



Although it reliably votes for Democratic Presidential candidates, has two Democratic United States Senators, and a trifecta of Democratic control in the state house, blue-state New Mexico is not usually thought of as a progressive environmental leader. The State Public Regulation Commission — one of only 13 directly elected by voters — [has been plagued with scandals](#). And even now, [advocates have complained](#) about the Commission's tendency to favor utilities over consumers or environmental concerns. And a series of Republican governors have meant that the Land of Enchantment has lagged when it comes to mandating renewables.

Well, [that looks like it is about to change](#):

Backers of the controversial Energy Transition Act — which is meant to ensure the shuttering of a massive coal-burning power plant in San Juan County and push New Mexico toward more reliance on renewable energy — won a victory Saturday when a state Senate committee gave it a positive recommendation following a four-hour debate.

The Senate Conservation Committee voted 5-3 to give Senate Bill 489 a “do-pass” recommendation. Last year, the same committee killed a similar proposal.

“This transition to renewable energy will not be easy,” said the bill’s primary sponsor, Sen. Jacob Candelaria, D-Albuquerque. A major purpose of the legislation, he said, is “to lay out a just transition for impacted communities to move away from coal and towards a green energy economy.”

Among the features of the 80-plus-page bill is a 50 percent renewable energy portfolio standard in the state by 2030, with a goal of 80 percent renewable energy by 2040.

All good, right? Well, it seems like it, but catch one thing here:

Under the measure, Public Service Company of New Mexico [the state's largest utility and owner of the coal plant, which it wants to sunset in 2022 anyway], would be allowed to issue securitized bonds to pay off old debts for the San Juan plant. This would be done with new securitized bonds, which have significantly lower interest rates. Candelaria said the securitized bonds have interest rates as low as 2 percent or 3 percent.

Bonds for public utilities typically carry rates as high as 9 percent, Candelaria said. "This means ratepayers end up paying millions of dollars for unnecessary debt service."

The new bonds would be paid off by ratepayers through a new "energy transition" charge. But, Candelaria said, this charge would replace an existing \$13 monthly fee to pay off PNM's old debt. The energy transition fee would be less than or equal to the old charge, bill proponents said.

The securitized bond proceeds, Candelaria said, would not only pay off the utility's initial capital investment in the coal plant, it also would be used for new renewable energy facilities to replace the coal-fired power, reclamation costs, severance and training programs for displaced workers, and a fund to help communities deal with the economic impacts of losing the coal operation.



Will Everyone Be Happy?

That sounds to me to be a little too good to be true. Somehow, the utility is allowed to issue new bonds covering the old ones at a far lower rate of interest, and assess a transition charge to replace the old one, and no one will pay more, but everything will come out okay?

This report is still sketchy, and I haven't seen the bill analysis, but this seems to be a way of essentially paying off a powerful interest to speed up what it sort of wants to do anyway. If there is a shortfall, then the state will pick up the cost, although no one wants to say that. Little wonder that nonprofits like New Energy Economy, a Santa Fe NGO that favors a more decentralized power system, opposes the bill, arguing that it is a bailout.

It's more than that, of course: the locality where the coal powered plant is located depends heavily on jobs there, and the local school district is funded by taxes paid by it. Perhaps that is the price we have to pay for renewables, in a state where big utilities still wield enormous power. The company wants this bill, and it fosters renewables, and it compensates losers, and maybe that's okay. But it is a reminder that sometimes the politics of big utilities can get a little ugly — even in a beautiful state like New Mexico.

Academics love to write about international and federal issues, but much of the action on climate policy comes in the area of state energy regulation, which is lot less sexy and usually a cure for insomnia. But as the federal government continues to try to melt the planet, we will need to give it more attention.