



The New Mexico Renewable Energy Transmission Authority is one of only eight (UT, CO, ND, SD, WY, KS, ID) state level transmission authorities in the country. RETA focuses on developing new transmission and energy storage projects to promote development of renewable energy resources in NM. Each of the authority's were established to promote the development of transmission in their states in order to expand the use of their resources. New Mexico and WY are the only two state authorities to have issued bonds for the construction of transmission.

RETA has the ability to plan, finance and acquire transmission and has agreements in place with a number of developers to accomplish its mission. In 2010, as part of the planning function RETA commissioned Los Alamos National Labs to evaluate statewide transmission concepts in order to better utilize our existing infrastructure and establish a long range infrastructure plan for the State. The goal was to determine what new infrastructure would be needed to export 5,200 MW of renewable generation from the State. The plan allows for open dialogue with potentially affected parties and time to mitigate impacts. Two of RETA's current projects directly advance the build-out of the system identified (Western Spirit Clean Line and the Lucky Corridor Project) in the Report.

Since the completion of the LANL study RETA has become the first authority to act as a developer and potential owner of a merchant based transmission project. RETA did this in an attempt to overcome the various barriers to transmission development through a joint partnership with Clean Line Energy Partners (Clean Line). RETA and Clean Line co-develop the Western Spirit Project which is approximately 200 miles of new construction that crosses three tribes, state and private lands before interconnecting with and using the Public Service Company of New Mexico's (PNM) transmission system. RETA is currently working on right of way negotiations with the three tribes for the Western Spirit Project.

In the current environment there is very little incentive for utilities to build new transmission because if they do so outside the direct benefit of their rate payers they do not receive any cost recovery. This method has led to merchant developers like RETA and Clean Line Energy taking the lead for new significant transmission. Although merchant developers are independent, they typically interconnect with incumbent utility

systems and must follow the Federal Energy Regulatory Commission (FERC) rules and guidelines which has left the door open for speculators and unnecessary delays on development. As part of the Western Spirit Project, RETA and PNM approached FERC in an attempt to accelerate the development of the Project. FERC was unable to accommodate the request due to a proposed claim of harm from others in PNM's queue. To date, not one of the interveners who claimed harm by the request has constructed a transmission line and several of the interveners have since been removed from the queue. These types of regulatory delays have resulted in a lack of needed infrastructure and investment in our states.

In 2011, President Obama established the Rapid Response Team for Transmission and identified seven projects as priority for development. These projects are meant to serve as pilot demonstrations of streamlined federal permitting and increased cooperation at the federal, state and tribal levels. I can only speak to my knowledge of the project identified in NM, and unfortunately what we have seen is the same slow process for transmission that has existed for years.

Several years ago, RETA requested the introduction of legislation that would have made the state authorities eligible for private activity bonds and allowed each to borrow funds at tax exempt interest rates. This reduction in interest rates significantly lowers the cost of renewables and makes them increasingly competitive with conventional generation. Borrowing costs significantly affect the viability and outcome of projects and we need to explore the option of making transmission development tax exempt as well as explore other financing tools such as Real Estate Investment Trusts and Master Limited Partnerships.

We believe that if financing options and the federal siting, environmental and regulatory process is addressed where projects have definite timelines, then we can begin to tackle our aging and constrained infrastructure. Our ability to give time certainty, and economic incentives for transmission will spur more investment and job creation in our communities.

RETA appreciates the opportunity to be part of this process and for the ability to submit our written comments.