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FISCAL IMPACT REPORT

SPONSOR Wooley ORIGINAL DATE 1/30/17
LAST UPDATED _____ HB 65
SHORT TITLE First Right To Build Transmission Facilities SB _____
ANALYST Martinez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

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

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

This bill provides for a Public Utility or Electric Generation and Transmission Cooperative to have the first right to construct a transmission line eligible for regional cost allocation by a regional transmission organization or "RTO." This allows the utility to have the opportunity to own the transmission line under construction connecting two or more public utilities or cooperatives or interconnecting the transmission system with another utility.

FISCAL IMPLICATIONS

HB 65 carries no appropriation and will not have a fiscal impact.

SIGNIFICANT ISSUES

The Public Regulation Commission (PRC) states that this will be an issue for the utility companies regarding ownership of electric transmission assets and may have implications regarding the ability of the utility to own and maintain transmission assets within their service territory. It also can affect the PRC's regulatory authority over the transmission line in question. The PRC regulates Public Utilities and Electric Generation and Transmission Cooperatives; it does not regulate other parties that may choose to own transmission in New Mexico.

PERFORMANCE IMPLICATIONS

The performance implications are limited, as long as the said transmission assets are maintained and operational at all times. In the event of an outage or reduced maintenance causing service or service quality issues the PRC will have limited authority over the transmission line owners if they are not a Public Utility or an Electric Generation and Transmission Cooperative.

ADMINISTRATIVE IMPLICATIONS

The administrative implications are the same as above and potentially limit the regulatory oversight and authority over the transmission line owners if they are not a Public Utility or an Electric Generation and Transmission Cooperative. It supports the regulatory compact providing regulated utilities the right to own their own transmission and protects them from the potential of predatory activities when an independent operator/owner might then have the opportunity to make electric sales to large customers.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The consequences of not enacting this bill are that non-utility owners or developers may choose to develop transmission lines in New Mexico in the RTO area as a result of an RFP by the RTO and could own and operate a transmission line in New Mexico, while not being regulated and operate beyond PRC jurisdiction.

JM/al