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FISCAL IMPACT REPORT

ORIGINAL DATE 02/06/13

SPONSOR Strickler LAST UPDATED _____ HB 266

SHORT TITLE Renewable Energy Procurement Limits SB _____

ANALYST Clark

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Unknown			Recurring	

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

House Bill 266 makes two significant changes to the Renewable Energy Act to expand the application of a cost threshold for customers of a public utility. First, the bill removes the limitation excluding governmental customers from the levying of additional costs of the renewable portfolio standard on a customer. Second, the bill removes the exemption for the cost threshold for customers with consumption less than 10 million kilowatt-hours per year. These two changes expand coverage of the cost threshold to all customers of a public utility, private and governmental. Utilities could charge each customer only the additional cost of the renewable energy secured under the renewable portfolio standard up to a maximum of 2 percent of the customer's annual electric charges or \$99 thousand per year, whichever is lower. The PRC may adjust the 2 percent limit or the \$99 thousand limit for inflation.

FISCAL IMPLICATIONS

To determine if there will be a fiscal impact, analyses of utility bills and energy usage would need to be conducted for state government facilities. It is possible some government agencies could experience lower utility charges after passage of this bill.

SIGNIFICANT ISSUES

The PRC reports this bill effectively removes the reasonable cost threshold responsibility from the PRC, which established a rule setting the threshold at 3 percent, and makes the reasonable cost threshold limit that established by these statutory changes, effectively 2 percent. This would reduce the amount of renewable energy required to satisfy the renewable portfolio standard, and it will limit the amount spent on renewable energy, both by customers and utilities.

PERFORMANCE IMPLICATIONS

Lowering the reasonable cost threshold from 3 percent to 2 percent would reduce the amount of renewable energy required to satisfy the renewable portfolio standard and would thus reduce the portion of New Mexico's electricity consumed supplied by renewable sources.

JC/svb