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F I S C A L I M P A C T R E P O R T

SPONSOR Stewart **ORIGINAL DATE** 03/13/09 **LAST UPDATED** **HM** 96

SHORT TITLE Renewable Energy Payments Study **SB**

ANALYST Lucero

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Minimal		Minimal	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

House Memorial 96 requests that the appropriate legislative council be requested to direct the appropriate committee to study whether or not renewable energy payments should be adopted in New Mexico and, if so, how they should be designed.

The memorial further requests that the Energy, Minerals and Natural Resources Department, Department of Environment, and the Public Regulation Commission analyze the issues regarding whether or not renewable energy payments should be adopted in New Mexico and, if so, how they should be designed and to report their analyses to the committee.

FISCAL IMPLICATIONS

The bill has no appropriation; however, implementing the directives contained in this bill would have a minor administrative impact including staff time and appropriate supporting resources.

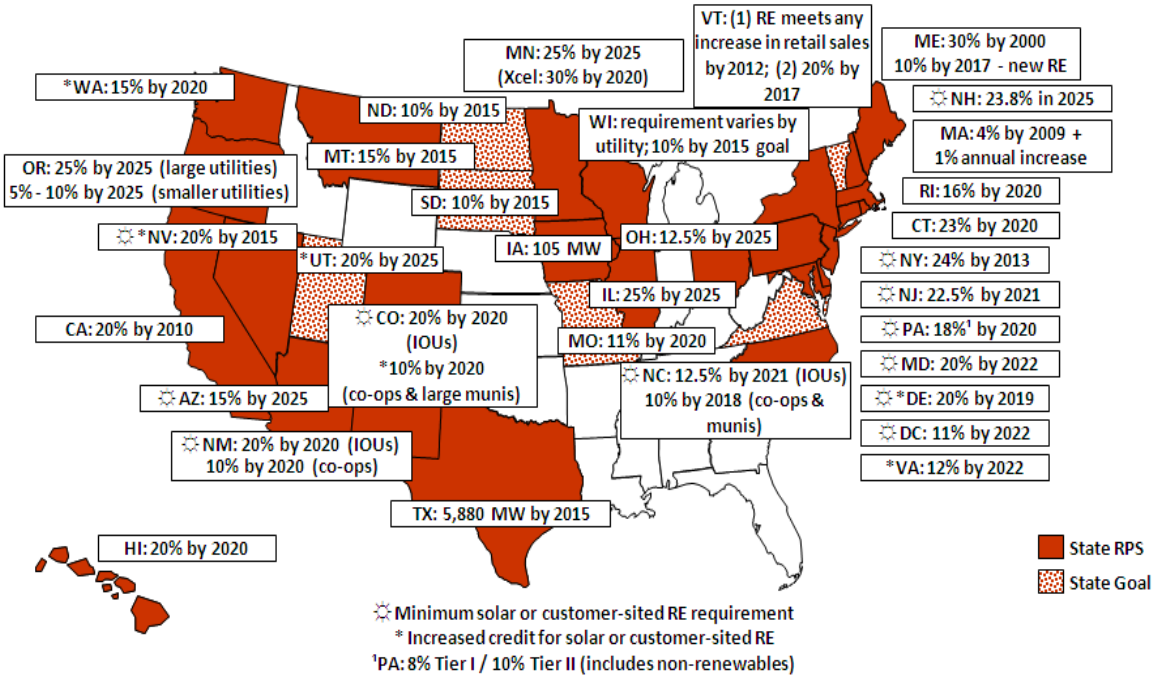
RELATIONSHIP

This bill is similar to HM 87, which requests that the Interim Water and Natural Resources Committee hear testimony on feed-in tariffs.

OTHER SUBSTANTIVE ISSUES

According to the Energy, Minerals and Natural Resources Department (EMNRD):

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.



Source: "Feed-in Tariffs and Renewable Energy in the USA – a Policy Update" (Rickerson, Bennhold, and Bradbury, Heinrich Boll Foundation, 2008)

According to "Feed-in Tariffs and Renewable Energy in the USA – a Policy Update" (Rickerson, Bennhold, and Bradbury, Heinrich Boll Foundation, 2008), six states have introduced legislation to analyze the potential of renewable energy payments, or feed-in tariffs, 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. The analysis requested by HM 96 likely would center on addressing these three elements, compared to the current renewable energy policy framework in New Mexico.

Germany has what it calls feed-in tariffs, a mechanism to provide 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.

Residential renewable energy incentives in New Mexico, consisting of a 30% tax credit and supplemented by reverse metering and renewable energy credit, has enticed approximately 500 homeowners in the past three years to emplace solar electric systems on their rooftops.

While feed-in tariffs apparently encourage solar equipped homes, they also pass on the utilities' cost of purchases to all consumers, including those who have not solar-equipped their homes.

DL/svb