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FISCAL IMPACT REPORT

SPONSOR HAFC DATE TYPED 3/5/05 HB 748/HAFCS

SHORT TITLE Renewable Energy and Transmission & Storage Act SB _____

ANALYST Wilson

APPROPRIATION

Appropriation Contained				Recurring or Non-Rec	Fund Affected
FY05	FY06	FY07	FY08		
			\$0.1	Recurring	Renewable Energy Transmission Bonding Fund

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
		(\$0.1)	Recurring	Renewable Energy Transmission Bonding Fund

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

The House Appropriations and Finance Committee substitute for House Bill 748 creates the New Mexico Renewal Energy Transmission and Storage Authority (RETSA), a quasi-governmental agency that will serve to finance transmission and storage projects with an emphasis on renewable energy and facilitate the in-state use of and exportation of New Mexico generated renewable power. The purpose is to promote the development of renewable energy facilities in the state by providing additional transmission facilities to take the power to market both within New Mexico and out of state.

The RETSA will have specialized expertise in electric transmission infrastructure and storage issues. The RETSA will have the power to issue revenue bonds that will provide financing

stimulus for public and private entities to construct and operate new transmission lines and electric storage facilities, both inside and outside of New Mexico.

The RETSA shall be composed of five members as follows: three members shall be appointed by the governor with the advice and consent of the senate, one member appointed by the speaker of the house of representatives and one member appointed by the president pro tempore of the senate.

One member appointed by the governor shall have expertise in financial matters involving the financing of major electrical transmission projects. The other four members shall have special knowledge of the public utility industry, as evidenced by college degrees or by experience, at least five years of which must be with the public utility industry, knowledge of renewable energy development and a displayed ability to protect the public interest.

In addition to the appointed members, the secretary of Energy, Minerals & Natural Resources Department (EMNRD) shall serve as an ex-officio nonvoting member of the RETSA.

The RETSA is not created or organized and its operations shall not be conducted for the purpose of making a profit, but it is expected to recover the costs of operating the RETSA. No part of the revenues or assets of the RETSA shall benefit or be distributable to its members, officers or other private persons.

The PRC will retain permitting and siting authority over jurisdictional transmission lines. New Mexico regulated utility companies will evaluate the benefits of participation in projects with PRC oversight of retail rates.

The RETSA will engage in interstate commerce and will be subject to Federal Energy Regulatory Commission (FERC) jurisdiction.

The RETSA will have the power of eminent domain for acquiring property for public use for the purpose of constructing electric transmission lines and related infrastructure.

The bill creates a joint interim legislative committee that shall be known as the New Mexico renewable energy transmission and storage RETSA oversight committee. The New Mexico legislative council shall determine the membership of the committee and shall appoint the members and designate the chairperson and the vice chairperson in accordance with legislative council policies. The staff for the committee shall be provided by the legislative council service.

Significant Issues

The EMNRD believes this bill will provide economic development in New Mexico's rural areas. A typical New Mexico wind project can generate approximately \$40 million for the local in-state economy over a 25 year period.

FISCAL IMPLICATIONS

There is no appropriation in the bill from the general fund, but the RETSA is authorized to issue and sell revenue bonds, known as renewable energy transmission bonds, payable solely from the renewable energy transmission bonding fund, in compliance with the New Mexico Renewable

Energy Transmission and Storage Act, for the purpose of entering into a project when the RETSA determines that the project is needed.

The net proceeds from the bonds are appropriated to the RETSA for the purpose of financing or planning and acquiring eligible facilities.

The bill creates Renewable Energy Transmission Bonding Fund in the state treasury. The fund shall consist of revenues received by the RETSA from operating or leasing eligible facilities, fees and service charges collected, and, if the RETSA has provided financing for eligible facilities, money from payments of principal of and interest on loans. Earnings of the fund shall be credited to the fund. Balances in the fund at the end of any fiscal year shall remain in the fund.

Money in the Renewable Energy Transmission Bonding Fund is pledged for the payment of principal and interest on all bonds issued pursuant to the New Mexico Renewable Energy Transmission and Storage Authority Act. Money in the fund is appropriated to the RETSA for the purpose of paying debt service, including redemption premiums, on the bonds and the expenses incurred in the issuance, payment and administration of the bonds.

This bill creates a new fund. The LFC objects to including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

The receipts from selling equipment or providing services to the RETSA or an agent or lessee of the RETSA for the planning, construction, repair, maintenance or operation of an electric transmission and storage facility acquired by the RETSA may be deducted from gross receipts.

ADMINISTRATIVE IMPLICATIONS

This bill creates a quasi-state agency, specializing in electric transmission, storage and infrastructure financing.

DW/yr