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FISCAL IMPACT REPORT

SPONSOR Ingle ORIGINAL DATE _____ LAST UPDATED _____ HB _____

SHORT TITLE First Right To Build Transmission Facilities SB 169

ANALYST Martinez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY17	FY18		
NFI	NFI	NFI	NFI

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NFI	NFI	NFI

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB65

SOURCES OF INFORMATION

LFC Files

Responses Received From

The Public Regulation Commission

SUMMARY

Synopsis of Bill

This bill provides for a Public Utility or Electric Generation and Transmission Cooperative to have the first right to construct a transmission line eligible for regional cost allocation by a regional transmission organization or “RTO”. This allows the utility to have the opportunity to own the transmission line under construction connecting two or more public utilities or cooperatives or interconnecting the transmission system with another utility.

FISCAL IMPLICATIONS

No Fiscal Impact

SIGNIFICANT ISSUES

This is an issue for the utilities regarding ownership of electric transmission assets and may have implications regarding the ability of the utility to own and maintain transmission assets within their service territory. It also can affect the New Mexico Public Regulation Commission's (PRC) regulatory authority over the transmission line in question. The PRC regulates Public Utilities and Electric Generation and Transmission Cooperatives; it does not regulate other parties that may choose to own transmission in New Mexico.

PERFORMANCE IMPLICATIONS

The performance implications are limited, as long as the said transmission assets are maintained and operational at all times. The issue may be that in the event of an outage or reduced maintenance causing service or service quality issues the PRC will have limited authority over the transmission line owners if they are not a Public Utility or an Electric Generation and Transmission Cooperative.

ADMINISTRATIVE IMPLICATIONS

The administrative implications are the same as above and potentially limit the regulatory oversight and authority over the transmission line owners if they are not a Public Utility or an Electric Generation and Transmission Cooperative. It supports the regulatory compact providing regulated utilities the right to own their own transmission and protects them from the potential of predatory activities when an independent operator/owner might then have the opportunity to make electric sales to large customers.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill is substantially a duplicate of HB 65. There are three differences between this bill and HB 65:

- 1) On line 21 of the first page, "utilities" is used instead of "utility"
- 2) On line 22 of the first page, "cooperatives" is used instead of "cooperative"
- 3) On line 11 of page 2, the word "then" has been inserted

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The consequences of not enacting this bill are that non-utility owners or developers may choose to develop transmission lines in New Mexico in the RTO area as a result of an RFP by the RTO and could own and operate a transmission line in New Mexico, while not being regulated and operate beyond NMPRC jurisdiction.

JM/jle