

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 3-12-09

SPONSOR Stewart LAST UPDATED \_\_\_\_\_ HM 87

SHORT TITLE Renewable Energy Feed-In Tariff Hearings SB \_\_\_\_\_

ANALYST Woods

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### No Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)

Taxation and Revenue Department (TRD)<sup>1</sup>

### SUMMARY

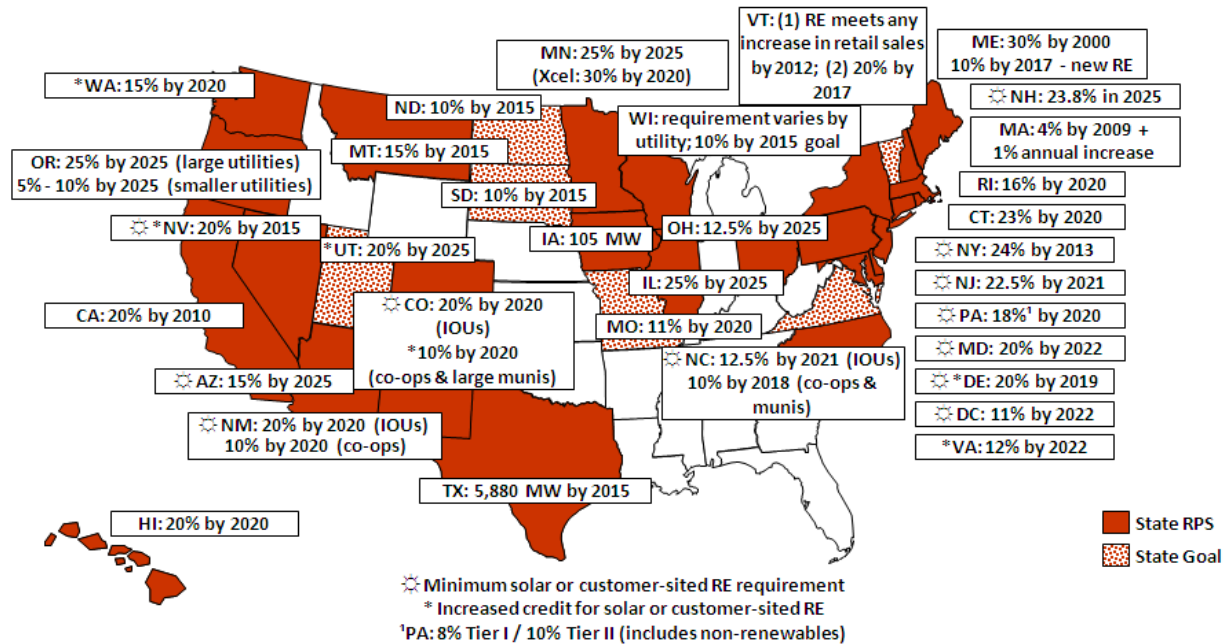
#### Synopsis of Bill

House Memorial 87 resolves that the New Mexico legislative council be requested to direct the interim committee assigned to address water and natural resources issues to hear testimony on the possible benefits of enacting feed-in tariffs in New Mexico; and that copies of the memorial be transmitted to the co-chairs of the New Mexico legislative council.

### SIGNIFICANT ISSUES

EMNRD advises that New Mexico's adoption of a renewable portfolio standard (see map below for the 25 other states adopting an RPS) has led to utility-based incentives to install solar panels on rooftops in New Mexico, which consist of reverse metering and a renewable energy credit. In PNM territory this amounts to 21 cents/kWh, which allows the typical solar-equipped homeowner to reduce or eliminate monthly electric utility bills and pay off the up-front investment much sooner.

<sup>1</sup> TRD comments requested on 3-10-09. Upon receipt, FIR will be updated.



EMNRD further notes that, according to *Feed-in Tariffs and Renewable Energy in the USA - A Policy Update*, six states have introduced feed-in tariff bills, and another eight states have considered, or are considering, similar legislation. Feed-in tariffs include: (1) guaranteed interconnection through uniform minimum standards; (2) a mandatory purchase requirement through fixed-rate 20-year contracts; and (3) rate recovery through a regionally-partitioned national system benefits charge.<sup>2</sup> Germany has what it calls a feed-in tariff, which provides payments for those installing renewable energy on their homes. Solar-roofed homeowners receive the equivalent of 55 cents/kWh from their utility companies, which in turn assess every German utility bill to cover the costs of the tariff. The feed-in tariff system has made Germany the largest market for rooftop PV in the world: more panels are installed on Berlin rooftops than in all of California. While feed-in tariffs encourage solar equipped homes, it also passes the utilities' cost of purchases to all consumers, including those who have not solar equipped their homes.

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

EMNRD suggests that the interim water and natural resources committee will not hear testimony, as a direct result of HM 87, on the benefits of enacting renewable energy feed-in tariffs in New Mexico.

**AMENDMENTS**

None suggested by respondent.

BW/mt

<sup>2</sup> *Feed-in Tariffs and Renewable Energy in the USA - A Policy Update*. (Rickerson, Bennhold, and Bradbury, Heinrich Boll Foundation, 2008)