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FISCAL IMPACT REPORT

SPONSOR: Jennings DATE TYPED: 02/23/01 HB _____
 SHORT TITLE: Coal-fired Electrical Generating Plant Study SB 691
 ANALYST: Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
\$ 200.0				Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
 General Services Department (GSD)
 Economic Development Department
 Public Regulation Commission
 Energy, Minerals and Natural Resources Department (EMNRD)
 State Land Office

SUMMARY

Synopsis of Bill

Senate Bill 691 establishes a joint interim legislative committee and appropriates \$200.0 from the general fund to study the feasibility of building a coal-fired electrical generating facility in the northwestern portion of New Mexico. The funds are appropriated to the Legislative Council Service for use by the committee in carrying out the provisions of the bill. Senate Bill 691 outlines the criteria for the study and the makeup of the committee and allows the committee to hire a contractor to assist in the development of a cost/benefit analysis.

Senate Bill 691 carries an emergency clause.

Significant Issues

Enactment of the bill would begin the process of exploring the concept of a state-owned electric generation facility operating in a deregulated competitive electric utility industry (slated to being January 1, 2002). Electric utility companies may not welcome the state's involvement in the industry.

The bill could have two positive impacts on New Mexico if a decision is made to pursue this proposal past the study phase: (1) it could provide New Mexicans will low-cost energy generation, which

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ideally, should translate to low, stable electric residential and business rates and (2) it could put the state in a position to reap the financial benefits because of the tremendous demand for low-cost electricity supply. However, environmental permitting of a new coal-fired generation plant in the area would be difficult.

The purpose of the bill is to address these issues and the costs versus benefits of this proposal.

FISCAL IMPLICATIONS

The appropriation of \$200.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY02 shall revert to the general fund.

Aside from the appropriations, enactment of Senate Bill 691 would not have a fiscal impact on any state agency.

ADMINISTRATIVE IMPLICATIONS

Enactment of Senate Bill 691 would impose an administrative burden on key agencies, who may be required to testify or provide technical assistance to the committee in carrying out the key provisions of the bill.

MFV/ar