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FISCAL IMPACT REPORT

SPONSOR: Tripp DATE TYPED: 02/22/03 HB 292/aHENRC

SHORT TITLE: Water Conservation Plans for Electric Plants SB _____

ANALYST: Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			\$72.6	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 172

SOURCES OF INFORMATION

Legislative Finance Committee files

Responses Received From

- Public Regulation Commission (PRC)
- Energy, Minerals and Natural Resources Department (EMNRD)
- Department of Environment (NMED)

SUMMARY

Synopsis of the HENRC amendment

The House Energy and Natural Resources Committee amendment to House Bill 292 makes several substantive revisions to the original bill. First, the amended bill would grandfather existing electric generating plants from the requirements of the bill and thus apply only to new facilities, generating 300 MW or more, constructed after January 1, 2003. The amendment also expands the water conservation measures available to power plants, other than dry cooling technology. The use of hybrid (wet/dry cooling), produced water and wastewater effluent would be acceptable as water conservation improvements. The amendments clarify that no further approvals are required for plants that received, by January 1, 2003, a construction permit, ground water discharge permit, county site development plan approval and tribal government approval, as applicable. Other changes follow:

- Adds “consumptive” to line 22, page 5, highlighting that the water returned to the aquifer.
- Strikes the Public Utility Act repeal of the delayed repeal, thus avoiding duplication of SB350.

Synopsis of Original Bill

House Bill 292 would make three major changes to existing statute: (1) amends the statute to expand the PRC authority over siting for electric generating plants of 50 megawatts (MW) or more; (2) adds a new section to the Public Utility Act that prohibits PRC approval of construction or expansion of an electric generating plant that uses more than 100 acre-feet of water per year without a water conservation plan that provides evaluations of water conservation techniques such as dry cooling; and (3) repeals the delayed repeal (July 1, 2003) of the Public Utility Act, Chapter 63 Article 7 NMSA 1978, the Telephone and Telegraph Company Certification Act, the New Mexico Telecommunications Act, and the Cellular Telephone Services Act.

Significant Issues

The new section added to the Public Utility Act is designed to encourage electric utilities to consider water-saving operating technologies, such as dry cooling. The bill includes several provisions outlining requirements for a utility who intends to construct or expand its plants.

New Mexico’s electric generating facilities use approximately 68,000 acre feet of water, annually, which represents roughly 2 percent of total water use in the state. As examples, the San Juan Generating Station uses 22,000 acre feet/year and the Four Corners Generating Station uses 30,000 acre feet/year. Representatives of the Public Service Company of New Mexico (PNM) have testified about potential concerns with dry cooling technology: it could add 5 to 10 percent to the construction cost of a new facility and could decrease operating efficiency by 10 percent.

To date, several companies have planned construction of more than 15 power plants throughout New Mexico. However, the downturn in the economy has stalled these projects.

FISCAL IMPLICATIONS

House Bill 292 does not contain an appropriation. However, enactment could increase the workload on the Utility Division staff. The PRC reports that it will require one additional staff position to deal with the increased workload. The estimate for this staff position, including benefits, is \$72.6, which would be paid from the general fund.

MFV/lb/njw