

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website ([www.nmlegis.gov](http://www.nmlegis.gov)) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

SPONSOR Trujillo, CA/ Cisneros ORIGINAL DATE 2/15/17 LAST UPDATED \_\_\_\_\_ HB 381  
 SHORT TITLE PRC Jurisdiction on Transmission Line Places SB \_\_\_\_\_  
 ANALYST Martinez

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

|              | FY17 | FY18 | FY19 | 3 Year<br>Total Cost | Recurring or<br>Nonrecurring | Fund<br>Affected |
|--------------|------|------|------|----------------------|------------------------------|------------------|
| <b>Total</b> | NFI  | NFI  | NFI  | NFI                  | NFI                          | NFI              |

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Public Regulation Commission

### SUMMARY

#### Synopsis of Bill

HB 381 amends Section 62-9-3 NMSA 1978 which is the Locations control; limitations section of Article 9, the Utility Franchise. HB 381 amends Section 62-9-3 to provide jurisdiction to the Public Regulation Commission (PRC) over all electric transmission line locations, not simply transmission lines that transmit electricity for sale to the public.

Amendment to Section 62-9-3 A: By deletion of the phrase “for sale to the public”, HB 381 permits the PRC to have jurisdiction over all electric transmission lines in the State of New Mexico even the lines that do not transmit electricity for sale to the public.

Amendment to Section 62-9-3 B: HB 381 adds more types of projects that are required to seek and receive location approval from the PRC. HB 381, if enacted, would provide PRC with approval jurisdiction over any entity, including a municipality, who seeks to construct any plant that has an operating capacity of 230,000 kilowatts or more for the generation of electricity for sale to anyone (deletes to the public), either inside or outside of New Mexico, any transmission line that is located in New Mexico that is designed for or capable of operations at 230 kilovolts or more, including any substation or other facilities associated therewith, unless the location has been approved by the commission.

Amendment to Section 62-9-3 F: HB 381 adds to the PRC location approval authority the following: “The commission shall approve the application for the location of the transmission lines unless the commission finds that the location will unduly impair important environmental values or the commission determines that the applicant is able to construct transmission lines with substantially similar nominal voltage capacity and transmission benefits at another location at a substantially similar or lower cost that will result in less adverse effects on important environmental values.”

Amendment to Section 62-9-3 M: HB 381 adds a new factor to the PRC’s determination of whether or not the proposed location of the transmission line will unduly impair important environmental values. That is, the PRC would be able to look at facts about existing plans of public utilities at or in the vicinity of the proposed location -- (currently the PRC only looks to existing plans of state, local government and private entities).

### **FISCAL IMPLICATIONS**

HB 381 carries no appropriation. There probably is little fiscal impact on the PRC; however, the PRC may need to hire an environmental expert to assist it in making the environmental assessment that one location may have less adverse environmental effects than another.

### **SIGNIFICANT ISSUES**

The Public Regulation Commission provided the following significant issues:

HB 381’s addition of the applicants ability to construct transmission lines with substantially similar nominal voltage capacity and transmission benefits at another location at a substantially similar or lower cost that will result in less adverse effects on important environmental values means that the PRC may disapprove a location of any transmission line in New Mexico if the applicant is able to construct a similar line in another location that will have less adverse effects on important environmental values. For this reason, HB 381 provides the PRC with the authority to decide that another location will cause less environmental harm than the location proposed by the applicant which is more policy jurisdiction than what the current law provides to the PRC. Presently, the PRC has no environmental specialists on staff so the PRC would need to depend on parties’ experts or hire their own experts. The PRC is currently facing budget constraints, hiring experts outside of the regular amount of experts hired annually for cases will cause a strain for the PRC operating budget.

### **ADMINISTRATIVE IMPLICATIONS**

The PRC has existing rule 17.9.592 NMAC entitled LOCATION OF LARGE CAPACITY PLANTS AND TRANSMISSION LINES which would need to amend to include HB 381’s amendments.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The status quo, the PRC will continue to have location authority over large capacity plant and over transmission lines for the generation and transmission of electricity for sale to the public. The PRC’s location authority provided by the existing statute will remain effective for plant designed for or capable of operation at a capacity of 300,000 kilowatts or more for the generation

of electricity for sale to the public and for transmission lines designed for or capable of operations at a nominal voltage of 230 kV or more within or without New Mexico. The PRC's existing Rule 17.9.592 NMAC implementing the current statute will also remain in effect.

JM/sb