#### SENATE BILL 143

# 54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

### INTRODUCED BY

Elizabeth "Liz" Stefanics

#### AN ACT

RELATING TO UTILITIES; ENACTING THE COMMUNITY SOLAR ACT;

PROVIDING FOR THE ESTABLISHMENT OF A PHASED-IN COMMUNITY SOLAR

PROGRAM TO FACILITATE THE DEVELOPMENT AND INTERCONNECTION OF

COMMUNITY SOLAR FACILITIES; REQUIRING RULEMAKING BY THE PUBLIC

REGULATION COMMISSION; PROVIDING FOR PROGRAM REVIEW AND

EVALUATION; CREATING THE COMMUNITY SOLAR ASSISTANCE FUND;

MAKING APPROPRIATIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1 through 12 of this act may be cited as the "Community Solar Act".

SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the Community Solar Act:

A. "affordable housing provider" means a person .216566.1

that owns, operates or manages affordable housing units;

- B. "applicable bill credit rate" means the qualifying utility's total aggregate retail rate minus a commission-approved distribution cost rate that is used to calculate a subscriber's bill credit;
- C. "bill credit" means the monetary value of the electricity generated by a community solar facility allocated to a subscriber that offsets that subscriber's electricity bill from a qualifying utility;
- D. "commission" means the public regulation commission;
- E. "community solar facility" means a facility located in the service territory of a qualifying utility in New Mexico that generates electricity by means of a solar photovoltaic device whereby a subscriber to the facility receives a bill credit for the electricity generated in proportion to the size of the subscription;
- F. "community solar program" or "program" means a program created through the commission's adoption of rules that facilitates the development and interconnection of community solar facilities in the service territory of a qualifying utility in accordance with the Community Solar Act;
- G. "distribution cost rate" means the amount of a qualifying utility's total cost of service approved by the commission in the qualifying utility's most recent general rate .216566.1

case as being related to the qualifying utility's power distribution service function, converted to a kilowatt-hour rate, for the applicable rate schedule, excluding distribution costs that are included in a monthly minimum charge, such as customer charges and basic service fees;

- H. "energy storage" means technology that captures energy produced at one time for use at a later time;
- I. "Indian nation, tribe or pueblo" means a federally recognized Indian nation, tribe or pueblo located wholly or partially in New Mexico;
- J. "low-income customer" means a residential customer of a qualifying utility with an annual household income at or below eighty percent of county area median income, as published by the United States department of housing and urban development;
- K. "low-income project" means a community solar facility that is at least fifty-one percent subscribed to by a combination of low-income customers, low-income service organizations and affordable housing providers that are qualified by the commission to participate, with at least ten percent of the subscribers being low-income customers;
- L. "low-income service organization" means an organization that certifies to a qualifying utility that it provides services, assistance or housing to low-income customers and includes a local or central tribal government, a .216566.1

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- M. "native community solar project" means a community solar facility that is sited in New Mexico on the land of an Indian nation, tribe or pueblo and that is:
- (1) at least forty percent subscribed to by an Indian nation, tribe or pueblo; or
- (2) owned or operated by a subscriber organization that is an Indian nation, tribe or pueblo;
- N. "qualifying utility" means an investor-owned electric public utility or a rural electric distribution cooperative certified by the commission to provide retail electric service pursuant to the Public Utility Act;
- O. "subscriber" means a retail electric customer of a qualifying utility that has one or more subscriptions to a community solar facility interconnected with that utility;
- P. "subscriber organization" means an entity, including a municipality, county, affordable housing provider, Indian nation, tribe, pueblo or other entity authorized to transact business in New Mexico, that owns or operates a community solar facility;
- Q. "subscription" means a contract between a subscriber and a subscriber organization;
- R. "total aggregate retail rate" means the total amount of a qualifying utility's demand, energy and other charges, exclusive of charges described on a qualifying .216566.1

utility's rate schedule as minimum monthly charges, such as
customer or service availability charges, converted to a
kilowatt-hour rate, but does not include energy efficiency
program riders or other charges not related to a qualifying
utility's power production or transmission functions, as
approved by the commission, or franchise fees and tax charges
on utility bills; and
S. "unsubscribed electricity" means electricity,
measured in kilowatt-hours, generated by a community solar
facility that is not allocated to a subscriber.
SECTION 3. [NEW MATERIAL] COMMUNITY SOLAR FACILITY

A. A community solar facility:

SUBSCRIBER ORGANIZATIONS -- SUBSCRIPTIONS -- REQUIREMENTS .--

- (1) shall have a nameplate capacity rating of five megawatts alternating current or less;
- (2) shall be interconnected to the electric distribution grid of the qualifying utility and metered;
  - (3) may be co-located with energy storage; and
  - (4) shall have at least ten subscribers.
  - B. A subscriber organization shall:
- (1) register with the commission and keep its registration in good standing in order to participate in the community solar program; and
- (2) make at least forty percent of the total generating capacity of a community solar facility available in .216566.1

subscriptions of twenty-five kilowatts or less.

