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FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/13

SPONSOR Payne LAST UPDATED _____ HB _____

SHORT TITLE Utility Charges for Certain Schools SB 321

ANALYST Clark

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
	NFI			

(Parenthesis () Indicate Revenue Decreases)

Conflicts with HB 266

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

Senate Bill 321 (SB 321) amends the Renewable Energy Act, Section 62-16-4 NMSA 1978, to exempt state educational institutions designated in Article 12, Section 11 of the New Mexico Constitution from paying renewable energy charges to utility providers to help the public utility to meet renewable portfolio standard requirements if any of the designated institutions:

- 1) has enrollment of 24,000 students in the fall semester at its main campus;
- 2) consumes greater than 20 million kilowatt-hours (kWh) per year at a single location or facility;
- 3) owns renewable energy generation; and
- 4) certifies to the state auditor and notifies the Public Regulation Commission and its serving utility that it will expend 2.5 percent of that year's annual electricity charges to continue to develop within 24 months customer-owned renewable energy generation.

FISCAL IMPLICATIONS

There are no significant fiscal implications for the state.

SIGNIFICANT ISSUES

Currently, only political subdivisions of the state are granted the exemption proposed by this bill for certain educational institutions.

The EMNRD analysis shows that the exemption offered in this bill would only apply to the University of New Mexico (UNM); it is the only institution that meets the criteria. The UNM uses over 20 million kWh per year at its main campus in Albuquerque, and it has a handful of solar panels atop the mechanical engineering building. If the UNM can meet the requirements under existing language in the Renewable Energy Act, coupled with the proposed language under SB 321, the UNM would no longer be required to pay renewable energy charges to its utility provider, the Public Service Company of New Mexico (PNM).

If the UNM qualifies for the exemption, the PRC and the EMNRD report PNM would be able to recover the associated renewable energy procurements costs, for which the UNM would otherwise have paid, from all non-exempt customers of the utility.

ADMINISTRATIVE IMPLICATIONS

There are no significant administrative implications.

CONFLICT

The EMNRD analysis shows that SB 321 conflicts with HB 266. Both bills propose amendments to NMSA 1978, Section 62-16-4. HB 266 removes limitations on a public utility's specific procurement requirements by which the renewable portfolio standard may be reduced and also gives the PRC additional flexibility to adjust the procurement limit for inflation.

JC/svb