

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SM 46

51st Legislature, 1st Session, 2013

Tracking Number: .192863.1

Short Title: School District Renewable Energy Programs

Sponsor(s): Senator Pete Campos

Analyst: Kevin Force

Date: February 28, 2013

Bill Summary:

SM 46 requests that the Public Education Department (PED) collaborate with the Energy, Minerals and Natural Resources Department (EMNRD) on working with rural school districts to develop plans for renewable energy and energy efficiency programs, particularly photovoltaic systems, for school districts with membership of fewer than 300 students.

Fiscal Impact:

Legislative memorials do not carry appropriations.

Memorials requesting that state agencies form work groups to conduct studies are likely to have a fiscal impact in terms of staff time, travel, office supplies, and other items.

Fiscal Issues:

According to PED:

- photovoltaic systems, which convert solar energy into clean electricity, can save schools money on electric utility costs, and the systems will stimulate green energy jobs in local communities and support clean energy education in New Mexico's public schools; and
- projected savings, which may release more funds to be used for operational costs, may be significant for small school districts

EMNRD notes that it currently provides technical assistance to school districts under other statutory programs.

Substantive Issues:

According to PED:

- the department lacks the resources and necessary qualified personnel to assist EMNRD and school districts to develop these types of energy efficiency plans, but is willing to help facilitate contact and meetings;
- the workload to actively partner with EMNRD cannot be absorbed by PED at this time;

- the department could temporarily assist with providing resources, if needed, but the Public School Facilities Authority (PSFA) is the more appropriate agency to work with EMNRD, because:
 - it has available field staff; and
 - it is the state agency responsible for providing master planning assistance, reviewing projects for compliance with the Public School Capital Outlay Council adequacy standards and state code, developing and maintaining adequacy standards, planning guidelines, building standards, and supporting and maintaining the statewide Facility Assessment Database, used to monitor and rank school facility conditions statewide.

According to EMNRD:

- Investment grade energy audits have already been performed for school buildings in a number of the school districts named in the memorial¹, among which only Logan Municipal Schools has taken the next steps to obtain funding and implement the audit results.
- Three school districts named in the memorial – Carrizozo Municipal Schools, Corona Municipal Schools, and Elida Municipal Schools – received federal stimulus funding to install 50 kilowatt solar photovoltaic systems at their schools.
- There are available financing opportunities for clean energy program implementation; nearly \$20 million is available to those school districts for clean energy projects, through the Clean Energy Revenue Bond program (see “Background,” below).
- The districts are also eligible for performance contracting, and they can enter into solar power-purchase agreements.
- Many school districts around the state received stimulus funds for clean energy projects:
 - twelve districts, besides the three mentioned above, received funds to install 50kW solar facilities;
 - Fort Sumner Municipal Schools upgraded its lights and climate control equipment;
 - five Lordsburg school buildings have new lighting equipment, as do buildings and gymnasiums in the Cloudcroft, Lovington, Dexter, and Roy school districts;
 - Silver City schools installed insulation in their roofs, put in a solar hot water system, and installed an energy management system; and
 - Clovis became the first to install LED tubes in two of its buildings.

Background:

Currently, school districts may enter into contracts with private vendors to implement energy efficient improvements pursuant to the *Public Energy and Water Conservation Act*².

New Mexico’s *Energy Efficiency and Renewable Energy Bonding Act*³, which became law in April 2005, authorizes up to \$20.0 million in bonds to finance energy efficiency and renewable energy improvements in state government and school district buildings:

¹ Carrizozo Municipal Schools, Dora Consolidated Schools, Elida Municipal Schools, Floyd Municipal Schools, Grady Municipal Schools, House Municipal Schools, Logan Municipal Schools, and San Jon Municipal Schools

² See Section 6-23-1, et. seq., NMSA 1978.

³ See Section 6-21D-1, et. seq., NMSA 1978.

- At the request of a state agency or school district, the EMNRD will conduct an energy assessment of a building to determine specific efficiency measures which will result in energy and cost savings.
- A state agency or school district may install or enter into contracts, lasting for a term of up to 10 years, for the installation of energy efficiency measures on the building identified in the assessment.
- The bonds issued by EMNRD are exempt from taxation by the state, and any type of renewable energy system and most energy efficiency measures, including energy recovery and combined heat and power systems, are eligible for funding.
- Projects financed with the bonds will be paid back to the bonding authority using the savings on energy bills.

Committee Referrals:

SRC/SCONC

Related Bills:

SB 101 *Energy Conservation Bonds*

HB 267a *Utility Energy Efficiency & Load Management*