## C. A subscription shall:

- (1) be attributed to a location in the same qualifying utility service territory where the community solar facility is located;
- (2) be sized to supply no more than one hundred twenty percent of the average annual consumption of electricity by the subscriber at the location to which the subscription is attributed;
- (3) account for no more than sixty percent of the generating capacity of the community solar facility; and
- (4) be transferable and portable, and may be retained by the subscriber if the subscriber moves within the same qualifying utility service territory.
- D. A customer with a premise-sited renewable energy distributed generation facility may subscribe to a community solar facility.
- E. An investor-owned electric public utility may own or operate a community solar facility subject to all requirements of the Community Solar Act; provided that investor-owned electric public utility community solar facilities shall:
- (1) in the initial phased-in period through December 31, 2023, constitute no more than ten percent of program capacity; and

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- (2) after December 31, 2023, be subject to the annual statewide capacity cap applicable to investor-owned electric public utilities, if adopted by the commission.
- The commission shall provide exemptions to the requirements of this section for community solar facilities located on the lands of Indian nations, tribes or pueblos serving exclusively subscribers on those lands.
- Nothing in the Community Solar Act shall preclude an Indian nation, tribe or pueblo from hosting a community solar facility on the land of the Indian nation, tribe or pueblo in partnership with a third-party entity or subscribers.
- SECTION 4. [NEW MATERIAL] COMMUNITY SOLAR PROGRAM ADMINISTRATION -- BILL CREDITS -- ENVIRONMENTAL ATTRIBUTES .--
  - A qualifying utility shall:
- provide a bill credit to a subscriber's subsequent monthly electric bill for that proportion of the output of a community solar facility attributable to that subscriber and generated in the previous cycle. The bill credit shall be calculated by multiplying the subscriber's portion of the kilowatt-hour electricity production from the community solar facility by the applicable bill credit rate, which shall be the qualifying utility's total aggregate retail rate minus a commission-approved distribution cost rate. Any amount of the bill credit that exceeds the subscriber's monthly

bill shall be carried over and applied to the next month's bill. On an annual basis, any excess bill credits shall be paid to the subscriber at the utility's avoided cost;

- (2) apply bill credits to subscriber bills within one billing cycle following the cycle during which the energy was generated by the community solar facility;
- (3) provide bill credits to a community solar facility's subscribers for not less than twenty-five years from the date the community solar facility is first interconnected; and
- (4) on a monthly basis and in a standardized electronic format, provide to the subscriber organization a report indicating the total value of bill credits generated by the community solar facility in the prior month as well as the amount of the bill credit applied to each subscriber.
- B. A subscriber organization shall provide to the qualifying utility:
- (1) on a monthly basis and in a standardized electronic format, a subscriber list indicating the proportional output of a community solar facility attributable to each subscriber. Subscriber lists may be updated monthly to reflect canceling subscribers and to add new subscribers; and
- (2) real-time production data to facilitate incorporation of the community solar facility into the utility's operation of its electric distribution system.

C. A subscriber organization may accumulate community solar bill credits in the event that all of the electricity by a community solar facility is not allocated to subscribers in a given month. On an annual basis, a subscriber organization shall provide the qualifying utility allocation instructions for distributing excess community solar bill credits to subscribers. Excess community solar bill credits that are not reallocated shall be considered unsubscribed electricity and shall be purchased by the qualifying utility at its commission-approved avoided cost of energy.

D. All environmental attributes associated with a community solar facility, including renewable energy certificates, shall be considered the property of the subscriber organization. At the subscriber organization's discretion, the environmental attributes may be sold, accumulated, retired or transferred to subscribers or to a qualifying utility. A qualifying utility may develop, and file with the commission, a standard offer to purchase renewable energy credits from community solar facilities to help meet the state's renewable portfolio standard.

