howe, a former regulator with the PRC, says it appears the new rule will essentially "cut the solar industry in New Mexico in half." He said the state law itself is somewhat contradictory on how utilities are to meet the renewable energy requirements, and the new rule will only make it more confusing.