



## ELECTRIC UTILITY RESOURCE PROCUREMENT - SB456

Sponsors: Senator Joseph Cervantes and Representative Abbas Akhil

### Request for Competitive Proposals and Independent Evaluator Process

#### PROTECTING PUBLIC INTEREST:

Senate Bill 456 is designed to protect public interest by ensuring compliance with legal requirements for utilities to select the most cost-effective electricity resource demands with preference for the least environmentally damaging resource.

This legislation requires utilities to perform a request for competitive proposals subject to scrutiny by an independent evaluator as a prerequisite for the procurement of a supply-side electric energy or capacity resource.

The legislation brings New Mexico into line with the common practice of most states by exposing utility resource choices to the competitive wholesale market.

#### LEVELS THE PLAYING FIELD FOR RENEWABLES:

Once a generation resource procurement need is identified through a utility's long term resource plan, a competitive resource procurement process would be undertaken that is transparent to regulators, unbiased, and free of conflict of interest. A competitive procurement process would be designed to permit an objective evaluation of expected direct costs as well as the financial and operational risks associated with fuel price volatility, resource reliability, credit worthiness associated with potential suppliers, and future environmental regulations.

#### ROOTS OUT CORRUPTION:

Given recent controversy over ratemaking and resource replacement cases, this legislation will help ensure that an unbiased evaluation of all resources is conducted and that it is informed by competitive market bids solicited through a transparent Request For Proposal ("RFP") process.

Just like adults use discernment skills to make large purchases, a vehicle purchase for instance where we apply prioritized criteria, (cost, fuel efficiency, etc.) utilities will be required to provide uniform criteria in a bid solicitation process and evaluate the bid responses. This information will be accessible to the public and give regulators needed information to decide the most cost effective resource among feasible alternatives - consistent with their responsibility to protect the public interest.

This bill creates a uniform, transparent and accountable process, free from manipulation because of the independent evaluator oversight.

**New Mexico needs to fully implement a uniform, transparent, and accountable process for procuring new energy resources that is free from manipulation that causes favoritism for utility-owned fossil fuel resources.**

The NM PRC's established policy, which has long been disregarded by monopoly utilities, requires utilities to consider and evaluate long term Power Purchase Agreements (contracts) with independent power producers on an equal footing with utility built power plants.

Evidence produced before the PRC has shown that utility owned resources are as much as 49% higher than similar resources owned by independent power producers. **This bill ensures consumer protections and makes it possible for New Mexico to abide by what the vast majority of New Mexicans are demanding, clean affordable renewable energy.**



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