SECTION 5. [NEW MATERIAL] COMMUNITY SOLAR FACILITY-LOCATION LIMITATIONS.--

A. An entity, affiliated entity or entities under common control shall not develop, own or operate more than one community solar facility on the same parcel of land or on .216566.1

contiguous parcels of land.

- B. Community solar facilities that are not developed, owned or operated by the same entity, an affiliated entity or entities under common control may be located on the same parcel of land or on contiguous parcels of land.
- C. This section does not apply to community solar facilities located on the lands of Indian nations, tribes or pueblos serving exclusively subscribers on those lands.

# SECTION 6. [NEW MATERIAL] COMMUNITY SOLAR PROGRAM-COMMISSION RULEMAKING.--

A. By November 1, 2020, the commission shall adopt rules establishing a community solar program to provide customers of a qualifying utility with the voluntary option of accessing solar energy produced by a community solar facility through a subscription process in accordance with the Community Solar Act. This shall include an initial phased-in program of limited scale with the transition to a permanent program by December 31, 2023 based on the submission of the energy, minerals and natural resources department's final program evaluation and recommendations. The rules shall:

- (1) detail the tariffs, agreements or forms required to be filed by a qualifying utility;
- (2) set a date certain for the implementation of the community solar program in the qualifying utility's service territory;

(3) establish capacity caps for the procurement of electricity from community solar facilities by qualifying utilities; provided that native community solar projects and community solar facilities within the territory of a rural electric distribution cooperative shall not be included in the annual capacity caps. The commission shall establish:

(a) an initial statewide capacity cap of two hundred megawatts alternating current of community solar facility capacity through 2023 allocated proportionately by retail sales for each investor-owned electric public utility and up to an additional ten megawatts alternating current for each qualifying utility that is not an investor-owned electric public utility, with each qualifying utility required to reserve thirty percent of the initial capacity cap for low-income projects; and

(b) following the community solar program review and evaluation recommendations pursuant to Section 11 of the Community Solar Act, a statewide annual capacity cap for the number of megawatts of community solar capacity in each year after December 31, 2023;

(4) establish reasonable, uniform, efficient and non-discriminatory standards, fees and processes for the interconnection of community solar facilities that allow a qualifying utility to recover reasonable interconnection costs for each community solar facility;

- (5) establish demonstrable and verifiable project development milestones in order for subscriber organizations to submit projects to participate in the community solar program;
- (6) allow a qualifying utility to recover reasonable costs of administering the community solar program;
- (7) encourage robust development of community solar facilities and community solar program access for all customer classes;
- (8) provide consumer protections for subscribers, including a uniform disclosure form that identifies the information that shall be provided by a subscriber organization to a potential subscriber, in both English and Spanish, and when appropriate, native or indigenous languages, to ensure fair disclosure of future costs and benefits of subscriptions, key contract terms and other relevant but reasonable information pertaining to the subscription;
- (9) include a list of approved low-income services or nonprofit service providers that may pre-qualify individuals or families as low-income customers;
- (10) establish criteria to qualify an affordable housing provider for participation in a low-income project, including consideration of whether the affordable housing provider passes specific, identifiable and quantifiable .216566.1

long-term benefits of participation in a community solar facility to its tenants or residents;

- (11) provide a process for the commission to receive and publish on its website information on community solar facilities that are seeking subscribers and any additional relevant information about the community solar program; and
- (12) ensure investor-owned electric public utilities do not unfairly limit community solar project development and interconnection by subscriber organizations.
- B. Within one hundred eighty days of the publication of the commission's final rules, qualifying utilities shall begin crediting subscriber accounts.
- **SECTION 7.** [NEW MATERIAL] QUALIFYING UTILITY--FILING REQUIREMENTS--REPORT.--
- A. A qualifying utility shall file with the commission any tariffs, agreements or forms necessary for the implementation of the community solar program in its service territory as prescribed by the commission.
- B. A qualifying utility shall not remove a customer from the customer's otherwise applicable customer class as a consequence of the customer subscribing to a community solar facility.
- C. On an annual basis, commencing no later than two years after the commission's adoption of rules creating the .216566.1

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community solar program, a qualifying utility shall submit to the commission, and make publicly available, a status report on the qualifying utility's implementation of the community solar The report shall include:

- the total number of participating (1) customers by customer class;
- the total number of community solar facilities, low-income projects and native community solar projects and associated project capacity, reported in alternating current;
- the number of participating low-income customers, affordable housing providers, low-income service organizations and Indian nations, tribes and pueblos and their entities and tribal members;
- the total program capacity subscribed by low-income customers, affordable housing providers, low-income service organizations and Indian nations, tribes and pueblos and their entities and tribal members;
- the number of co-located energy storage (5) projects;
- the average number of days between interconnection of a community solar facility and the date on which subscribers start to receive bill credits; and
- interconnection costs paid by subscriber (7) organizations.

