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FISCAL IMPACT REPORT

ORIGINAL DATE 02/05/13

SPONSOR Candelaria LAST UPDATED _____ HB _____

SHORT TITLE Utility Info Disclosure to Customers SB 245

ANALYST Clark

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
	NFI			

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

New Mexico Environment Department (NMED)

SUMMARY

Synopsis of Bill

Senate Bill 245 adds a new section of Chapter 62, 8 NMSA 1978 requiring public utilities furnishing electricity in New Mexico to disclose to its retail customers the composition of its retail electricity sales by fuel type, the percentage of each fuel type, the cost per kilowatt-hour including costs for capacity, air pollutants emitted per kilowatt-hour, water consumed per kilowatt-hour, and any other significant environmental impacts. Disclosures shall be standardized, simple and understandable to customers, and shall be provided on at least a biannual basis to customers as a bill insert. The PRC shall adopt rules by January 1, 2014 to implement the provisions of this section and submit a report to the Legislature by September 30, 2016 upon the commission's review and analysis of the required customer disclosure.

FISCAL IMPLICATIONS

There are no significant fiscal implications.

SIGNIFICANT ISSUES

This bill will provide customers with much greater knowledge about the nature of the power generation facilities supplying the electricity used and the environmental impacts associated with

that generation. The NMED analysis asserts that providing information to the public on environmental impacts of energy generation could influence consumers to reduce their consumption of electricity, and this could result in less water consumed and less air pollution emitted by electricity generation.

The PRC provides the following analysis.

It is not clear what benefits will be derived by the retail customers to whom this reporting disclosure or how that information is expected to be used by these end consumers. The intended use of the September 30, 2016 PRC report to the legislature has not been identified and the specific details expected of that report is not addressed. In addition, the development and adoption of a rule to implement this proposed statute will be required to be completed in less than eleven months, depending on the effective date of the proposed statute. This is an aggressive time period to achieve this rule development requirement. Even with a rule in place by January 1, 2014, it is not certain if the appropriate information, or sufficient information to be meaningful, will be reported by the utilities within the period allowed between PRC rule adoption and the report to the legislature.

However, despite the PRC's concern regarding timing, the bill specifies at least biannual reporting by the utilities, so the utility disclosures should at least begin by June 30, 2014 to satisfy that requirement. This would give the PRC 15 months to analyze the disclosures and report to the Legislature with recommendations. Many task forces formed by legislative action have far less time to report back with findings and recommendations.

PERFORMANCE IMPLICATIONS

The NMED reports one objective of its strategic plan is to improve and protect air quality by decreasing the number of areas that fail to attain the national ambient air quality standards and proactively address air quality where it is degrading. Reducing emissions from power generation would assist in achieving this objective.

ADMINISTRATIVE IMPLICATIONS

The PRC shall adopt rules by January 1, 2014 to implement the provisions of this bill, including, but not limited to, specifying the frequency of disclosures, reporting units to be used, any additional pollutants or environmental impacts to be disclosed, requirements for disclosure of electricity procured through purchase contracts having a duration of three months or longer and the development of a standardized format for disclosure.

The PRC shall review and analyze the customer disclosure required by this section and shall submit a report to the legislature with any necessary recommendations by September 30, 2016.

There should be minimal administrative implications associated with the rulemaking, and due to the length of time given the PRC to analyze the information and report to the Legislature, staff time should not be unduly burdened by the reporting requirement.

TECHNICAL ISSUES

The PRC reports the extent to which public utilities are currently tracking the information required to be provided by this legislation is not specifically known. The information required to

be reported may not currently be readily available to the public utility, nor readily attainable. The actual delivered supply composition might be unknown. New Mexico rural electric cooperatives are distribution utilities only, and the generation sources and supplies are dependent on their suppliers.

JC/svb