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## FISCAL IMPACT REPORT

SPONSOR: Romero DATE TYPED: 3/7/03 HB \_\_\_\_\_

SHORT TITLE: Renewable Energy Programs SB 836

ANALYST: Maloy

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			See Narrative		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB 718 and SB 865.  
Conflicts with SJM 51.

### SOURCES OF INFORMATION

Responses Received From  
Public Regulation Commission  
Energy, Minerals and Natural Resources Department  
Office of the Attorney General  
Environment Department

### SUMMARY

#### Synopsis of Bill

Senate Bill 836 enacts a new section of the Public Utility Act that directs the Public Regulation Commission (PRC) to adopt rules and develop a renewable energy program applicable to public electric utilities.

The bill provides that the program may include requirements for voluntary programs; renewable energy portfolio standards; a renewable energy credit trading system; educational programs; source and emission disclosure requirements; new metering requirements; interconnection standards; and customer interest surveys.

Significant Issues

1. This bill defines and clarifies the authority of the PRC regarding renewable energy programs applicable to public utilities providing electric services. Such definition and clarification is needed in light of recent challenges by utility companies of PRC's recently adopted Renewable Portfolio Standards (RPS) for electric utilities.
2. The PRC's RPS generally meets the intent of this legislation.
3. The RPS requires that investor-owned electric utilities generate or procure 10% of their energy from renewable sources by 2011.
4. Rural electric cooperative utilities are excluded from the mandatory renewable energy portfolio standard in the Commission's existing renewable energy rule. This bill does not suggest such an exclusion.
5. This legislation does not mandate a preference for New Mexico-based renewable energy resources.

**FISCAL IMPLICATIONS**

The bill does not contain an appropriation. The development and adoption of rules has FTE and budget implications / costs. It is presumed that these costs are to be absorbed by existing resources.

**RELATIONSHIPS AND CONFLICTS**

1. SB 836 relates to SB718, where the Electric Utility Restructuring Act is repealed. The Restructuring Act includes references to the PRC's responsibilities regarding the desirability of renewable portfolio standards.
2. SM 836 also relates to SB 865, which establishes the Clean Energy Fund to be financed by a per kilowatt-hour charge on retail electrical sales. Money from the fund would be distributed through the Energy, Minerals and Natural Resources Department to qualified applicants for projects to research, develop or apply energy-efficient, low-emissions, and/or zero-emissions renewable energy techniques.
3. SB836 conflicts with SJM 51, which urges the PRC to suspend its recently adopted mandatory renewable resource portfolio standards rule pending the conclusion of an interim legislative committee's deliberation studying the most appropriate means for government to encourage and support the development and use of renewable energy resources.

**OTHER SUBSTANTIVE ISSUES**

1. Both the Energy, Minerals and Natural Resources Department and the PRC note that clear legislative direction with respect to the PRC's regulatory authority/responsibility in the renewable energy arena is needed. There has been confusion regarding this authority / responsibility.

Both departments also note the continuing heightened interest in renewable resources and their potential significant environmental and economic benefits for New Mexicans.

2. The Environment Department supports renewable energy development in New Mexico, and believes that the rules to be developed by the PRC may be used by the Environment Department to meet requirements for development of New Mexico's state implementation plan submittal to the United States Environmental Protection Agency under the Regional Haze Rule.
3. The department proffers that that a renewable energy program could potentially reduce reliance on traditional sources that are known to cause air pollutants and, in doing so, could assist in meeting New Mexico's requirements under the Regional Haze Rule. Accelerated development of electricity from zero-emission renewable energy sources could improve air quality and would likely result in improved visibility of New Mexico's natural vista.
4. The department does note that, in the future, if renewable energy sources are successful at cutting use of traditional sources that cause air pollutants, there will likely be a decrease in fees generated from air quality construction permits. These fees go to the general fund.

**SJM/sb**