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SECTION 8	• [NEW MATERIAL	_] COMMISSION	REGULATION	
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- Subscriber organizations, or the subscribers to a community solar facility, shall not be considered public utilities subject to regulation by the commission under the Public Utility Act solely as a result of their ownership interest in, operation of or subscription to a community solar facility.
- В. Rates paid for subscriptions shall not be subject to regulation by the commission.
- SECTION 9. [NEW MATERIAL] RURAL ELECTRIC DISTRIBUTION COOPERATIVES--EXEMPTION.--A rural electric distribution cooperative may request an exemption from the requirements of the Community Solar Act for a period of three years by submitting a waiver request to the commission if the rural electric distribution cooperative:
- is limited in its ability to participate in the community solar program because of the amount of generation on its system and the rural electric distribution cooperative's generation provider; and
- provides a justification of the reasons it cannot accommodate community solar facilities and proposes when it will be able to accommodate community solar facilities and participate in the community solar program.
- SECTION 10. [NEW MATERIAL] UTILITY LOADS AND RESOURCE .216566.1

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TABLES -- INTEGRATED RESOURCE PLANS. -- A qualifying utility shall:

- include community solar facilities pursuant to the Community Solar Act in its loads and resources tables, integrated resource planning processes and integrated resource plans; and
- notify the commission and participants in the commission's public advisory process, in accordance with the commission's applicable integrated resource plan rules, of the development of community solar facilities pursuant to the Community Solar Act that would have the effect of changing the results of the utility's most recent integrated resource plan filed with the commission.
- SECTION 11. [NEW MATERIAL] ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT--COMMUNITY SOLAR PROGRAM MANAGEMENT AND REVIEW. --
- Three years after the commission adopts rules pursuant to Section 6 of the Community Solar Act, the energy, minerals and natural resources department shall review the implementation of the community solar program.
- В. The energy, minerals and natural resources department shall determine the effectiveness of the commission's rules and the community solar program. In measuring the effectiveness of the community solar program, the department shall:
  - (1) consider:

1	(a) information submitted as part of a
2	qualifying utility's annual status report;
3	(b) the effectiveness of existing
4	mechanisms to support the participation by a diversity of
5	subscriber types, especially low-income subscribers;
6	(c) the effectiveness of existing
7	mechanisms to support successful creation, financing and
8	accessibility of community solar facilities in a way that
9	encourages robust consumer participation and a sustainable
10	market-based community solar program;
11	(d) siting, implementation and
12	interconnection challenges;
13	(e) performance of utility-owned
14	community solar projects;
15	(f) the effectiveness and ability for
16	community solar facilities to meet the renewable portfolio
17	standard;
18	(g) the geographic diversity of projects
19	across both urban and rural areas; and
20	(h) consumer protection measures, to be
21	assessed in consultation with the consumer and environmental
22	protection division of the office of the attorney general;
23	(2) make the details of the program evaluated
24	public and use an inclusive and transparent process to solicit
25	feedback, including in-person meetings with groups that may not
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have the ability to participate in a formal process and a process for interested persons to submit public comments to the department; and

(3) no later than December 31, 2023, submit a comprehensive evaluation report, including findings of the program's effectiveness and stakeholder feedback, to the commission and the appropriate interim legislative committee. The report shall contain recommendations for program continuation as-is or adjustment through commission rulemaking, including recommendations for:

- (a) an appropriate annual statewide capacity cap after December 31, 2023;
- (b) the percentage of annual statewide capacity allocated to low-income projects after December 31, 2023;
- (c) continued participation of investorowned electric public utilities as subscriber organizations
  and, if appropriate, the percentage of annual statewide
  capacity allocated to community solar projects owned by
  investor-owned electric public utilities after December 31,
  2023;
- (d) mechanisms or program rule changes to facilitate the participation by a diversity of subscriber types and eliminate barriers to participation;
  - (e) mechanisms or program rule changes

urban and rural areas; and

1	to facilitate the development of low-income projects and native
2	community solar projects;
3	(f) mechanisms and program rule changes
4	to facilitate the geographic diversity of projects across both

(g) mechanisms to support the successful creation, financing and accessibility of community solar facilities in a way that encourages robust consumer participation and a sustainable market-based community solar program.

