

LFC Requester:	Julisa Rodriguez
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.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}

Date Prepared: 2/10/2025 *Check all that apply:*
Bill Number: HB 327 Original Correction
 Amendment Substitute

Sponsor: Reps. Pettigrew, Mason, Henry, & Murphy **Agency Name and Code Number:** 430 – Public Regulation Commission
Short Title: CERTAIN NATURAL GAS AS RENEWABLE ENERGY **Person Writing:** Ed Rilkoﬀ
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	\$55.4	\$58.7	\$114.1	Recurring	General 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

Synopsis:

HB 327 amends New Mexico's Rural Electric Cooperative Act (RECA) and Renewable Energy Act (REA) to redefine "renewable energy resources" to include natural gas using combined cycle technology alongside traditional renewable sources such as solar, wind, and geothermal.

Key Provisions:

1. Definition Changes:
 - Adds natural gas using combined cycle technology to the list of eligible renewable energy resources.
2. Impact on Renewable Energy Standards:
 - Affects compliance with renewable portfolio standards (RPS) for rural electric cooperatives and public utilities.
 - Enables natural gas-fired power plants with combined cycle technology to qualify under mandates requiring renewable energy adoption.

FISCAL IMPLICATIONS

HB 327 would have an additional financial impact on the PRC for the following additional resources: 1/16 of Office of General Counsel attorney (\$9,450), 1/8 Legal attorney (\$18,220), 1/16 public utilities economist (\$7,530), 1/16 Utilities Division engineer (\$8,900), 1/8 hearing examiner (\$11,300). For a total of annual cost to PRC of \$55,400 in FY26 and \$58,700 in FY27.

SIGNIFICANT ISSUES

By allowing natural gas to be defined as a renewable resource, utilities may meet annual RPS requirements but won't achieve the 2045 zero-carbon target.

HB 327's definition of "renewable energy resource" differs from the definition of renewable energy resources of the United States Energy Information Administration (EIA), which is part of the US Department of Energy and is often cited as a nationwide standard because it collects, analyzes, and disseminates independent and impartial energy information to promote sound policymaking, efficient markets, and public understanding of energy and its interaction with the economy and the environment.

In addition, the bill's definition of a renewable energy resource differs from that used by WREGIS, the organization responsible for tracking renewable energy certificates (RECs) under the Renewable Energy Act (REA).

Natural gas is a fossil fuel, and fossil fuels are not a “renewable energy resource” as the term is currently defined throughout the United States. The EIA’s glossary definition states: “Renewable energy resources include biomass, hydro, geothermal, solar, wind, ocean thermal, wave action, and tidal action.”

HB 327’s focus on combined cycle natural gas excludes gas-fired combustion turbines, which provide peaking capacity with lower total carbon dioxide emissions due to intermittent use. Expanding the definition to include peaking turbines with operational constraints could enhance grid reliability while keeping New Mexico on track for its 2045 zero-carbon goal. Also, combustion turbines can be retrofitted to run on cleaner fuels like hydrogen, when it becomes economically available.

PERFORMANCE IMPLICATIONS

The PRC will be responsible for rulemaking and implementing the provisions of this bill.

ADMINISTRATIVE IMPLICATIONS

The PRC will be responsible for rulemaking and implementing the provisions of this bill.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

For clarity, include a definition of “Combined cycle”.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

None