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FISCAL IMPACT REPORT

ORIGINAL DATE 2/10/06

SPONSOR Lujan, B. LAST UPDATED _____ HM 40

SHORT TITLE Transmission Cooperative Consumer Study SB _____

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
None	None		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

House Memorial 40 finds that the Legislative Council Service (LCS) and the appropriate legislative interim committee should conduct a study on the adequacy of the protection of New Mexico consumer interests with respect to the current regulation of generation and transmission cooperatives.

The study may include options to provide additional information to the PRC and member utilities of generation and transmission cooperatives regarding the basis and justification for rates that cooperatives propose.

FISCAL IMPLICATIONS

None identified.

SIGNIFICANT ISSUES

PRC indicates that member-owned Tri-State Electric Generation and Transmission Cooperative is the only generation and transmission cooperative operating in New Mexico. Twelve New Mexico retail distribution coops are members of Tri-State and are the parties eligible to protest a Tri-State rate increase.

The current three-member protest requirement for PRC review of rates became effective by statute when Tri-State acquired New Mexico-based Plains Electric Generation and Transmission Coop. Prior to the acquisition, the Commission set all wholesale rates for Plains following the normal Commission procedures for public rate hearings, though Plains claimed its submission to Commission rate setting was voluntary.

EMNRD reports that recent Tri-State filings have not included significant cost-of-service information to evaluate Tri-State's investment and rate design decisions. The member coops are also discouraged from seeking power from other generation sources, including self-generation, due to the imposition of penalties. The latter constraint also effectively prohibits the members from implementing renewable energy projects.

BE/mt