FISCAL IMPACT REPORT

		ORIGINAL DATE	03/03/15		
SPONSOR	HEENC	**LAST UPDATED**	03/13/15	**HB**	445/HEENCS
SHORT TITLE	Reduce Renewable Portfolio Standards			**SB**	
				ANALYST	Clark

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	**FY16**	**FY17**		
	No Fiscal Impact			

(Parenthesis ( ) Indicate Revenue Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Public Regulation Commission (PRC)
University of New Mexico (UNM)
Renewable Energy Transmission Authority (RETA)

SUMMARY

Synopsis of Bill

The House Energy, Environment and Natural Resources Committee Substitute for House Bill 445 amends Section 62-16-4 NMSA 1978 to reduce the renewable portfolio standards by eliminating the requirement for renewable energy to comprise at least 20 percent of each public utility's total retail sales by January 1, 2020, leaving future requirements at the current mandate of 15 percent from renewable sources.

FISCAL IMPLICATIONS

There is no fiscal impact.

SIGNIFICANT ISSUES

The bill might reduce the amount of electricity generated from renewable sources by January 1, 2020 and beyond that would otherwise occur under the existing renewable portfolio standards (RPS).

New Mexico is not the only state considering rolling back or modifying its RPS. According to an August 2014 *Summary of State Renewable Portfolio Standard Legislation in 2014* by the Center for the New Energy Economy, seven states had enacted a total of nine bills. Two of the bills will rollback existing renewable energy portfolio policies while the remaining seven will modify the requirements.
(http://www.aeltracker.org/graphics/uploads/CNEE-2014-State-RPS-Legislation-Analysis.pdf)

Twenty-nine states currently have an RPS, whereas 20 years ago, only Iowa had such a policy. An additional eight states have voluntary renewable energy goals, and only three states outside of the Southeast have neither an RPS nor a voluntary target. According to data from the Clean Energy States Alliance, 11 states have long-term RPS targets of 15 percent or less, and 18 states have targets greater than 15 percent.

It is difficult to calculate the net cost or benefit arising from renewable standards. According to a 2014 study by the National Renewable Energy Laboratory (NREL), there is no standardized approach or consistent set of underlying assumptions used in the multitude of studies across the country. As a result, not only was NREL unable to estimate aggregate costs and benefits at a national level, the laboratory was unable to determine net benefits at the state level. For example, studies in California using different methodologies reported incremental net costs ranging from a net savings of 3.6 percent to a net cost of 6.5 percent.
(http://www.nrel.gov/docs/fy14osti/61042.pdf)

ADMINISTRATIVE IMPLICATIONS

Enactment of the bill would require the Public Regulation Commission (PRC) to amend its existing rule governing renewable energy for electric utilities (Section 17.9.572 NMAC - Renewable Energy for Electric Utilities) to conform to statute, potentially resulting in a minimal incremental cost to PRC for the rulemaking.

JC/je/aml