

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

FILED

IN THE MATTER OF THE APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO FOR APPROVAL TO ABANDON)
SAN JUAN GENERATING STATION UNITS)
2 AND 3, ISSUANCE OF CERTIFICATES OF)
PUBLIC CONVENIENCE AND NECESSITY)
FOR REPLACEMENT POWER RESOURCES,)
ISSUANCE OF ACCOUNTING ORDERS AND)
DETERMINATION OF RELATED RATE-)
MAKING PRINCIPLES AND TREATMENT)
)
PUBLIC SERVICE COMPANY OF)
NEW MEXICO,)
)
Applicant.)
_____)

2015 JAN 20 PM 2:51

Case No. 13-00390-UT

**RENEWABLE ENERGY INDUSTRIES ASSOCIATION OF NEW MEXICO'S
NOTICE OF WITHDRAWAL FROM STIPULATION**

COMES NOW the Renewable Energy Industries Association of New Mexico ("REIA"), by and through its attorney, Adam S. Baker, and hereby notifies the Commission, Hearing Examiner and parties that it is hereby withdrawing as a signatory to the October 1, 2014 Stipulation (the "Stipulation") in this matter. In support of this notice, REIA states as follows:

1. REIA joined the Stipulation based on its evaluation at the time that the benefits of the Stipulation outweighed the risks of litigation. In consideration of REIA's support for the Stipulation, PNM agreed to request an extension of its REC-purchase program for "up to 3MW per year of new customer-owned solar distributed generation" for three (3) years commencing in 2017. (Stipulation ¶ 34).

2. Since the Stipulation was signed, the following factors lead REIA to the conclusion that it can no longer maintain its support for the Stipulation:

a. It was revealed in November of 2014 that PNM understated the fuel cost for coal in its original modeling runs. This error demonstrates that the Stipulation portfolio has an average net present value that is approximately \$367 million more than the parties were led to believe, and that there is consequently a much stronger case for the inclusion of more renewables in PNM's replacement portfolio.

b. PNM filed a rate application with the Commission on December 11, 2014, in which it takes direct aim at solar DG by proposing a punitive "solar access fee" and changes to PNM's implementation of the rules regarding net metering that are designed to bring customer demand for solar DG to a screeching halt. PNM's promise to REIA that it would seek to extend its REC-purchase program for up to 3MW of "new customer-owned solar distributed generation" while subsequently seeking to stifle demand for solar DG in a separate rate filing smacks of bad faith.

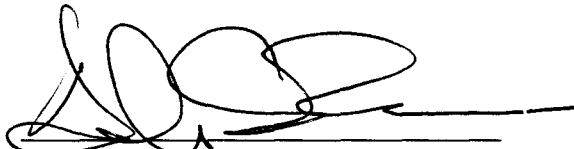
c. PNM disclosed at the hearing in this matter on or about January 13, 2015, that the Farmington Electric Utility System ("FEUS") is recommending that the City of Farmington refuse ownership of 65MW of generation capacity at San Juan Unit 4, contrary to PNM's expectations based on the ongoing restructuring negotiations concerning that facility. In support of this recommendation, FEUS cited amongst other grounds "significant degradation in SJGS Unit 4 reliability performance, uncertainty and likely unfavorable economics regarding future fuel supply, uncertainty pertaining to operations and ownership structure post-2022 and other evaluated liabilities unacceptable to the City." (PNM Exhibit CMO-1 Supp). This revelation highlights the economic and operational uncertainties surrounding PNM's continued reliance on coal-power from the San Juan Generating Station, and demonstrates that it would be premature to approve the

Stipulation without additional assurances that PNM seems unable or unwilling to provide to date.

3. Under the Commission rules, “stipulations shall be binding only if approved by the commission,” 1.2.2.20 NMAC (Sep. 1, 2008), and it would be unjust for REIA to be bound by the Stipulation at this stage of the proceeding given the material changes described above.

WHEREFORE, the Renewable Energy Industries Association of New Mexico hereby withdraws as a signatory to the Stipulation in this matter.

Respectfully submitted by,

A handwritten signature in black ink, appearing to read 'Adam S. Baker', is written over a horizontal line. The signature is stylized with loops and a long horizontal stroke extending to the right.

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ISSUANCE OF CERTIFICATES OF PUBLIC)
CONVENIENCE AND NECESSITY FOR)
REPLACEMENT POWER RESOURCES,)
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PRINCIPLES AND TREATMENT.)
)
)
PUBLIC SERVICE COMPANY OF)
NEW MEXICO, Applicant)
)

Case No. 13-00390-UT

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing **Renewable Energy Industries Association of New Mexico's Notice of Withdrawal from Stipulation** was served on the following as indicated on this 20th day of January, 2015:

- | | | | |
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