

**LFC Requester:****Gaussoin**

**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

**Analysis.nmlegis.gov**

*{Analysis must be uploaded as a PDF}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

*Check all that apply:*

**Original**        **Amendment**      
**Correction**        **Substitute**   

**Date** 1/30/2024

**Bill No:** HB 9

**Agency Name**

**and Code**

NMED-667

**Number:**

**Sponsor:** Dixon

**Person Writing**

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WATER DIVISION

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
	(10,000)	Nonrecurring, nonreverting	GF
	\$10,000	Nonrecurring	Climate, Energy and Water Project Fund
	(5,000)	Nonrecurring	GF
	\$5,000	Nonrecurring	Climate, Energy and Water Division Operating Fund

(Parenthesis ( ) Indicate Expenditure

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

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$392.0	\$392.0	\$784.0	Recurring	Climate, Energy and Water Division Operating Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

House Bill 9 creates the Climate, Energy and Water Division (“Division”) within the Economic Development Department (“EDD”). The Division’s duties are to: (1) serve as project permitting navigators for climate, energy and water projects; (2) identify site-ready and brownfield locations for climate, energy and water projects; (3) provide recommendations to the governor and the legislature for the streamlining of permitting for climate, energy and water projects; (4) work with international, regional and national entities on climate, energy and water technology and economics; (5) coordinate with industry and workforce organizations, educational and post-secondary educational institutions and the workforce solutions department to ensure a trained workforce in the state; (6) engage directly with Indian nations, tribes and pueblos on energy partnerships, including serving as a resource for grant opportunities, workforce development and industry relationships; (7) identify and facilitate partnerships for entities in the state to apply for competitive federal grant opportunities relating to climate, energy and water technology, hubs and economics; (8) establish guidelines and rules for programs and grants for clean energy, water and energy conservation technology pilot and demonstration projects; (9) develop a two-year strategic plan and submit the plan to the department before August 1 of each year; (10) gather, centralize and disseminate information on climate, energy and water technology and entities working in those sectors; and (11) create programs to support the decarbonization of New Mexico industry, electricity generation, transportation, agriculture and buildings.

The Division may: (1) adopt rules for a decarbonization technology program; (2) make, enter into and enforce contracts, agreements and other instruments necessary, convenient or desirable in the exercise of the Division's powers and functions; (3) enter into agreements to share employees with the Environment, Energy, Mineral and Natural Resources and Workforce Solutions Departments; and (4) do anything necessary to carry out the Division's purposes and exercise the Division’s powers.

House Bill 9 directs the Division to establish a decarbonization technology program to (a) recruit climate, energy and water technology companies to the state; (b) coordinate and link pilot and demonstration projects to existing entities in the state; (c) promote technology transfer, commercialization and research and development of climate, energy and water technology in the state; (d) develop and implement tools and incentives to facilitate decarbonization efforts; (e) make recommendations for policy and statutory changes; and (f) establish a carbon concierge program to connect suppliers, off-takers and carbon-emitting sectors to new technologies.

House Bill 9 establishes the Climate, Energy and Water Project Fund (CEWPF). Money in the fund is appropriated to EDD to make grants to an eligible entity for: (1) state matching funds for federal grants for clean energy projects; (2) pilot and demonstration projects for clean energy, water and energy conservation technologies; and (3) studies and research concerning the development of clean energy and energy conservation.

## **FISCAL IMPLICATIONS**

House Bill 9 will allow New Mexico to compete with other states and countries for new and expanded companies and technologies that will accelerate investments in energy, climate, water technologies. In doing so, House Bill 9 will accelerate the implementation of New Mexico's climate goals (Executive Order 2019-003) as well as the mission of the New Mexico Environment Department (NMED).

For employees to be shared between the Division and NMED pursuant to an agreement in accordance with the provisions of House Bill 9, NMED would require the Division to fund employees for such work. NMED's current FTEs would not be able to support House Bill 9 obligations in addition to their present workload obligations.

House Bill 9 proposed responsibilities may require the creation of at least three new staff positions at NMED with an estimated cost of \$392 thousand to support the Division.

## **SIGNIFICANT ISSUES**

The Division will centralize statewide efforts to bring climate, energy and water opportunities to New Mexico and have the means to provide funding support the projects that the Division selects.

## **PERFORMANCE IMPLICATIONS**

None identified.

## **ADMINISTRATIVE IMPLICATIONS**

Sharing staff with the Division would need to be clearly defined to avoid potential conflicts as NMED is a regulatory agency with permitting and enforcement authority.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None identified.

## **TECHNICAL ISSUES**

None identified.

## **OTHER SUBSTANTIVE ISSUES**

None identified.

## **ALTERNATIVES**

None identified.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

New Mexico may miss accelerating investments in our economy and deploying technologies that will advance Executive Order 2019-003.

## **AMENDMENTS**

None identified.