

AN ACT

RELATING TO THE PRODUCTION OF ELECTRICAL ENERGY; PROVIDING FOR A LEGISLATIVE INTERIM COMMITTEE TO STUDY THE ECONOMIC FEASIBILITY OF CONSTRUCTING AND OPERATING A COAL-FIRED OR NATURAL GAS-FIRED ELECTRICAL GENERATING PLANT IN NORTHEAST NEW MEXICO; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. ELECTRICAL GENERATING PLANT--FINDINGS--
FEASIBILITY STUDY.--

A. The legislature finds that:

- (1) there is a shortage of electrical generating capacity in the western United States;
- (2) a coal-fired or natural gas-fired electrical generating facility in northeastern New Mexico, utilizing New Mexico's coal, natural gas and land resources, could provide jobs and low-cost electricity to the region with resulting economic growth;
- (3) the sales of surplus electricity, not needed by New Mexico businesses and residents, could provide additional revenue; and
- (4) a study should be conducted to examine the economic feasibility of developing, permitting, financing, constructing and operating a coal-fired electrical generating facility in northeastern New Mexico and to identify ways that the state could expedite the

construction of the facility.

B. The purpose of this section is to provide for a comprehensive feasibility study of the cost and benefits of financing, constructing and operating a coal-fired or natural gas-fired electrical generating facility in northeastern New Mexico.

C. There is created a joint interim legislative committee that shall be known as the "electrical generation study committee". The committee shall function from the date of its appointment until the first day of December prior to the second session of the forty-fifth legislature. The electrical generation study committee shall be composed of six members. Three members of the house of representatives shall be appointed by the speaker of the house of representatives. Three members of the senate shall be appointed by the senate committees' committee or, if the senate appointments are made in the interim, by the president pro tempore of the senate after consultation with and agreement of a majority of the members of the senate committees' committee. Members shall be appointed from each house so as to give the two major political parties in each house the same representation on the electrical generation study committee as prevails in each house. However, in no event shall either party have less than one member from each house on the committee. The speaker of the house of representatives and the president pro tempore of the senate

shall each appoint a co-chairman of the committee. A vacancy on the electrical generation study committee shall be filled by appointment in the same manner as the original appointment. No action shall be taken by the electrical generation study committee if a majority of the total membership from either house on the committee rejects the action.

D. After its appointment, the electrical generation study committee shall hold one organizational meeting to develop a work plan and budget for the ensuing interim. The work plan and budget shall be submitted to the New Mexico legislative council for approval. Upon approval of the work plan and budget by the New Mexico legislative council, the electrical generation study committee shall:

(1) pursuant to the Procurement Code, select and contract with an experienced consulting company to study the costs and benefits of developing, financing, permitting, constructing and operating a coal-fired or natural gas-fired electrical generating plant in northeastern New Mexico. The study shall include:

(a) a market study analyzing the current and projected demand and supply of electricity in the state of New Mexico and relevant parts of the western systems coordinating council and the electric reliability council of Texas. The analysis shall include projected market prices for power under multiple scenarios of

customers that could be served from the proposed facility;

(b) a cost estimate, with an accuracy range of plus or minus fifteen percent, for electrical generation from a representative range of possible coal-fired plants consistent with the market study. The cost estimate shall include capital costs, operating costs over twenty years, transmission costs to various markets, an analysis of delivered coal costs and reserves that would be required over the life of the project and other fuel options such as coal bed methane;

(c) a permitting and externality analysis that identifies permit requirements, environmental issues and concerns, regulatory issues, economic implications for the state and impacted communities and other externalities arising from the project. The analysis shall include recommendations to mitigate environmental and other concerns;

(d) a typical development schedule in GANT and critical path formats identifying key activities and milestones, associated durations and precedential relationships;

(e) a site screening analysis that shall first identify possible sites. The candidate sites shall then be screened against such site criteria as: 1) access to high-voltage transmission lines; 2) proximity to inexpensive fuel supplies; 3) railroad facilities; 4) water

rights; 5) environmental issues; and 6) other matters that could materially affect this decision. The site analysis shall identify site-specific infrastructure requirements such as transmission lines or rail spurs as well as site-specific environmental and other permitting issues;

(f) financial projections in standard income statement, balance sheet and cash flow formats determining whether the rate of return on invested capital and debt coverage ratios are sufficient to attract the necessary capital investment. An additional analysis shall be done of the required high-voltage transmission system that will either have to be constructed or upgraded to serve the proposed facility;

(g) estimated economic benefits, including multiplier effects, of the proposed project for northeastern New Mexico; and

(h) a discussion on ways that the state could encourage the development of the project, including the following concepts: 1) direct investment by the state; 2) providing financing; 3) providing a guaranteed market and price for the output of the plant; 4) tax holidays; 5) providing land or water rights; 6) providing a predictable and streamlined permitting process that still complies with all state and federal regulations; 7) alternatives to the proposed facility that may stimulate

economic development;

8) other issues identified by the electrical generation study committee or the contractor; and 9) each task shall include an effort to solicit input from key parties-in-interest. The study shall be presented in a written report as well as through presentations to key parties-in-interest;

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(2) receive periodic progress reports from the person performing the study and take the responsibility for the overall direction of the study; and

(3) forward the results of the study with the recommendations and comments of the committee to the governor and the legislature by December 15, 2001 for consideration by the second session of the forty-fifth legislature.

E. The public regulation commission, the commissioner of public lands, the energy, minerals and natural resources department, the economic development department and every other state agency and political subdivision of the state shall, upon request, furnish and make available to the electrical generation study committee documents, material or information requested by the members of the committee or its staff.

F. The staff for the electrical generation study committee shall be provided by the legislative council service.

Section 2. EMERGENCY.--It is necessary for the public

peace, health and safety that this act take effect
immediately. _____