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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/27/11

SPONSOR Campos, J LAST UPDATED \_\_\_\_\_ HB 181

SHORT TITLE Public Utility Definitions and Cost Recovery SB \_\_\_\_\_

ANALYST Lucero

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	None		

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY10	FY11	FY12	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		Minimal	Minimal	Minimal	Nonrecurring	General Fund and other various funds

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

House Bill 181 proposes to enact a new section of the Public Utility Act. Notwithstanding any other provision of the Public Utility Act, a person not otherwise a public utility, shall not be deemed to be a public utility and subject to the jurisdiction, control or regulation of the Public Regulation Commission (PRC) or the provisions of the Public Utility Act solely because the person owns or controls all or any part of any renewable energy distributed generation facility, as long as, the facility is located on the host's site; produces electric energy used at the host's site and sold to the host or the host's tenants or employees located at the host's site, and shares a common point of connection with the electric utility serving the area. The bill would also allow the sale of the energy produced by the renewable energy distributed generation facility to the electric utility serving the area.

The bill defines "host," "renewable energy distributed generation facility," and "site."

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The bill also proposes to allow investor-owned utilities to recover the costs of ancillary and standby services for new interconnected customers and may seek a rate rider in the utility's renewable energy procurement plan filing before January 1, 2011, until its next general rate case.

The bill directs the PRC to approve new applications filed prior to January 1, 2011 to create a holding company by a public utility no later than July 1, 2011.

Finally, the PRC shall report to the Legislature by December 31, 2012 the effectiveness of the state's renewable energy distributed program.

### **FISCAL IMPACT**

The bill contains no appropriation. There could be additional operating cost to the PRC to carry out the provisions of the bill. It is not possible to quantify the impact, but it is projected to be minimal.

### **SIGNIFICANT ISSUES**

As of 2006, 5 percent of the electricity each public utility in New Mexico sells to New Mexico consumers must be generated from specified renewable resources. The percentage then increases to 20 percent of total retail sales by 2020, and remains fixed at 20 percent thereafter. In addition, beginning in 2011, public utilities must achieve a "fully diversified renewable energy portfolio" by ensuring that at least 20 percent of the requirement be met with wind resources, 20 percent with solar resources, 10 percent with other resources, and 1.5 percent with distributed generation resources. The distributed generation requirement increases to 3 percent in 2015. Rural electric cooperatives have to meet a 5 percent by 2015 renewable portfolio standard (RPS), increasing 1 percent per year to 10 percent by 2020, and are not subjected to the diversity requirements.

### **PERFORMANCE IMPLICATIONS**

The provisions of this bill may help increase the chance of meeting the RPS requirements for distributed generation.

### **ADMINISTRATIVE IMPLICATIONS**

There may be a minimal administrative cost associated with reporting to the Legislature the effectiveness of the state's renewable energy distributed program.

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