

## **Renewable Energy Projects on RCEC's System**

New Mexico Administrative Code (NMAC) 17.9.570.1 issued by the New Mexico Public Regulation Commission contains the rules associated with cogeneration and small power production. It applies to every electric utility operating within the state of NM that is subject to jurisdiction of the NMPRC as provided by law.

Net metering is defined within 17.9.570.7 as the difference between the energy produced by the qualifying facility's generation and the energy that would have otherwise been supplied by the utility to the qualifying facility absent the qualifying facility's generation. A qualifying facility (QF) is defined within the same Rule and means a cogeneration facility or a small power production facility which meets the criteria for qualification contained in 18 CFR Section 292.203. A solar or wind generator unit/system would be considered a QF if it meets this criterion. Any excess generation that flows back onto RCEC's system would be eligible for purchase by RCEC at RCEC's avoided cost. Avoided cost is defined in the same NMAC Rule as the incremental costs to the electric utility of electric energy or capacity or both which, but for the purchase from the QF or QFs, the utility would generate itself or purchase from another source. Avoided costs are calculated by RCEC in accordance with subsections B and C of 17.9.570.11 NMAC, on a monthly basis and is filed with the NMPRC on an annual basis. RCEC's 2020 average, avoided cost is 2.3 cents per kWh.

RCEC is ranked third in NM amongst rural electric cooperatives for the lowest residential rate. Our current residential rate is 6.825 cents per kWh. Our 2020 fuel cost adjustment averaged out to be 0.004 cents per kWh. Therefore our 2020 average residential charge was 7.225 cents per kWh. The consideration of a member of RCEC to install a wind or solar project at their residence should focus on the total installed cost to be less than 7.225 cents per kWh in order to offset purchases from RCEC.

Renewable energy sales people will sometimes oversize their systems. Prior to engaging into an agreement, members should confirm their average system peak with RCEC in order to avoid purchasing a larger than required system. Also, the NM Attorney General's Office has created a consumer disclosure form to help residents understand what they're getting into and RCEC strongly encourages their members to insist the renewable energy sales people to complete that form. New Mexico statute defines a renewable energy distributed generation facility as supplying no more than 120% of the average annual consumption by the customer where the facility is connected. It is imperative that RCEC members contact the cooperative and let them know if they are considering engaging a distributed generation project and provide them the system specifications so that the cooperative can determine if the existing electrical utility service items are sized appropriately in order to avoid any potential damage due to this new, renewable system. Any backflow that would occur that could damage the cooperative's transformer and

service conductors would be subject to the member paying the cooperative to upgrade the service in order to prevent damages. It is possible that the renewable system may require an impact study to be performed by the cooperative's outside consultants and any costs associated with such a study would be paid for by the member; not the cooperative. Therefore, any changes a member wants to make to their electrical service should be communicated with the cooperative to address any potential upgrades necessary.

RCEC's wholesale power comes from renewable energy resources. In 2020, approximately 35% of RCEC's total sales from Western Farmers Electric Cooperative, Inc. (WFEC), RCEC's Generation & Transmission provider, were from utility scale renewable energy resources.

RCEC has the necessary policies and forms in place for interconnection of distributed generation. These are also filed at the NMPRC. RCEC has an existing wholesale power agreement that requires RCEC to purchase all of their power from WFEC. Smaller scale projects that exist behind the utility-owned meter are typically acceptable as per this agreement but still require reporting to WFEC. Any large-scale project would violate our agreement and thereby cannot be considered for interconnection solely by RCEC. Any such requests shall be submitted to WFEC for their consideration.

Should you have any questions regarding these renewable energy projects please don't hesitate to contact RCEC. RCEC wants their members to be informed and to have all the necessary information available to them prior to members engaging into a contract for a renewable system.