C. Within one hundred eighty days of receiving the energy, minerals and natural resources department's report, the commission shall propose adjustments to its rules to address recommendations made by the department.

SECTION 12. [NEW MATERIAL] COMMUNITY SOLAR ASSISTANCE
FUND--CREATED.--

A. The "community solar assistance fund" is created in the state treasury. The fund consists of appropriations, gifts, grants and donations. Money in the fund at the end of a fiscal year shall not revert to any other fund. The energy, minerals and natural resources department shall administer the fund, and money in the fund is appropriated to the energy, minerals and natural resources department to facilitate low-income customer subscriptions to community solar facilities as provided in this section. Disbursements from the fund shall be .216566.1

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made by warrant of the secretary of finance and administration pursuant to vouchers signed by the secretary of energy, minerals and natural resources or the secretary's designee.

- In order to meet the requirements for low-income projects, subscriber organizations may apply to the community solar assistance fund with a proposal to use money from the fund to reduce participation barriers and increase financial benefits for low-income customers.
- The energy, minerals and natural resources department shall create a stakeholder process with electric utilities, low-income and environmental justice stakeholders, appropriate state agencies, potential subscriber organizations and other interested persons to:
- identify financing options, financial incentives, education and outreach programs, workforce development and community engagement strategies to meet program participation goals for low-income customers, lowincome service organizations and low-income affordable housing providers through the community solar assistance fund; and
- (2) establish processes for the award of the community solar assistance funds to the subscriber organizations of low-income projects.
- D. The energy, minerals and natural resources department may prioritize applications for projects that:
- serve Indian nations, tribes and pueblos (1) .216566.1

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and their entities and tribal members, including projects sited in partnership with or otherwise controlled by Indian nations, tribes or pueblos or demonstrably benefiting Indian nations, tribes or pueblos;

- (2) are sited in or provide direct benefits to environmental justice communities as long as these communities are meaningfully involved in the decision-making process;
  - (3) maximize savings for low-income customers;
- (4) are owned and operated by nonprofit or community-based organizations;
- (5) involve nonprofit or community-based organizations to facilitate subscriber enrollment, education and management;
- (6) provide subscription terms favorable to subscribers, for example, minimum contract lengths, no up-front fees or no termination fees;
- (7) incorporate job training and workforce development; and
- (8) meet program goals for low-income customers, low-income service organizations and affordable housing participation.
- SECTION 13. Section 62-17-10 NMSA 1978 (being Laws 2005, Chapter 341, Section 10) is amended to read:
- "62-17-10. INTEGRATED RESOURCE PLANNING.--Pursuant to the commission's rulemaking authority, public utilities supplying .216566.1

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electric or natural gas service to customers shall periodically file an integrated resource plan with the commission. Utility integrated resource plans shall evaluate renewable energy, energy efficiency, load management, distributed generation, community solar facilities and conventional supply-side resources on a consistent and comparable basis and take into consideration risk and uncertainty of fuel supply, price volatility and costs of anticipated environmental regulations in order to identify the most cost-effective portfolio of resources to supply the energy needs of customers. preparation of resource plans shall incorporate a public advisory process. Nothing in this section shall prohibit public utilities from implementing cost-effective energy efficiency and load management programs and the commission from approving public utility expenditures on energy efficiency programs and load management programs prior to the commission establishing rules and guidelines for integrated resource planning. The commission may exempt public utilities with fewer than five thousand customers and distribution-only public utilities from the requirements of this section. commission shall take into account a public utility's resource planning requirements in other states and shall authorize utilities that operate in multiple states to implement plans that coordinate the applicable state resource planning requirements. The requirements of this section shall take

effect one year following the commission's adoption of rules implementing the provisions of this section."

SECTION 14. APPROPRIATIONS.--

A. Ten million dollars (\$10,000,000) is appropriated from the general fund to the community solar assistance fund for expenditure in fiscal year 2021 and subsequent fiscal years for the energy, minerals and natural resources department to carry out the purposes of the community solar assistance fund, including development and administration of the community solar program, facilitation of necessary stakeholder processes and funding of low-income subsidization. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

B. One hundred thousand dollars (\$100,000) is appropriated from the general fund to the public regulation commission for expenditure in fiscal year 2021 for the public regulation commission to hire a full-time employee to assist the commission in implementing the Community Solar Act. Any unexpended or unencumbered balance remaining at the end of fiscal year 2021 shall revert to the general fund.

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