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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/26/11  
 LAST UPDATED 03/09/11    **HB** \_\_\_\_\_

SPONSOR Leavell

SHORT TITLE Expedite Energy Transmission Line Siting    **SB** 500/aSCONC

ANALYST Lucero

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

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		Minimal	Minimal	Minimal	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Environment Department (NMED)  
 Public Regulation Commission (PRC)  
 Economic Development Department (EDD)

### SUMMARY

#### Synopsis of SCONC Amendment

Senate Conservation Committee amendment to Senate Bill 500 eliminates the process identified in the original bill and provides for a new expedited process for transmission line siting. The amendment would allow a person to file an application for approval of a transmission line of 230 kilovolts or more, which has been approved by a regional transmission organization (RTO) or other transmission planning coordinator. The PRC shall issue a final order on the application within 120 days of filing. A failure by the PRC to act on the application within the specified timeframe would deem the application approved.

The PRC can approve the application even if the applicant may have received disapproval from a county, municipal agency, board, or commission. The judgment of the PRC shall be conclusive on all questions of siting, land use, aesthetics, and any other state or local requirements affecting the siting.

#### Synopsis of Original Bill

Senate Bill 500 amends Section 62-9-3 NMSA 1978, of the Public Utility Act, to allow an electric transmission company, not otherwise under the jurisdiction of the PRC, to apply to the

PRC for an expedited siting certificate to develop transmission facilities.

The bill identifies the siting application shall include:

- Evidence that a transmission project has been approved by a Regional Transmission Organization (RTO) or other third-party transmission coordinator;
- Site information and a description of the project;
- Information on the potential effects of the project on public health;
- Information indicating compliance with all state and federal environmental standards, laws and rules;
- Description and evaluation of one or more alternative routes and statement of why the proposed route was selected; and
- Any other reasonable information required by the PRC.

Once this application is submitted, the PRC shall set a date for a public hearing not more than 90 days from the date of application. The PRC will issue a final order within 120 days of the application date. An expedited siting certificate will be granted if the project or alternate route is determined to be feasible and reasonable. If such a certificate is granted, it takes precedence over all local zoning, ordinance, law, rule, regulation, policy, or practice otherwise.

## **FISCAL IMPLICATIONS**

See administrative implications below.

## **SIGNIFICANT ISSUES**

This bill would allow transmission line construction to be expedited. The expedited process applies to electric transmission companies not under PRC jurisdiction. Most likely, the bill would apply to projects that would construct multi-state interstate transmission lines.

This bill will allow transmission projects to override local zoning and other local rules, once PRC approval has been received. This may accelerate some transmission projects, but may also potentially upset local residents.

The original bill establishes criteria for the issuance of an expedited certificate, including planning details and comparison of alternate routes, health and environmental concerns and compliance with all laws and regulations; however, the SCONC amendment only requires RTO or other transmission planning coordinator approval.

The SCONC amendment extends the timeframe to 120 days for a final order; however, failing to issue an order within that timeframe warrants approval. The original bill sets timelines from filing of an application: 90 days for public hearing and 120 days for decision.

## **PERFORMANCE IMPLICATIONS**

The New Mexico Environment Department (NMED) can take credit for pollutants averted through renewable energy production in state implementation plans required pursuant to the Clean Air Act. To the extent that increased renewable energy production and energy efficiency programs decrease the need for energy production from fossil fuels, resulting in reduced greenhouse gas and ozone precursor (nitrogen oxide and volatile organic compound) emissions.

This could result in fewer requirements for other sources of these emissions in potential nonattainment areas.

### **ADMINISTRATIVE IMPLICATIONS**

To the extent that bill requires an expedited process; there is no provision for additional funding to support increased administrative costs at the PRC. It is expected that there may not be a significant number of applications for expedited transmission line siting.

### **RELATIONSHIP**

HB 354	Plant or Transmission Line Location Control
SB 57	Energy Transmission Cost Recovery
SB 60	Renewable Energy Transmission Bond Sales
SJM 8	Transmission Line program Coordination
SM 54	Transmission Infrastructure Needs Task Force

### **OTHER SUBSTANTIVE ISSUES**

In 2004, the Legislature passed the Renewable Energy Act, which requires a certain percentage of a utility’s power to come from renewable energy sources. New Mexico's renewable portfolio standard (RPS) started in 2005 when public utilities were required to derive 5 percent of total retail sales from renewable energy. The target increases gradually to 20 percent by 2020.

In addition to RPS targets, beginning in 2011, each public utility’s renewable energy mix must be fully diversified. At the RPS targeted level, utilities must diversify the portfolio so that at least 20 percent comes from wind resources, 20 percent comes from solar resources, 10 percent comes from other resources, and 1.5 percent from distributed generation resources (increasing to 3 percent by 2015).

However, in addition to increasing the use of renewable energy within the state to offset traditional non-renewable/fossil fuel sources, the state is also uniquely poised to be a leader in exportable renewable energy. Historically, New Mexico’s transmission system was developed to transmit electricity short distances, from generating plants to consumers. In-state utility companies focused on meeting in-state load (customer demand for electricity) in a cost-effective manner, as opposed to developing “merchant” renewable energy projects for exporting power out-of-state.

Renewable energy is generally transported great distances from solar collecting fields and wind farms to consumers residing elsewhere. New Mexico doesn’t currently have the transmission grid to interconnect all proposed renewable energy projects in the state.

However, the need to modernize the approach to transmission line development must be balanced with local community concerns, zoning, and authority.

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