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FISCAL IMPACT REPORT

ORIGINAL DATE

SPONSOR McCamley **LAST UPDATED** 01/26/15 **HB** 109

SHORT TITLE Transmission Line Corridors **SB** _____

ANALYST Cerny

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Indeterminate, Likely Significant	Indeterminate, Likely Significant	Indeterminate, Likely Significant	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB116

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

Office of the Attorney General (AGO)

New Mexico Renewable Energy Transmission Authority (RETA)

SUMMARY

Synopsis of Bill

House Bill 109 would amend a section of the Public Utility Act to provide for location of transmission lines within designated, predetermined corridors in order to minimize impacts.

The bill would add new language to Section 62-9-3F NMSA 1978 requiring the New Mexico Public Regulation Commission to conduct studies and planning in order to designate appropriate corridors within which transmission lines may be sited, specifically to minimize impacts on environmental values, power system reliability, land use conflicts and aesthetics, and to meet other state or local requirements affecting the siting.

HB109 further requires that the commission shall not approve a proposed transmission line that would be located outside these designated corridors.

FISCAL IMPLICATIONS

HB 109 carries no appropriation.

HB 109 will require the PRC staff or consultants to perform the studies required to designate these corridors. Without an appropriation from the legislature for this effort, the PRC budget will be impacted. The cost to perform such studies is difficult to quantify given the limited information on the number of required corridors and the subsequent cost of environmental studies.

PRC analysis states that

...the implications of the bill could be significant as the scope of the studies lies well beyond the scope and capabilities of anything that the NMPRC staff are currently required to do. There are currently no staff members with the technical ability to undertake the aforementioned studies and analysis. This could easily require 3 to 5 full time additional positions in the NMPRC Utility Division or other division as may be determined.

SIGNIFICANT ISSUES

Transmission lines are high voltage lines that connect often-distant generation facilities to local areas where the electricity is used. Siting new lines and the large structures that support them is a challenge as landowners fear property devaluation and environmental risks.

Creating corridors such as anticipated by HB109 would presume that required environmental studies for such lines would be completed before designation would occur. RETA analysis points out that “Environmental studies are not deemed acceptable after an extended period of time so if lines are not built within a set period of time after the corridors are defined, the environmental work will need to be updated resulting in a continuing cost for the state.”

RETA analysis also states that:

A number of privately funded transmission lines are being studied in NM following the National Environmental Policy Act (NEPA) process. These proposed corridors could potentially affect the existing work currently underway and cause conflicts with the federal process. As part of the federal environmental process, a preferred route and alternatives are identified by the lead agency which determines where the project may be built.

PRC analysis states that the primary issue is “that RETA currently should have this authority in statute to perform the responsibilities being assigned to the NMPRC in this bill.”

In addition, the PRC analysis states that “HB 109 could provide an opportunity to solidify the location control requirements and assign the various responsibilities to a single agency.”

PERFORMANCE IMPLICATIONS

The PRC analysis maintains that “No expertise currently exists at the PRC to perform most of the studies and analysis required by this bill.”

OTHER SUBSTANTIVE ISSUES

The National Council on State Legislatures (NCSL) issued a report in July 2013 summarizing proposed and enacted legislation in state legislatures that address issues of energy transmission. The report states:

Transmission line siting is often a slow and controversial process. Virginia recently enacted legislation (H.B. 587 and S.B. 418) to eliminate the requirement that 138-kilovolt transmission line siting obtain State Corporation Commission approval if findings demonstrate need for a new line and show that the line placement will minimize adverse effects on scenic assets, historic districts and the environment. At least five states—Georgia, Maine, New Jersey, New York, and New Hampshire—have legislation pending that would affect transmission line siting requirements.

The full report is available on the NCSL website here:

<http://www.ncsl.org/research/energy/current-state-action-on-electricity-transmission.aspx>

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