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FISCAL IMPACT REPORT

SPONSOR Steinborn ORIGINAL DATE 2/13/17
 LAST UPDATED 2/26/17 HB _____

SHORT TITLE Efficient Utility Water Use SB 226/aSCONC/aSPAC

ANALYST Martinez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NFI	NFI	NFI

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Public Regulation Commission (PRC)

SUMMARY

Synopsis of Senate Public Affairs Committee

The Senate Public Affairs Committee amendment on page 2, line 5 and 6, strikes, “a consideration of” and insert in lieu thereof “the”.

Synopsis of Senate Conservation Committee Amendment

The Senate Conservation Committee amendment on page 2, line 6, strikes, “including thermal loading,”

Synopsis of Original Bill

SB 226 expands the scope of the integrated resource planning requirement on electric and natural gas public utilities to include evaluation of water use efficiency beyond the currently required evaluations of renewable energy, energy efficiency, load management, distributed generation and conventional generation resources. The evaluation of water use efficiency is to address impacts to water quality, including thermal loading, as well as consumption of water resources.

FISCAL IMPLICATIONS

SB226 carries no appropriations. There are no fiscal implications to the New Mexico Public Regulation Commission.

SIGNIFICANT ISSUES

The Public Regulation Commission States the following significant issues:

The integrated resource planning requirement is defined in the Efficient Use of Energy Act (EUEA) (62-17 NMSA 1978) and the EUEA's stated policy is that public utilities are to include energy efficiency and load management resources in their energy resource portfolio. Energy efficiency and load management are resources to be included in the balanced resource portfolio that public utilities must achieve. Water use efficiency is not specifically addressed in the EUEA and may be beyond the scope of the EUEA.

The requirement proposed in this bill to evaluate water use efficiency appears to apply to both electric and natural gas public utilities. While there may be water use issues related to the generation of electricity, there appear to be only minimal issues, if any, with respect to water use at natural gas public utilities.

The meaning of "thermal loading" as stated in this bill is undefined and therefore unclear.

PERFORMANCE IMPLICATIONS

The Public Regulation Commission's existing integrated resource planning rule already requires electric utilities to provide (17.7.3.9.C (12) (c) NMAC) water consumption rates for each supply-side resource.

ADMINISTRATIVE IMPLICATIONS

There appear to be other state agencies currently tasked with water quality matters related to water use at electricity generation plants.

According to the New Mexico Environment Department, the Pollution Prevention Section of its Ground Water Quality Bureau is currently charged with the review and approval of discharges that have the potential to impact ground water quality including discharges from power generating plants.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Water consumption will continue to be addressed by the PRC in integrated resource planning as required by the Rule. Discharges at power generating plants that may impact water quality will remain subject to the review and approval of the Pollution Prevention Section of the Ground Water Quality Bureau of the New Mexico Environment Department.