

The amendment strikes in its entirety the sections that require a detailed cost-benefit comparison between wet cooling and dry cooling, that require the State Engineer to recommend changes or additions to the power plant application, and that require public noticing and hearings for the application.

Synopsis of Original Bill

Senate Bill 172 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

Senate Bill 172 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.

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