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FISCAL IMPACT REPORT

SPONSOR Steinborn **ORIGINAL DATE** 02/04/16
LAST UPDATED _____ **HB** HM 51

SHORT TITLE Expand Use of Solar Power on State Facilities **SB** _____

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$5.0 - \$10.0				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)

Energy, Minerals and Natural Resources Department (EMNRD)

New Mexico Public School Facilities Authority (PSFA)

SUMMARY

Synopsis of Bill

House Memorial 51 requests GSD, EMNRD and solar energy proponents evaluate the energy and cost savings, feasibility and financial options for expanding solar power on state facilities.

HM 51 provides the following background:

- the state owns more than 750 buildings statewide;
- the facilities management division (FMD) within GSD manages those buildings;
- the FMD also leases 2.7 million of privately-owned space for state agencies;
- responsible management of state facilities should include exploration of increased renewable energy use and methods to reduce energy consumption in state facilities;
- New Mexico has a temperate climate with the potential to provide more energy than the state's demand;
- the Toney Anaya building and the Wendell Chino building in Santa Fe are examples of solar installations that reduce energy costs;
- the state has an interest in efficiencies and cost savings renewable energy provides; and

- the solar power industry has opportunities to finance solar energy systems that can assist the state in reducing its long-term energy consumption.

FISCAL IMPLICATIONS

Presumably GSD will absorb the costs to issue an RFP and for any evaluations needed.

NMPSFA reports the memorial could result in energy savings opportunities for the state.

EMNRD notes that financial options would be reviewed under the requirements of the Public Facility Energy Efficiency and Water Conservation Act that allows for long-term financing.

SIGNIFICANT ISSUES

HM 51 asked that GSD be requested to consider the issuance of a request for proposals that asks for analysis and implementation of energy efficiency and renewable energy improvements on state facilities that are cash flow positive and do not require up-front capital investment.

FMD covers the cost of utilities for most executive agencies occupying state-owned facilities under their jurisdiction. Over the past 5 years, costs for electricity in state facilities have stayed relatively flat despite higher rates in part because of energy efficient retrofits in some facilities.

ADMINISTRATIVE IMPLICATIONS

HM 51 will require copies of the memorial be given to GSD, EMNRD, co-chairs of the Capitol Buildings Planning Commission (CBPC), LFC and renewable energy sector representatives.

OTHER SUBSTANTIVE ISSUES

The study group will be required to report any findings and recommendations to both the CBPC and the LFC on or before November 1, 2016.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

State facilities will continue to purchase utilities through their current providers.

AHO/al