

<b>LFC Requester:</b>	<b>Helen Gaussoin</b>
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**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

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*{Analysis must be uploaded as a PDF}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

Check all that apply:  
**Original**        **Amendment**      
**Correction**        **Substitute**   

**Date** 1/26/24  
**Bill No:** HB 237

**Sponsor:** Dixon, Ortez, Small  
**Short Title:** Climate, Energy, and Water Authority Act

**Agency Name and Code**    PRC-430  
**Number:** \_\_\_\_\_  
**Person Writing**    Bradford A. Borman  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	\$10,000,000 (to the climate, energy and water project fund for the purposes of the fund).	Recurring	General Fund
	\$5,000,000 (to the Authority to carry out the purposes of this bill).	Non-recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
	n/a	n/a	n/a	n/a

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>		\$15,000,000	\$10,000,000	\$35,000,000	\$10 million recurring, \$5 million non- recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

This bill creates a new Climate, Energy and Water Authority (“Authority”) administratively attached to the Economic Development Department. The Authority is directed to

- serve as project permitting navigators for climate, energy and water projects;
- identify site-ready and brownfield locations for climate, energy, and water projects;
- provide recommendations to the governor and legislature for the streamlining of permitting for climate, energy and water projects;
- work with international, regional and national entities on climate, energy and water technology and economics;
- coordinate with industry and workforce organizations, educational institutions and the Workforce Solutions Department to ensure a trained workforce in the state;
- engage directly with Indian nations, tribes and pueblos on energy partnerships, including serving as a resource for grant opportunities, workforce development and industry relationships;
- identify and facilitate partnerships for entities in the state to apply for competitive federal grant opportunities relating to climate, energy and water technology hubs, and economics;
- establish guidelines and rules for programs and grants for clean energy, water and energy conservation technology pilot and demonstration projects;
- maintain records and accounts of revenues and expenditures as required by the state auditor, who shall conduct annual financial and legal compliance audits and file copies thereof with the governor and the legislature;
- develop a two-year strategic plan and submit the plan to the Economic Development Department by August 1 of each year;
- gather, centralize and disseminate information on climate, energy and water technology and entities working in those sectors; and
- create programs to support the decarbonization of New Mexico industry, electricity generation, transportation, agriculture and buildings.

The Authority is also required to establish a decarbonization technology program to

- recruit climate, energy and water technology to the state;
- coordinate and link pilot and demonstration projects to existing entities in the state;
- promote technology transfer, commercialization and research and development of climate, energy and water technology in the state;
- develop and implement tools and incentives to facilitate decarbonization efforts;
- make recommendations for policy and statutory changes; and
- establish a carbon concierge program to connect suppliers, offtakers and carbon emitting sectors to new technologies.

The Authority is empowered to:

- adopt rules to carry out the purposes of the bill, including rules for a decarbonization technology program;
- enter into and enforce contracts and other instruments needed, convenient or desirable in the exercise of the Authority's powers and in furtherance of the purposes of this bill;
- enter agreements to share employees with the Department of Environment, the Energy, Minerals and Natural Resources Department and the Workforce Solutions Department; and
- do things necessary to carry out the purposes and exercise the powers of the Authority as granted in the bill.

The Authority will be governed by a fifteen-member board:

- Seven ex-officio voting members from the following state agencies:
  - The Secretary of Environment (or designee);
  - The Secretary of EMNRD (or designee);
  - The Secretary of Economic Development (or designee);
  - The Secretary of Transportation (or designee);
  - The Governor's Chief of Staff (or designee);
  - The Secretary of Financing and Administration (or designee);
  - The Secretary of Indian Affairs (or designee);
- Six voting members with expertise in climate, energy or water appointed by the Governor from a list submitted by the legislature:
  - One from a public higher education institution;
  - One from an Indian nation, tribe or pueblo;
  - Two representatives from separate national laboratories;
  - To representatives from the private sector; and
- Two ex-officio non-voting members:
  - The Executive Director of the New Mexico Renewable Energy Transmission Authority (or designee);
  - The Chairman of the PRC (or designee).

Board members serve a four-year term at the pleasure of the Governor and may serve multiple terms. The Governor will appoint replacements for unexpired terms within 30 days and will select 3 of the initial voting members for a 2 year term. Subsequent appointments of these 3 members will be for staggered 4 year terms.

The board shall designate a member as chair and may appoint other officers as deemed

consistent with this bill. The board may delegate its powers and duties to members, officers, employees as deemed consistent with this bill. The board shall appoint an executive director to direct the affairs and business of the Authority. The executive director shall employ staff necessary for the performance of the Authority's powers and duties; prescribe the powers and duties of employees and consultants; and inform the Governor and Chief of Staff about issues impacting the Authority.

The board shall meet once a month. A majority of voting board members constitutes a quorum, and a majority of the quorum is needed for the board to take action.

The bill also creates a climate, energy and water project fund as a nonreverting fund in the Authority. The fund will consist of appropriations, gifts, grants, fees, distributions, donations and income from investment of the fund. Money shall be expended pursuant to vouchers issued by the executive director or designee. The Authority may use the funds for grants for state matching funds for federal grants for clean energy projects; pilot and demonstration projects for clean energy, water and energy conservation technologies; and studies and research concerning the development of clean energy and energy conservation.

Ten million dollars (\$10,000,000) is appropriated from the General Fund to the climate, energy and water project fund for expenditure in FY25 and subsequent years for the purposes of the fund. Unexpended and unencumbered dollars at the end of the FY shall not revert to the General Fund. Five million dollars (\$5,000,000) is appropriated from the General Fund to the Authority to carry out the purposes of this bill. Unexpended and unencumbered dollars at the end of the FY shall revert to the General Fund.

## **FISCAL IMPLICATIONS**

Fiscal implications for the PRC will be negligible.

## **SIGNIFICANT ISSUES**

The Authority should consider coordinating with the PRC in its development and promotion of climate, energy and water programs to ensure consistency with existing PRC regulatory processes, including those involving renewable portfolios, energy efficiency programs, the Energy Transition Act, and Grid Modernization. This may create conflicts if for instance, the Authority promotes projects at specific locations, while the PRC has location review over electricity plants, facilities and transmission lines.

## **PERFORMANCE IMPLICATIONS**

No significant performance implication for the PRC.

## **ADMINISTRATIVE IMPLICATIONS**

No significant administrative implications for the PRC.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

As noted above, there are likely overlaps between the Authority's mandate and existing PRC

regulatory processes.

**TECHNICAL ISSUES**

None identified.

**OTHER SUBSTANTIVE ISSUES**

None identified.

**ALTERNATIVES**

None identified.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The status quo will continue without the creation of the Authority.

**AMENDMENTS**

None identified.