

LFC Requester:	Austin Davidson
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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: 1/22/2025 *Check all that apply:*
Bill Number: SB 4 Original Correction
 Amendment Substitute

Sponsor: Sen. M. Stewart & Rep. K. Ortez **Agency Name and Code** 430 – Public Regulation Commission
Short Title: CLEAR HORIZONS & GREENHOUSE GAS EMISSIONS **Number:** _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	\$3,000	Recurring	General Fund

(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						

(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:

SB 4 proposes comprehensive new legislation aimed at reducing greenhouse gas (GHG) emissions in New Mexico. Key provisions:

- Greenhouse Gas emissions include emissions from:
 - Electricity generation consumed in NM (including imports)
 - Transportation fuels and heating fuels
 - Buildings and structures
 - Waste management (residential, commercial, industrial)
 - Manufacturing, extraction and processing of raw materials
 - Agricultural and forest products
 - Oil and gas exploration, production, storage, distribution and transportation
- Statewide Greenhouse Gas emissions limits based on 2005 emission levels
 - By 2030: 45% reduction
 - By 2040: 75% reduction
 - By 2050: 100% reduction
- Monitoring and Reporting Requirements
 - Annual Greenhouse Gas inventory (by sector) and progress reports beginning July 1, 2026
 - Ten-year assessments starting in 2031
- Climate Equity Principles
 - State agencies are required to prioritize reductions in overburdened communities
 - Incorporate tribal consultation, and address adverse health and environmental impacts
- Role of the Environmental Improvement Board (EIB)
 - Regulates Greenhouse Gas emissions to meet statewide limits
 - Establish monitoring requirements by 2026
 - Create reduction rules for sectors other than oil and gas by January 1, 2028
 - Require methane reduction limits for the oil and gas sector
 - By 2030: Methane intensity $\leq 0.3\%$.
 - By 2040: Methane intensity $\leq 0.2\%$
 - By 2050: Methane intensity $\leq 0.1\%$
- Funding
 - \$3 million appropriated to the Department of Environment for fiscal year 2026 and annually thereafter to support program implementation

FISCAL IMPLICATIONS

None.

SIGNIFICANT ISSUES

The Energy Transition Act (ETA) established ambitious renewable energy targets for electric utilities, including achieving 50% renewable energy by 2030 and 100% zero carbon electricity by 2045. The PRC oversees and ensures compliance with the renewable energy targets set forth in the Renewable Energy Act (REA). This bill may have a minimal impact on the electricity sector due to the ETA, provided that CO2 reductions align with the Greenhouse Gas emission reduction targets.

With the exception of PNM, the PRC does not currently monitor Greenhouse Gas emissions for electricity, natural gas, and water and wastewater utilities. As a result, it cannot currently assess whether the targeted emission limits are achievable. The limits are also presented as being statewide limits, so it is not clear if the percentage reduction goals apply to the utility sector as a whole or to each utility subsector (e.g., electricity, natural gas, water and wastewater).

PERFORMANCE IMPLICATIONS

The bill requires collaboration among state agencies, including the PRC.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The bill may have potential conflicts with federal regulations, such as the Clean Air Act.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

The electric utilities in New Mexico belong to or will be joining independent system operators (ISO) or regional transmission operators (RTO), so the dispatch of each utility's generation fleet will not be done in New Mexico. This means that electricity will flow in and out of New Mexico making it difficult to track the Greenhouse Gas emission content of the imported and exported power.

For electricity, compliance with the ETA is performed through the use of Renewable Energy Credits (RECs). This means that the ratio renewable energy generation to total consumption is used to determine utility compliance.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo.

AMENDMENTS

None.