

NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: Romero DATE TYPED: 3/4/03 HB _____

SHORT TITLE: Development of Renewable Energy Sources SB SJM 79

ANALYST: Maloy

APPROPRIATION

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

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

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

SUMMARY

Synopsis of Bill

Senate Joint Memorial 79 expresses strong legislative encouragement and support for the development of renewable energy resources, including the desirability of requiring Renewable Portfolio Standards (RPS).

The joint memorial directs the Energy, Minerals and Natural Resources Department (EMNRD) to report to the First Session of the 47th Legislature (2005) on the resulting growth of renewable energy development in New Mexico.

SJM79 also urges the Public Regulation Commission (PRC) to enact its recently adopted renewable energy rule containing an RPS to become effective no later than July 1, 2003.

Significant Issues

1. This joint memorial clarifies the position of the New Mexico Legislature regarding renewable energy development and, specifically, the RPS. The RPS requires that investor-

owned utilities generate or procure 10% of their energy from renewable sources by 2011. While the rule is scheduled to take effect on July 1, 2003, the first enforceable standard is not until 2006 when utilities must obtain 5% of their energy from renewables.

2. It is important to note that the PRC's Renewable Energy rulemaking, wherein a RPS was adopted, spanned a time period of almost two years. 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.
3. Built into the rule is an exemption and variance process and a provision requiring the PRC to biennially review the rule to examine, among other matters, "the economic impact on the utilities' customers by class or otherwise".
4. SJM 79 essentially endorses this inclusive, deliberative rulemaking process and the resulting RPS. The PRC is a statewide elected body, rather than an appointed body as with most other utility commissions.
5. 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 utilizing 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 urban and rural economic development in New Mexico.

FISCAL IMPLICATIONS

There is no appropriation in SJM 079. However, there will be secondary implications by way of FTE and budget resources needs for the development processes.

CONFLICT AND RELATIONSHIP

- SJM79 endorses the RPS going into effect by July 1, 2003, while SJM 51 urges the PRC to suspend the RPS while the Legislature studies the issue for another 2 years.
- SB 836 amends the Public Utility Act to specifically provide the PRC the authority to adopt renewable portfolio standards as well as other renewable energy provisions.

SJM/njw:yr