# HM 20 - SM 10 Study State-Level Public Utility Model

**Summary: HM 20 - SM 10** are identical companion bills in the House and Senate. This legislation would ask the NM Legislative Council, in conjunction with the Public Regulation Commission, to conduct and oversee a study to determine the public, ratepayer, environmental, and economic benefits, costs, and the technical feasibility of creating a state-level public utility model for NM.

## Why Should NM Study a Public Power Utility Model?

Demand for renewable energy is increasing exponentially in western states — it is expected to reach 150GW by 2050 (NM currently produces 3GW) and New Mexico is uniquely positioned to supply that power if we take advantage of this moment.

Within the next decade, trillions of dollars will be invested in energy infrastructure across the country, with federal funds becoming available to states investing in renewable energy generation, storage, transmission, and distribution. Conducting a study would place NM in excellent position to begin planning the infrastructure and access these funds.

**Our state is uniquely positioned to reap billions in revenue and generate thousands of jobs**, many in rural NM, if it can harness its enormous renewable energy potential. But to do so, NM needs a study and a plan to guide that effort.

- New Mexico has the second-highest solar capacity and eleventh-highest wind capacity of any state in the nation.
- According to the National Renewable Energy LAB (NREL), New Mexico has the technical resource potential to generate over 1.6 Billion MWh of electricity annually, more than 40 times the electrical energy currently produced in NM.
- A 2020 study conducted by H. Baily Group identified how NM could benefit from this renewable energy capacity, concluding that:
    - With Public Power ownership of that energy, New Mexico could generate over $1 BILLION from renewable energy exports annually, add incremental revenue of at least $100 million per year in transmission wheeling fees, create 1,100 temporary construction jobs and 50 new permanent jobs for EACH major renewable energy generation project, many in rural areas, and improve the affordability and reliability of electricity for our residents.

**Our existing utility model is 100 years old and was designed for making large investments in centralized coal generation and distribution systems**. That model made sense then, but it is no longer responsive to the current utility environment.

- Investor-Owned Utilities (IOUs) in NM have an incentive to invest in energy sources that are inordinately expensive, as IOUs are guaranteed return on large inefficient investments.
- These IOUs are organized around profit, with exorbitant salaries for executives and a requirement that they deliver significant returns to investors. Those motivations are counter to the public

benefit. Neither of these factors would be in play with a Public Power model. *Indeed, instead of distant Wall Street investors exploiting our resources, NM could keep those profits here in NM*

These potential benefits strongly suggest that the state examine how our immense renewable energy resources could be harnessed to **accelerate NM toward achieving 100% renewable energy by 2030**, while diversifying its economy and revenue base.

HM 20 – SM 10 is aligned with and would support Senate Bill 112, which passed the NM legislature in 2021, creating the Sustainable Economy Task Force to develop a plan to transition the state's economy from over-dependence on extractive industries.

**While not committing the state to creating Public Power, the study would analyze the potential benefits of Public Power and how it could be implemented and managed**. The completed study would give legislators the information needed to thoughtfully determine if NM should create Public Power. With so many potential benefits, why would NM turn away and not even examine this opportunity?

## Other Research on the Potential Benefits of Public Power

1. **Public power ownership would result in immediate cost savings for customers** from substantially decreased executive compensation, exemption from income taxes, access to lower cost financing through municipal bonds, and elimination of guaranteed Return on Equity payments for utility investments.
2. All of the communities in the United States that have achieved 100% renewable energy are served by community owned utilities.
3. In relation to ratepayer satisfaction, **nine of the top ten rated utilities are Public Power utilities**.
4. Public power ownership will accelerate the transition to 100% renewable energy.
5. While IOU's have a fiduciary duty to maximize shareholder profits, publicly owned utilities are accountable to community priorities.
6. A Workforce Solutions department study overwhelmingly supports the diversification of the state's economy and recommends procurement of as much of the state's electricity from wind and solar energy as possible:
   - **NM could achieve 100% Renewable energy and export surplus power to California and other Western States**.
   - The recently completed Western Spirit Wind project is illustrative of the job and investment potential of this transition — 50 permanent jobs and 1,100 temporary construction jobs for 150 miles of transmission and 1050 MW of wind generation.
   - Under our state's Renewable Energy Transmission Authority's (RETA) current plan, a minimum of 550 permanent jobs and 5,000-10,000 temporary construction jobs could be created, primarily in rural New Mexico.