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FISCAL IMPACT REPORT

SPONSOR: M. Sanchez DATE TYPED: 2/22/03 HB
 SHORT TITLE: Study Renewable Energy Resources SB SJM 51
 ANALYST: Maloy

APPROPRIATION

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

SOURCES OF INFORMATION

Responses Received From
 Energy, Minerals and Natural Resources Department
 Public Regulation Commission

SUMMARY

Synopsis of Bill

Senate Joint Memorial 51 directs an appropriate interim committee to study and evaluate the most appropriate means for government to encourage and support the development and use of renewable energy resources, and to report to the legislature by January 2005.

SJM 51 also urges the Public Regulation Commission (PRC) to suspend its Renewable Portfolio Standard (RPS) rule pending the outcome of the committee's findings. The RPS rule directs investor-owned utilities to generate or procure renewable energy to meet at least 10% of their electrical demands by 2011.

Significant Issues

- The PRC's Renewable Energy rulemaking covered a 2-year time. It involved a diverse array of individuals and businesses, including electric utility companies, rural electric cooperatives, renewable energy developers and advocates, representatives of federal, state, local and tribal government, and public/consumer interest groups.

Collectively, these entities expended significant time and financial resources developing comments and recommendations, as well as participating in public hearings, workshops and

other forums held throughout the PRC rulemaking process, to create an effective, workable rule.

According to the Energy, Minerals and Natural Resources Department, this memorial would essentially dismiss this inclusive, deliberative rulemaking process on how best to promote renewable energy in favor of studying the issue for another two years.

- It is not clear whether other provisions of the adopted “Renewable Energy as a Source of Electricity” rule, 17.9.573, would be suspended. At this time, the Energy, Minerals and Natural Resources Department assumed that only the Renewable Portfolio Standard rule, 17.9.573.10A, would be suspended. If the intent is to suspend the entire Renewable Energy rule, then the Department believes there would be more significant issues meriting consideration.
- The RPS represents an important provision to create a demand for renewable energy in New Mexico to complement the renewable energy production tax credit (adopted by the legislature last year) intended to stimulate the supply of electricity from renewable energy. In concert with the renewable energy production tax credit, the RPS guarantees that electric utilities will pursue electric utility projects using renewable sources. Furthermore, the RPS acts as an important “statement” to wind turbine manufacturers and wind developers, considering locating operations in New Mexico, that New Mexico is serious about incorporating renewable energy into its electric supply mix. These industries represent a potentially significant future contribution to economic development in New Mexico.

Given the focus on promoting renewable energy in New Mexico as quickly as feasible, for the interim committee’s findings to be available until January, 2005 would hinder that objective.

FISCAL IMPLICATIONS

The Legislative Council Services will expend FTE time and budget resources for the purposes of staffing this interim committee, as will the PRC and the Energy, Minerals and Natural Resources Department in providing expertise.

AMENDMENTS

The Energy, Minerals and Natural Resources Department recommends the following amendments:

- 1) On page 3, line 6, after “rule” insert “, 17.9.573A,”.
- 2) On page 3, lines 2 and 3, after the first “the”, strike “first session of the forty-seventh legislature” and insert “second session of the forty-sixth legislature”.

SJM/njw