

<b>LFC Requester:</b>	<b>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 1/25/2024

Bill No: HB 237

Sponsor: Dixon  
Short Title: CLIMATE, ENERGY AND WATER AUTHORITY ACT

Agency Name and Code: NMED-667  
Number: \_\_\_\_\_  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	(10,000)	Nonrecurring, nonreverting	GF
	\$10,000	Nonrecurring	Climate, Energy and Water Project Fund
	(5,000)	Nonrecurring	GF
	\$5,000	Nonrecurring	Climate, Energy and Water Authority Operating Fund

(Parenthesis ( ) Indicate Expenditure

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

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$407.7	\$407.7	<\$815.4	Recurring	Climate, Energy and Water Authority Operating 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**

House Bill 237 establishes the Climate, Energy and Water Authority with responsibilities relating to the creation and administration of pilot and other projects relating to transitioning to a clean energy economy and supporting New Mexico's water supply.

House Bill 237 (HB237) authorizes the Climate, Energy and Water Authority Act, which creates a Climate, Energy and Water Authority (CEWA) to serve as a clearinghouse and coordination hub for climate, energy, and water projects; creates a Climate, Energy and Water Fund; and appropriates a total of \$15 million for FY25, \$5 million to the CEWA for expenditure in FY25 and \$10 million to the Climate, Energy and Water Project Fund for expenditure in FY25 and subsequent fiscal years.

HB237 authorizes a 15-member CEWA board that is administratively attached to the Economic Development Department (EDD). The CEWA board includes seven ex-officio members; the Cabinet Secretaries or their designees from Environment, Energy Minerals and Natural Resources, Economic Development, Transportation, Finance and Administration, Indian Affairs, and the Governor's chief of staff or their designee. The CEWA board also includes six voting members with expertise in climate, energy or water appointed by the Governor from a list of nominees submitted to the Governor jointly by the President Pro Tempore of the Senate and the Speaker of the House of Representatives that include (a) one representative from a public higher education institution; (b) one representative from an Indian nation, tribe or pueblo; (c) two representatives, each of whom represent a different national laboratory; and (d) two representatives from the private sector. The CEWA board includes an additional two ex-officio, nonvoting members that are: (a) the executive director of the New Mexico Renewable Energy Transmission Authority or the executive director's designee; and (b) the chair of the Public Regulation Commission or the chair's designee. HB237 also authorizes the CEWA board to appoint an executive director to direct the affairs and business of the authority, subject to the policies, control and direction of the CEWA board.

Pursuant to HB237, CEWA's duties are to: (1) serve as project permitting navigators for climate, energy and water projects; (2) identify site-ready and brownfield locations for climate, energy and water projects; (3) provide recommendations to the governor and the legislature for the streamlining of permitting for climate, energy and water projects; (4) work with international, regional and national entities on climate, energy and water technology and economics; (5) coordinate with industry and workforce organizations, educational and post-secondary educational institutions and the workforce solutions department to ensure a trained workforce in the state; (6) engage directly with Indian nations, tribes and pueblos on energy partnerships, including serving as a resource for grant opportunities, workforce development and industry relationships; (7) 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; (8) establish guidelines and rules for programs and grants for clean energy, water and energy conservation technology pilot and demonstration projects; (9) maintain records and accounts of revenues and expenditures as required by the state auditor, with the auditor

conducting an annual financial and legal compliance audit of the accounts of the authority and filing copies with the governor and the legislature; (10) develop a two-year strategic plan and submit the plan to EDD before August 1 of each year; (11) gather, centralize and disseminate information on climate, energy and water technology and entities working in those sectors; and (12) create programs to support the decarbonization of New Mexico industry, electricity generation, transportation, agriculture and buildings.

Under HB237, CEWA may: (1) adopt rules to carry out the purposes of the Climate, Energy and Water Authority Act, including rules for a decarbonization technology program; (2) make, enter into and enforce contracts, agreements and other instruments necessary, convenient or desirable in the exercise of the authority's powers and functions and for the purposes of the Climate, Energy and Water Authority Act; (3) enter into agreements to share employees with the Environment, Energy, Mineral and Natural Resources and Workforce Solutions Departments; and (4) do anything necessary to carry out the authority's purposes and exercise the powers in the Climate, Energy and Water Authority Act.

HB237 directs CEWA to establish a decarbonization technology program to (a) recruit climate, energy and water technology companies to the state; (b) coordinate and link pilot and demonstration projects to existing entities in the state; (c) promote technology transfer, commercialization and research and development of climate, energy and water technology in the state; (d) develop and implement tools and incentives to facilitate decarbonization efforts; (e) make recommendations for policy and statutory changes; and (f) establish a carbon concierge program to connect suppliers, off-takers and carbon-emitting sectors to new technologies.

HB237 establishes the Climate, Energy and Water Project Fund (CEWPF) as a nonreverting fund in CEWA. CEWPF consists of appropriations, gifts, grants, fees, distributions, donations and income from investment of the fund. HB237 directs money in the CEWPF to be expended upon warrant of the Secretary of Finance and Administration pursuant to vouchers signed by the executive director of the CEWA or the CEWA executive director's authorized representative. CEWA administers the CEWPF, and money in the CEWPF is appropriated to CEWA to make grants to an eligible entity for: (1) state matching funds for federal grants for clean energy projects; (2) pilot and demonstration projects for clean energy, water and energy conservation technologies; and (3) studies and research concerning the development of clean energy and energy conservation.

## **FISCAL IMPLICATIONS**

HB237 will allow New Mexico to compete with other states and countries for new and expanded companies and technologies that will accelerate investments in energy, climate, water technologies. In doing so, the CEWA will accelerate the implementation of New Mexico's climate goals (Executive Order 2019-003) as well as the mission of the New Mexico Environment Department (NMED).

HB237 requires the participation of NMED's Cabinet Secretary or their designee in CEWA. NMED estimates one full-time employee (FTE) to participate in CEWA and work on CEWA-related obligations at an estimated cost of at least \$105 thousand. In addition to salary impacts, NMED estimates 20 travel days per year for the CEWA FTE for an additional amount of \$2,200. For employees to be shared between CEWA and NMED pursuant to an agreement under HB237, NMED would require CEWA to fund employees for such work, as NMED's current FTEs would

not be able to support CEWA obligations in addition to their present workload obligations.

HB237 proposed responsibilities for CEWA may require the creation of at least three new staff positions at NMED with an estimated cost of \$392 thousand for the following:

- (1) “streamlining of permitting (water)” (Section 4(A)(3));
- (2) “identify site-ready and brownfield locations for climate, energy and water projects;” and
- (3) Section 4(B)(3) (“enter into agreements to share employees with the department of environment, the energy, minerals and natural resources department and the workforce solutions department”).

### **SIGNIFICANT ISSUES**

The CEWA will centralize statewide efforts to bring climate, energy and water opportunities to New Mexico and have the means to provide funding support the projects that CEWA selects.

### **PERFORMANCE IMPLICATIONS**

None identified.

### **ADMINISTRATIVE IMPLICATIONS**

Sharing staff with CEWA would need to be clearly defined to avoid potential conflicts as NMED is a regulatory agency with permitting and enforcement authority.

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

None identified.

### **TECHNICAL ISSUES**

None identified.

### **OTHER SUBSTANTIVE ISSUES**

None identified.

### **ALTERNATIVES**

None identified.

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

New Mexico may miss accelerating investments in our economy and deploying technologies that will advance Executive Order 2019-003.

### **AMENDMENTS**

None identified.