

**NOTES FROM THE
ENERGY TASK FORCE
of the
CITY OF SANTA FE / SANTA FE COUNTY
REGIONAL PLANNING AUTHORITY**

**4 PM, Thursday, September 9, 2010
Santa Fe, New Mexico**

This meeting of the Energy Task Force (ETF) of the City of Santa Fe / Santa Fe County Regional Planning Authority (RPA) began at approximately 4:05 PM on the above-cited date in the legal conference room of the Santa Fe County Administration Building. Since there was no quorum, it was decided to hold a discussion

ROLL CALL

Chris Calvert, Chair
Brendan Miller

Members Absent:

Kathy Holian, Vice Chair
David Griscom
Randy Grissom
David Van Winkle

Others Present:

County of Santa Fe
Mary Jane Parks, Energy Consultant
Duncan Sill, Economic Development Planner
City of Santa Fe
Nick Schiavo, Energy Planner
David Bacon
Mariel Nanasi, New Energy Economy

PETITIONS FROM THE PUBLIC

No public was present.

MATTERS FROM STAFF

- **Mariel Nanasi, New Energy Economy**

Ms. Nanasi began with saying that she is in a philosophical mood right now because she was at temple today and Rosh Hashanah is a time of reflection and decision-making for the whole year. It is a time of asking forgiveness for the things you have done wrong and setting yourself up to be a better person and to give to the world. One of the things said was about reflecting upon our own wickedness and our own meritoriousness. If there is more merit in our behavior and our actions, then you are considered a righteous person. If there is not, you are considered a wicked person and what do you do to deal with that.



COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss ENERGY TASK FORCE MIN
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I Hereby Certify That This Instrument Was Filed for
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Deputy ) ss Valerie Espinoza
County Clerk, Santa Fe, NM

While she was sitting in temple, she felt this same thing goes for a community and the more meritorious it is, the more it serves its people and its citizenry, the more righteous a community is. This goes to the heart of why she wants to pursue a municipal utility. There is an opportunity to really serve the people of Santa Fe County.

In that vein, she would like to pursue the next step in creating a municipality utility, which is to check out if it is economically and legally feasible. She said that this body has determined it will write a letter asking the RPA for permission to spend \$35,000 on the study.

She presented a draft recommendation for the scope of work that is growing. In the beginning of checking on a feasibility study, the cost was over \$200,000 for the big picture to do a complete job. However, during the meeting to draft the scope of work, it kept enlarging and while the feasibility study may not cost \$200,000, it may cost more than \$35,000.

The recommendation for the scope of work would be an attachment to the letter to the RPA. During the discussion, there were some amendments made to the scope to include the following suggestions:

1. Baseline information on residential and commercial electricity sales and trends from 2001 to present. This is a historical analysis that Mr. Schiavo and Mr. Sill will provide information to as part of the document.
2. Projected PNM electric requirement and sales in Santa Fe for 20 years. What are PNM's revenues in those 20 years? (consider costs for replacing or upgrading of capitalization of new and old facilities, costs of water and costs of carbon)

The draft document had stated 10 years and discussion followed. Ms. Parks stated that the usual utility planning is 30 years or longer and licenses for power plants can be for 50 years.

Mr. Miller stated a longer timeframe would be easier to finance, and so the time should be the industry standard.

Ms. Nanasi said that other studies for municipalities all over the country and different consulting groups used 10 years, but she felt that 20 years sounded reasonable.

Mr. Miller said he would advocate for doing a couple different scenarios to show the assumptions, and once a spreadsheet or model is developed it would be easy to change.

3. Analyze and compare rates for residential and commercial consumers for the next ten years.
 - A. PNM - After discussion regarding the current situation and projected rate increases, Ms. Nanasi suggested there will be a footnote to the PNM point to use the best realistic projection or high and low to determine how many years. The national average will be included and PNM will need to explain they how arrived at their amount.

In discussing the points B, C, D and E, Ms. Nanasi said that E would be preferable.

She said she would like to go to Austin, Texas, in early December because it is important to see the vision and field trips are educational. The statistics on their website that are continuously being upgraded are significant for the kinds of renewables in just the last five years on libraries, schools, government buildings. They talk about 300 green jobs that have been created in the last two years. For the eighth year in a row they won the greenest utility in the country.

Mr. Calvert said he would like to look at a place that has done this more recently for the economic feasibility study, and how they managed to do it would be instructive.

Ms. Nanasi pointed out that Gainesville is new within the last five years.

Mr. Sill said the period of transition is not determined and they will need to know the investment up front, i.e. if they were to purchase power from PNM, what percentage can be transitioned in three years. Sets of scenario planning need to be done and the methodology would have to stand up to peer review.

4. Estimate cost of constructing new electric system facility to serve PNM customers in Santa Fe.

Chair Calvert said a technical feasibility study would tell the condition of the existing system, which should determine if it has an ability to accommodate growth.

Ms. Parks stated that PNM does not necessarily own all the generation.

Mr. Schiavo noted that PNM is not using all its generation because of the downturn in the economy. He is looking at how a natural gas plant could be installed in Santa Fe to run the whole system. The intent of this question is to ask if it is necessary to have our own generation to isolate us or if we need to put in a new substation somewhere to make the system work. If the city and the county are willing to go together, the present infrastructure may provide everything that is needed.

