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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/23/13

SPONSOR Egolf LAST UPDATED \_\_\_\_\_ HJM 8/aHENRC/aHFI#1

SHORT TITLE Review Electric Transmission Capacity SB \_\_\_\_\_

ANALYST Weber

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

|              | FY13 | FY14 | FY15 | 3 Year<br>Total Cost | Recurring or<br>Nonrecurring | Fund<br>Affected |
|--------------|------|------|------|----------------------|------------------------------|------------------|
| <b>Total</b> |      | NFI  |      |                      |                              |                  |

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Energy, Minerals and Natural Resources (EMNRD)  
Public Regulation Commission (PRC)

### SUMMARY

#### Synopsis of HFI Amendment #1

1. On page 3, line 23, after "financing", insert "and incentives for encouraging the development and construction".

#### Synopsis of HENRC Amendment

1. On page 3, line 6, after "stakeholders", insert "and review any previous related and relevant studies prepared by such stakeholders".

This acknowledges that previous work was done and is available for review.

2. On page 3, between lines 22 and 23, insert a new subsection to read:  
"H. analyze the relationship between New Mexico's authority over transmission and the federal energy regulatory commission's authority over transmission and recommend actions to ensure New Mexico's full participation in regional transmission planning efforts to advance the interests of New Mexico and its residents;".
3. Reletter succeeding subsections accordingly.

Synopsis of Original Bill

House Joint Memorial 8 requests the New Mexico Legislative Council to direct the appropriate committee to review electric transmission capacity in New Mexico for renewable and conventional energy sources and to make a final report with recommendations to the Legislature and the Governor by December 1, 2013. The committee is requested identify information concerning existing, planned and potential electric transmission and electricity generation projects in New Mexico.

The designated committee is requested to:

- A. seek comment from all stakeholders;
- B. identify existing electric transmission capacity in New Mexico;
- C. identify existing unobligated electric transmission capacity in New Mexico;
- D. identify planned electric transmission projects in New Mexico, both intrastate and interstate;
- E. identify planned or announced electricity generation projects in New Mexico;
- F. identify additional electricity generating projects that could be developed in New Mexico if sufficient electric transmission capacity existed to get the electricity to energy markets;
- G. identify the required gathering systems or other electric transmission line projects that will be required to maximize the ability to get electricity generated from New Mexico sources into the intrastate and interstate markets;
- H. identify alternatives for financing of the recommended electricity infrastructure.

**FISCAL IMPLICATIONS**

There is no appropriation related to the memorial. It is apparently assumed the designated committee will include this topic in its regular business and any costs will become part of the committee's budget.

**SIGNIFICANT ISSUES**

The PRC offers the following commentary.

US Federal Energy Regulatory (FERC) recently issued Order 1000 requiring comprehensive regional and interregional transmission planning processes and prescribed cost allocation for the construction and operation of selected projects. FERC has rate and service jurisdiction over electric IOU's and independent transmission services providers. In addition to congestion and reliability considerations, FERC is explicitly requiring the regional and interregional planning and cost allocation groups to consider state initiatives such as renewable energy procurement standards. Thus, the FERC regional and interregional planning groups will make the ultimate decisions on what transmission projects will be built and by when. New Mexico will continue to have authority over transmission sites, and for New Mexico jurisdictional utilities, determination of need.

New Mexico jurisdictional utilities are part of the WestConnect Regional Planning Group and the Southwest Power Pool Regional Planning Group.

FERC has authority for the establishment of rates and tariffs of transmission services.

**House Joint Memorial 8/aHENRC/aHFI#1 – Page 3**

The effort envisioned by HJM 8 will by necessity require full analysis of the relationship between New Mexico authority over transmission and FERC's authority and should probably so state.

Also the legislative committee should determine the time frame for consideration in the review.

Given the scope of the review, the issues are many and very complicated and may require extensive complex analysis of the regional and New Mexico transmission system and for the hiring of technical expert.

No funds are appropriated for the review effort.

The Renewable Energy Transmission Authority (RETA) notes that it already has statutory authority to accomplish the spirit of the memorial. RETA adds that this would be the third task force created to address this issue. The first established RETA and the second was staffed by RETA a couple of years ago. RETA believes the work is currently underway, progress is being made and their work should be thoroughly reviewed prior to forming an additional task force.

MW/blm