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**PRC approves settlement requiring PNM to provide \$115 million in credits to customers to reflect ETA bond savings**

The Public Regulation Commission on Thursday approved a settlement between multiple environmental and consumer groups and the PNM agreed today to deliver \$115 million back to PNM customers in a settlement agreement with advocacy groups.

These savings come from expected savings from Energy Transition Act bonds. The bonds were meant to refinance PNM's previous investments in the plant that customers would otherwise still have to pay off after the plant was no longer producing electricity. The commission had approved PNM's abandonment and power-replacement plans in 2020 with the understanding that PNM would issue the bonds when the coal-fired San Juan Generating Station closed in September, but the company revealed it would wait until its next rate case to issue bonds, which meant it would still collect millions in returns from customers off the closed plant.

After two [PRC decisions ordering PNM](#) to honor the intent of the ETA and issue rate credits if it refused to issue Energy Transition bonds, and a delay in the form of a Supreme Court appeal by PNM, the utility is doing the right thing and offering customers immediate credits for the next 12 months. Thanks to the leadership of the Attorney General Raul Torrez and advocacy groups including Western Resource Advocates and Coalition for Clean Affordable Energy, customers will see an average monthly rate credit of around \$9.28 on their bills titled "San Juan ETA Settlement Credit."

The ETA has led to 100% renewable and battery replacement for the San Juan Generating Station's Coal generated electricity, all located in the impacted community to replace the property tax base of the plant. It led to millions of dollars in severance pay to plant and mine workers as well as funding for key community projects. Advocates continue to ensure utility compliance with the law in all cases. This includes the requirement that new energy built for New Mexico customers meets the required registered apprenticeships and appropriate customer savings.

Community groups issued the following statements in response:

"All of the arguments against paying what was due to customers in the PNM settlement disregarded the urgency of nearly half of its ratepayers who struggle every day to meet their basic needs," said **Ona Porter of Prosperity Works**. "It is absurd that we had to spend so

much time in litigation, and that customers had to wait for a bill credit that was rightfully theirs over a year ago.”

“This summer has been full of extreme heat and drought, showing just how much we need policies like the Energy Transition Act. The closure of the San Juan Generating station has allowed for a better quality of life for our communities. Additionally, now PNM customers will benefit from the credit on their bills as a result of the move towards renewable energy,” said **Ahtza Chavez, Naeva executive director.**

“PNM tried to withhold Energy Transition Act savings after the San Juan plant closure, but now we’ll each see our fair credit on our bills,” said **Camilla Feibelman, Sierra Club Rio Grande Chapter director.** “The PRC twice directed PNM in no uncertain terms to credit customers for the ETA bonds the company delayed, but instead, they kept collecting a 10% rate of return from customers rather than providing the roughly \$9 monthly savings that ratepayers should have seen as a result of the ETA and the transition away from coal. This settlement allows customers to see the savings that come from turning away from deadly coal and toward renewable energy.”

“This proposed settlement will deliver to PNM customers the savings promised in the Energy Transition Act by moving away from costly, unhealthy polluting fossil fuels—and toward clean energy,” said **Noah Long, Western Region Climate and Clean Energy Program director at Natural Resources Defense Council.**

“This is another great sign that New Mexico’s Energy Transition Act is working as planned, moving us toward 100% carbon-free electricity by 2045, while providing some measure of environmental justice to those affected by the clean-energy transition near the now-retired San Juan Generating Station, said **Tom Solomon, co-coordinator of 350 New Mexico.** “The proposed rate credit of \$115 million over 12 months will visibly ease energy costs to PNM’s over 525,000 customers while we all enjoy the cleaner skies and clean-energy jobs that are coming with the transition. There ARE solutions to the climate crisis. This is what one of the biggest solutions looks like.”

**Background:** In the 2020 decision deciding replacement power for San Juan, PNM had indicated it would issue Energy Transition bonds at plant closing. The bonds would considerably lower the 10% rate of return customers had been paying on previous San Juan investments, lowering ratepayer costs as well as providing transition funding for coal workers and the community surrounding San Juan.

In 2022, PNM revealed it planned to delay bond issue until its next rate case, collecting customer payments at the current rate for an inoperative plant and keeping higher rates so the rate hike would not seem as steep. The Public Regulation Commission twice ordered PNM to issue immediate rate credits in the amount that would have been provided by the Energy Transition bonds — these would have averaged more than \$8 a month until the next rate case.

PNM appealed and won a stay at the state Supreme Court. In the meantime, interest rates have increased, lowering the savings customers could recognize from securitizing PNM’s remaining debt in San Juan.

Intervenors, including Coalition for Clean Affordable Energy, of which Sierra Club, 350NM and NRDC are members, came to a settlement agreement with PNM this summer to provide rate credits to reflect the savings the ETA bonds would have provided, and at PNM's request, the Supreme Court recently remanded the appeal case back to the Public Regulation Commission so the commission could approve the settlement agreement, which also includes a cap on the interest rate customers could pay on the bonds once they are issued.

Even without the credits, customers have still seen savings from a reduction in fuel costs since the coal plant closed. PNM did pre-fund the \$40 million in worker and community funds that were also set to be funded by ETA bonds, though not all of those funds have been distributed yet by the state.

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