



This bill creates a quasi-governmental agency that will serve to finance transmission and storage projects with an emphasis on renewable energy and facilitate the in-state use of and exportation of New Mexico generated renewable power. The purpose is to promote the development of renewable energy facilities in the state by providing additional transmission facilities to take the power to market both within New Mexico and out of state.

The bill will establish an interstate authority that will have specialized expertise in electric transmission infrastructure and storage issues. The authority will have the power to issue revenue bonds that will provide financing stimulus for public and private entities to construct and operate new transmission lines and electric storage facilities, both inside and outside of New Mexico.

The Governor will appoint five board members, with the advice and consent of the senate, provided that no more than three are from the same political party. All must have extensive knowledge of the utility industry and renewable energy development and displayed ability to protect the public interest.

The PRC will retain permitting and siting authority over jurisdictional transmission lines. New Mexico regulated utility companies will evaluate the benefits of participation in projects, with PRC oversight of retail rates.

The authority will engage in interstate commerce and will be subject to Federal Energy Regulatory Commission (FERC) jurisdiction.

The authority will have the power of eminent domain for acquiring property for public use for the purpose of constructing electric transmission lines and related infrastructure.

### Significant Issues

The EMNRD believes this bill will provide economic development in New Mexico's rural areas. A typical New Mexico wind project can generate approximately \$40 million for the local in-state economy over a 25 year period.

This bill will also provide New Mexicans with greater access to clean renewable energy and improved transmission system reliability.

### **FISCAL IMPLICATIONS**

The appropriation of \$1 million in fiscal year 2006, \$750 thousand in fiscal year 2007 and \$750 thousand in fiscal year 2008 from the general fund contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of each fiscal shall not revert to the general fund; however, it is the intent of the legislature that money appropriated by this bill is to be used for initial implementation and, as balance accrue to the renewable energy transmission and storage authority operational fund above the amounts needed by the authority to perform its duties. The excess balances are to be deposited in the general fund so that the appropriation made by the bill shall be completely refunded to the general fund no later than June 30, 2015.

This bill creates a new fund and provides for continuing appropriations. The LFC objects to including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

EMNRD believes this bill's provision will increase tax revenues received by New Mexico. Potentially, \$10 million in tax revenues can be generated over a 25-year period including property taxes, severance taxes, gross receipts tax.

The authority will have the power to borrow money and evidence the borrowing in the issuance and sale of bonds or other obligations in order to finance projects.

The authority's bonds will not represent any type of guarantee or obligation from the State of New Mexico, but are stand-alone instruments similar to New Mexico Finance Authority bonds.

### **ADMINISTRATIVE IMPLICATIONS**

This bill creates a quasi-state agency, specializing in electric transmission, storage and infrastructure financing.

### **DUPLICATION**

SB 627 duplicates HB 748.

DW/yr:lg