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FISCAL IMPACT REPORT

ORIGINAL DATE 03/07/13

SPONSOR Egolf LAST UPDATED _____ HM 86

SHORT TITLE PRC Electric Utility Risk Management SB _____

ANALYST Chavez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Unknown				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Memorial 86 requests that the Public Regulation Commission (PRC) present a strategic plan for practicing “risk-aware regulation”, including strategies outlined in the memorial. The PRC is also requested to manage and minimize risk associated with utility investment by considering factors outlined in the memorial. These include health and environmental impacts and water usage from a proposed generation facility, and risk analysis related to the life-cycle cost of generation.

Copies of the memorial and of the Ceres April 2012 report are to be transmitted to the Public Regulation commissioners, the state’s rural electric cooperatives and the chief executive officers and boards of directors of utility companies providing services in New Mexico.

SIGNIFICANT ISSUES

The memorial notes that public utility commissioners play a crucial role in guiding utility capital investment decisions, and consequently must understand the risks associated with different electricity generation resources. The memorial adds that these large capital requirements and operational challenges may substantially affect both the cost of energy and the health of the environment in New Mexico, and there are many strategies that regulators can use to manage and minimize the risk associated with utility investment.

KC/blm