

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).

FISCAL IMPACT REPORT

ORIGINAL DATE 1/24/2021

SPONSOR Soules LAST UPDATED _____ HB _____

SHORT TITLE Photovoltaic Systems In New Homes SB 132

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 113 Wiring for Photovoltaic Systems and SB 29 Cost of Photovoltaic Systems

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

New Mexico Attorney General (NMAG)

SUMMARY

Synopsis of Bill

SB132 proposes a new section to the Construction Industries Licensing Act to require all new home construction after July 1, 2021 to have photovoltaic systems installed that provide at least one watt per square foot of heated area and to include at least one electrical receptacle for charging an electric vehicle (EV). The bill defines a photovoltaic system as "...a power system designed to supply usable solar power to a home that may be a grid-tied, grid-hybrid or off-grid system."

The bill provides that the commission shall promulgate rules to modify New Mexico's adopted national electrical code to implement the new provisions.

FISCAL IMPLICATIONS

RLD did not report that funding would be needed to enforce compliance with the new rules.

SIGNIFICANT ISSUES

Starting July 1, 2021, all new home construction will be required to have a photovoltaic (PV)

system installed, it will no longer be at the discretion of the homeowner or builder. RLD’s construction industries commission will be responsible to submit specifications for compliance. The New Mexico electrical code defines a PV system as “the total components and subsystems that, in combination, convert solar energy into electrical energy for connection to a utilization load.” Under this definition, RLD notes the PV system will need to include solar panels, inverters, conduit, wiring, metering and interconnection equipment, and an energy storage system (ESS).

The bill could initially increase home construction costs, but those costs could be offset with solar energy tax credits and over time, lower utility payments from generating one’s own electricity.

RLD reports heating a home of 1,600 square feet would require a PV system rated for a 3,000 watt power inverter system. Those construction costs are estimated at approximately \$15,000 or \$9.40 per square foot. Including an ESS battery would add another \$18,000. Whether the PV system will be roof-mounted or ground-mounted, additional engineering costs should also be expected.

The bill requires the PV system “provide at least one watt per square foot of heated area.” Based on information provided by RLD, the allowable size of a residential PV system is determined by the electrical utility provider, and the one watt per square foot requirement may create conflicts.

ADMINISTRATIVE IMPLICATIONS

The commission will be required to promulgate rules modifying residential building codes.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SB113 Wiring for Photovoltaic Systems and SB29 Cost of Photovoltaic Systems

OTHER SUBSTANTIVE ISSUES

The ICC reports there will need to be 9.6 million new EV charging ports by 2030, with nearly 80 percent located in single and multifamily residential buildings in the United States.

AMENDMENTS

RLD suggested amending Section 1C to recognize the requirements of NMSA 1978, § 60-13-9 F as to the Construction Industries Division and in particular the trade bureaus recommending adopting of rules as to building codes and minimum standards to be approved by the commission.

“The electrical trade bureau shall draft rules to be approved by the construction industries commission modifying the New Mexico electrical code to include these provisions.”

In addition, RLD further suggested, the term “residence” should be substituted for the term “home” throughout the bill. The term “residence” has a clear definition in the New Mexico residential building code and a legal meaning which is understood throughout the construction industry.

AHO/al