

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Alcon **ORIGINAL DATE** 01/30/14
LAST UPDATED 02/11/14 **HM** 31/aHENRC

SHORT TITLE Study Efficacy of Methane from Coal **SB** _____

ANALYST Armstrong

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to HM 30

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)

No Response

New Mexico Institute of Mining and Technology (NMIMT)

SUMMARY

Synopsis of HENRC Amendment

The House Energy and Natural Resources Committee amendment to House Memorial 31 replaced the usages of “efficacy” on lines 12 and 22 of page 1 with “benefits and costs”. Now, the memorial requests that NMIMT study the benefits and costs, rather than the efficacy of, coal mines refining coal mine methane and selling it to utilities for electricity generation.

Synopsis of Original Bill

House Memorial 31 requests that NMIMT study the efficacy of coal mining companies refining coal mine methane (CMM) and selling it to utilities for burning in electric power plant, and report its findings to the Radioactive and Hazardous Materials Committee.

FISCAL IMPLICATIONS

No fiscal impact.

SIGNIFICANT ISSUES

New Mexico has four active coal mines. Three of the coal mines are surface mines, which would make it difficult to capture CMM. There is one underground mine (the San Juan Mine) that currently captures CMM for worker safety reasons and releases it to the atmosphere. In addition, the San Juan Mine has a natural gas refinery on the south end of the property that could be utilized and is near a power generation plant. This study would determine if CMM exists in sufficient quantities to sell to utilities for burning in electric power plants.

A 2011 article from the *International Journal of Coal Geology* states that “[c]urrently, commercial CMM is not technically nor economically viable at many CMM drainage projects worldwide.” Still, the article discusses a variety of potential uses for CMM including power generation, and provides that coal mines could use electricity generated from CMM for onsite needs and sell the excess to utilities.

Since CMM is currently vented into the atmosphere, capturing and utilizing it would have the added benefit of improving air quality that is regulated by the New Mexico Environment Department and the US Environmental Protection Agency. Capturing underground CMM is essential in the on-going effort to ensure coal mine worker safety regulated under the Mine Safety Health Act.

RELATIONSHIP

House Memorial 30 requests that the Department of Environment and Economic Development Department assess the benefits of refining CMM for use in power plants.

TECHNICAL ISSUES

The memorial does not specify when NMIMT is to report the results of the requested study to the Radioactive and Hazardous Materials Committee.

JA/ds