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FISCAL IMPACT REPORT

SPONSOR: Tsosie DATE TYPED: 02/14/01 HB _____
 SHORT TITLE: System Benefits Charge SB 380
 ANALYST: Valenzuela

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
		See Narrative		

(Parenthesis () Indicate Revenue Decreases)

Conflicts with Senate Bill 266

SOURCES OF INFORMATION

LFC Files
 Office of the Attorney General
 Public Regulation Commission
 New Mexico Environment Department

SUMMARY

Synopsis of Bill

Senate Bill 380 would amend three sections of the Electric Utility Industry Restructuring Act of 1999 as detailed by each section of the bill.

Section 1. Amends Section 62-3A-13 NMSA 1978 by deleting the language that allows the Public Regulation Commission (PRC) authority to eliminate portions of the system benefits charge that makes up the fund under certain circumstances.

Section 2. Amends Section 62-3A-15 NMSA 1978 to clarify that the “electric industry system benefits fund” is created in the state treasury, to designate the fund as non-reverting, and to make funding for renewable energy projects available to “municipalities” in general.

Section 3. Amends Section 62-3A-22 NMSA 1978 to clarify the language of the existing statute.

Significant Issues

Senate Bill 380 -- Page 2

As currently, the Act identifies the following discretionary recurring appropriations from the fund, totaling \$9,100.0:

\$ 100.0	Administrative overhead for NMED (maximum)
\$ 500.0	Consumer Education Campaign directed by the PRC (maximum)
\$ 500.0	Low-income energy assistance funding administered by the New Mexico Mortgage Finance Authority (minimum)
\$ 4,000.0	Renewable energy projects administered by NMED (maximum)
\$ 4,000.0	Develop electric services for low-income communities or Indian nation, tribe or pueblo (maximum)

Neither the NMED nor the PRC submitted revenue projections for the fund with its analysis of Senate Bill 380. The LFC projections, with assumptions, of the estimated revenue into the fund are provided in the table below:

	1993	1998	2003 (est.)	2008 (est.)
Utility Retail Sales Revenue (MWh) ¹	14,926,879	18,173,120	21,696,192 ²	25,902,253 ²
Percent Change (5-yr cumulative)	17.0 %	21.7%	19.4%	19.4%
Assessment amount per KWh			\$ 0.0003	\$ 0.0006
Estimated Revenue from Assessment			\$ 6,508.9	\$ 15,541.4
Earmarked Appropriation in the Act			<u>\$ 9,100.0</u>	<u>\$ 9,100.0</u>
Estimated Reversion to General Fund			\$ (2,591.1)	\$ 6,441.4

As shown in the table, the intended effect of Senate Bill 380 would not occur until the assessment doubles to \$0.0006/KWh, which is slated to occur on January 1, 2007. In fact, the fund will be short by roughly \$2.6 million during the first years of implementation.

FISCAL IMPLICATIONS

Enactment of Senate Bill 380 could have a substantial fiscal impact, however its effect will not be felt until after the assessment is doubled in calendar year 2007. According to the projections provided by the LFC, the reversion to the general fund would be \$6.4 million in calendar year 2008.

Senate Bill 380 would have very minor, if any, additional fiscal impacts on any state agency, aside from that discussed above.

ADMINISTRATIVE IMPLICATIONS

Senate Bill 380 would have very minor, if any, administrative impacts on any state agency.

¹ "State Energy Profiles: New Mexico," U.S. Department of Energy, Energy Information Administration, <http://www.eia.doe.gov/>.

² Estimate is based on averaging the historical cumulative percentage increases over the past 15 years.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

Senate Bill 380 conflicts with Senate Bill 266, which would postpone implementation of the Electric Utility Industry Restructuring Act of 1999 by five years. An amendment should be considered to track these two bills as each moves through the legislative process.

POSSIBLE QUESTIONS

Has the New Mexico Environment Department or Public Regulation Commission made annual revenue projections for the fund? If, so, what revenues does the department estimate for the \$0.0003/KWh assessment? And for the \$0.0006/KWh assessment?

MV/ar