Mr. Bacon stated that any new municipality always is based on a feed and tariff, which is the way to get the generation without upfront costs. He stated that there is a county study that has been done and is available. He said there are tremendous changes in electricity going on in the world and the power behind it is so far beyond PNM's power it pales in comparison. He said the consolidation is happening, and the grid will consume what is called PNM. Once it takes over, there will be no say over it, even to a state or federal authority.

Ms. Nanasi said there are a number of consulting companies that could bid for the study and she would go for one that had experience and success in municipal utilities that are up and running successfully. She will send Buck Monday's study and as much information as possible to whoever is chosen.

Mr. Miller pointed out that all of the information should go out with the RFP to save time and investment up front.

Mr. Sill agreed and said a good analyst would take that information and tell in an expedient manner whether the information given is still valid, or they might have additional information.

Ms. Nanasi said that she has three top choices, and she has faxed them the Buck Monday study.

Discussion followed about taking out point 4 and going with point 5. Rather than buying present equipment, it may be cheaper to build something new and develop parallel infrastructure.

Ms. Nanasi noted that Oregon could not get it together financially, and then when Enron went bankrupt, Oregon bought their lines and did not do parallel infrastructure.

PNM's main argument at the PRC is that they need a rate increase so they can look more viable for investors because PNM is close to junk bond status.

6. Estimate cost and other consequential benefits of energy efficiency (carbon reduction, energy model, etc.). This would go a long way to the public relations information about being a green place.

7. Identify methods of repayment for cost of the establishment of municipally owned utility.

Mr. Bacon said that parallel lines with onsite generation would cost very little and if the value of PNM's grid is lowered, it is a moving target.

Mr. Calvert stated his bottom line is, how to come up with the information that will be persuasive to the voters. Will it be carbon reduction or rates. He felt that the mood right now would be the rates. That is where the projections of what PNM will do is shown, and renewables that keeps going down.

Ms. Nanasi said that consultants tell her that is why the economic feasibility study is needed. There is a host of young people ready to work on this because this is their future and there is a lot of anger around PNM's rate increase.

Mr. Schiavo said that the scenario of parallel infrastructure will be included in point 5.

8. Cost of annual operation and maintenance and effect on city/county revenue, including jobs, local multiplier effect, tourism – "greenest county," etc.

Mr. Sill stated that, given there are initially limited resources to do this, the feasibility study needs to be done. He felt this point is equally important and will be the end game on whether it can be done or not.

Chair Calvert went back to point 7 and said the methods of repayment are what he would assume what utility rates will look like. No one thinks utility rates will go down, but they may not go up

as fast as they would if they stayed with PNM. In the extremely short term, he did not think they would be able to transition quickly enough for rates to go down.

Ms. Nanasi said the ultimate question and selling point is stability of rates over time.

Mr. Schiavo noted that until there is something in place where everything is renewable or a local source, every time fossil fuels go up, rates will go up.

Mr. Sill added if coal ash is going to be considered hazardous material, there will be an increase in cost that has to be included.

Chair Calvert pointed to the city's track record with the water utility and that it paid more than it was worth. Ms. Nanasi confirmed that history has to be included in the information for whoever gets the bid.

Mr. Bacon said that the city never had an option in place when it bought the water utility from PNM. He said there is no way that PNM can compete with what is possible with a municipal owned utility. This is not buying a decrepit water utility, it is creating a new utility.

Chair Calvert suggested that this scope of work be brought back the ETF when there is a quorum to get agreement. In the meantime, Ms. Nanasi will make changes. The APPA study and what Mark is doing can be researched.

Since Mr. Miller did not have Buck Monday's study and the APPA study, Ms. Nanasi said she will make sure he gets them.

Mr. Miller suggested having a Google group repository to store all the documents. Mr. Sill confirmed he will put the information on the web page for storage that will be available and private to the ETF.

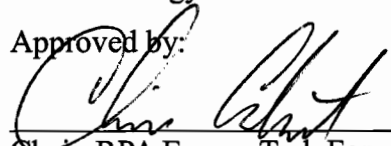
DATE AND TIME FOR NEXT ETF MEETING

The next meeting of the ETF is scheduled for Thursday, October 14, 2010.

ADJOURNMENT

This discussion of the Energy Task Force ended at approximately 5:25 PM.

Approved by:



Chair, RPA Energy Task Force
Chris Calvert, Councilor, City of Santa Fe

Drafted by Kay Carlson

CITY CLERK'S OFFICE

DATE 8-31-10 TIME 2:24

SERVED BY Nick Schiavo

RECEIVED BY [Signature]

Energy Task Force Meeting
Santa Fe County Building
Legal Conference Room, 102 Grant Avenue
Thursday, September 9, 2010
4:00 pm- 5:30 pm

- I. ROLL CALL
- II. APPROVAL OF AGENDA
- III. APPROVAL OF MINUTES
 - A. Minutes of August 19, 2010
- IV. PETITIONS FROM THE PUBLIC
- V. MATTERS FROM STAFF
 - a. Presentation by New Energy Economy – Provide details on the “scope of work documents to be attached to the energy task force letter”
- VI. DISCUSSION ITEMS
 - a. Discussion of Energy Efficiency Program letter presented to the RPA
 - b. Discussion of a County Energy Efficiency Loan Program
 - c. Discussion of the Strategic Plan
- VII. MATTERS FROM THE ENERGY TASK FORCE
- VII. DATE AND TIME FOR NEXT ETF MEETING
October 14, 2010
- IX. ADJOURNMENT