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The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR:	SJ	C	DATE TYPED:	03/07/03	НВ	
SHORT TITLE: Water Conservation			Plans for Electric P	lants	SB	172/CSJC
			YST:	Valenzuela		

APPROPRIATION

Appropriation	on Contained	Estimated Add	litional Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			\$72.6	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates House Bill 292

SOURCES OF INFORMATION

Legislative Finance Committee files

Responses Received From

Public Regulation Commission (PRC)

Energy, Minerals and Natural Resources Department (EMNRD)

Department of Environment (NMED)

SUMMARY

Synopsis of the SCONC Amendment

The Senate Conservation Committee (SCONC) amendment to Senate Bill 172 makes several substantive revisions to the original bill. First, the amended bill would grandfather existing electric generating plants from the requirements of the bill and thus apply only to new facilities, generating 300 MW, constructed after January 1, 2003. The amendment also expands the water conservation measures available to power plants, or dry cooling technology. The use of hybrid (wet/dry cooling), produced water and wastewater effluent would be acceptable as water conservation improvements.

Senate Bill 172/CSJC -- Page 2

The amendment strikes in its entirety the sections that require a detailed cost-benefit comparison between wet cooling and dry cooling, that require the State Engineer to recommend changes or additions to the power plant application, and that require public noticing and hearings for the application.

Synopsis of Original Bill

Senate Bill 172 would make three major changes to existing statute: (1) amends the statute to expand the PRC authority over siting for electric generating plants of 50 megawatts (MW) or more; (2) adds a new section to the Public Utility Act that prohibits PRC approval of construction or expansion of an electric generating plant that uses more than 100 acre-feet of water per year without a water conservation plan that provides evaluations of water conservation techniques such as dry cooling; and (3) repeals the delayed repeal (July 1, 2003) of the Public Utility Act, Chapter 63 Article 7 NMSA 1978, the Telephone and Telegraph Company Certification Act, the New Mexico Telecommunications Act, and the Cellular Telephone Services Act.

Significant Issues

The new section added to the Public Utility Act is designed to encourage electric utilities to consider water-saving operating technologies, such as dry cooling. The bill includes several provisions outlining requirements for a utility who intends to construct or expand its plants.

New Mexico's electric generating facilities use approximately 68,000 acre feet of water, annually, which represents roughly 2 percent of total water use in the state. As examples, the San Juan Generating Station uses 22,000 acre feet/year and the Four Corners Generating Station uses 30,000 acre feet/year. Representatives of the Public Service Company of New Mexico (PNM) have testified about potential concerns with dry cooling technology: it could add 5 to 10 percent to the construction cost of a new facility and could decrease operating efficiency by 10 percent.

To date, several companies have planned construction of more than 15 power plants throughout New Mexico. However, the downturn in the economy has stalled these projects.

FISCAL IMPLICATIONS

Senate Bill 172 does not contain an appropriation. However, enactment could increase the workload on the Utility Division staff. The PRC reports that it will require one additional staff position to deal with the increased workload. The estimate for this staff position, including benefits, is \$72.6, which would be paid from the general fund.

MFV/sb/njw:yr