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FISCAL IMPACT REPORT

ORIGINAL DATE 2/14/2020

SPONSOR Stefanics LAST UPDATED _____ HB _____

SHORT TITLE Community Solar Working Group SM 63

ANALYST Leger

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
State Land Office (SLO)

SUMMARY

Synopsis of Memorial

Senate Memorial 63 requests the Legislative Council Service (LCS) to arrange for a third-party facilitator to convene a workgroup to review statewide community solar initiatives and develop recommendation for implementation of those initiatives.

The memorial identifies increased employment in the solar energy sector and increased consumer demand for solar energy as major opportunities for New Mexico, while recognizing that the state has fallen short in making solar power affordable to low-income families and renters.

FISCAL IMPLICATIONS

The memorial does not contain an appropriation. Costs associated with procuring and hiring the third-party facilitator would be absorbed by the LCS. Travel costs incurred to attend the working group by state agencies would be absorbed by the agencies.

The SLO states, “community solar projects, to the extent that they occur in the future on state trust lands, would have a positive yet undetermined positive impact.”

ADMINISTRATIVE IMPLICATIONS

The working group is said to convene no later than March 21, 2020 and report its findings and recommendations to the appropriate interim legislative committee by October 1, 2020.

The working group would be composed of the following representatives from the Energy, Minerals and Natural Resources Department, the Public Regulation Commission, utility companies, electric cooperatives, renewable energy industry representatives, the New Mexico Municipal League, environmental organizations, Indian nations, tribes and pueblos, low-income services providers, local governments, cities, counties, and interested community members from throughout the state.

ALTERNATIVES

SLO provides the following:

The State Land Office should be added as a member of the working group considering the many existing and potential renewable energy projects on state trust lands. With about nine million acres of surface estate throughout New Mexico, the State Land Office is well-positioned to significantly expand New Mexico's solar energy footprint. Currently, the State Land Office has six active leases for solar power facilities, with 46 applications currently being processed for renewable (wind and solar) projects on state trust lands.

Linking state trust lands to the clean energy economy is a top priority of Commissioner Garcia Richard. Renewable energy projects are important in meeting the State's clean energy needs, but also providing an important new revenue stream for public schools, universities and hospitals to the extent they are based on state trust lands. Recognizing and leveraging New Mexico's renewable energy potential, Commissioner Garcia Richard established the State Land Office's first ever Office of Renewable Energy, which is a distinct office focusing on expanding and successfully managing solar and wind projects on state trust lands.

By recommending a framework that fosters the development of community solar projects throughout the state, SM63 would likely enhance the State Land Office's ability to generate revenue and diversify its income streams in a sustainable manner.

If the working group contemplated by SM63 develops recommendations for implementing a sustainable and scalable market-based program in New Mexico, legislation seeking to implement the working group recommendations would likely result in an undetermined positive impact with respect to expanded renewable energy leasing opportunities and related income for state land trust beneficiaries. The State Land Office should be involved in that process.

Given its active role in promoting solar energy projects, the State Land Office would offer valuable assistance to the working group and should be included among the stakeholders invited to participate in the working group.