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## FISCAL IMPACT REPORT

SPONSOR Padilla/Dow ORIGINAL DATE 3/3/17  
LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_  
SHORT TITLE Renewable Portfolio Reporting to PRC SB 373  
ANALYST Martinez

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

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		See Fiscal Impact	See Fiscal Impact	See Fiscal Impact	Recurring	Public Regulation Commission Operating Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Public Regulation Commission

### SUMMARY

#### Synopsis of Bill

SB373 amends the Renewable Energy Act, which will require public utilities to file a report to the Public Regulation Commission (PRC) on its procurement and generation of renewable energy.

Currently, 62-16-4.D of the Renewable Energy Act requires a public utility to file with the PRC by July 1 of each year until 2022, and thereafter as determined necessary by the PRC, a report on its procurement and generation of renewable energy during the prior calendar year. That section further requires public utilities to also file a procurement plan every year until 2022 that includes:

1. the cost of procurement for any new renewable energy resource in the next calendar year required to comply with the renewable portfolio standard; and
2. testimony and exhibits that demonstrate that the proposed procurement is reasonable as to its terms and conditions considering price, availability, dispatch ability, any renewable energy certificate values and diversity of the energy resource; or demonstration that the plan is otherwise in the public interest.

Section 62-16-4.D leaves the issue of how often the procurement reports and plans must be made after 2022 to be determined by the PRC.

SB 373 amends a portion of the Renewable Energy Act to end the statutory requirement that renewable energy procurement reports and procurement plans are filed annually in calendar year 2017 as opposed to 2022 in 62-16-4 D., NMSA 1978, and gives the responsibility to the PRC for determination of how frequent utilities must file their procurement reports and plans starting in 2018. Thus, the PRC can determine that procurement plans could be made not less than once every two years, rather than annually as is currently the case. If that is the course taken by the PRC, the burden to utilities, interested parties, and PRC staff of having to litigate procurement plans every year would be substantially reduced.

Reducing the frequency of such filings would not change the renewable energy targets that must be met by the utilities or jeopardize their ability to reach those goals. Reducing the burden on PRC staff would be especially beneficial given the currently budget restraints. The PRC may have to examine a variety of factors to determine how frequently such filings should be made, and the terms and conditions that should accompany any change in frequency.

### **FISCAL IMPLICATIONS**

SB 373 carries no appropriations. However, if the PRC reduces the frequency of the filing of procurement plans it would allow PRC staff to utilize and apply its resources to other matters requiring immediate attention. Additionally, a public utility and interested parties would be afforded the same benefit.

### **SIGNIFICANT ISSUES**

Amending the statute does not terminate a public utility's obligation to procure and generate renewable energy, it gives the PRC the ability to change the public utility's obligation to file procurement reports and plans every year. Further, recent renewable cases heard by the PRC have indicated that public utilities are actively meeting renewable procurement and generation requirements pursuant to long-term contracts with third parties. ("Long-term in this case means approximately fifteen (15) to twenty (20) years.)

### **PERFORMANCE IMPLICATIONS**

The purpose of 62-16-4 D is to ensure that public utilities in New Mexico meet the renewable portfolio standard requirements. As stated above, much of the public utility renewable energy requirements have been procured under long-term contracts with third parties and have been approved in previous annual renewal reports and plans. (See NMPRC Case No. 15-117 UT, In the Matter of El Paso Electric Company's 2015 Renewable Energy Plan Pursuant to the Renewable Energy Act and 17.9.572 NMAC and NMRC Case No. 14-00152, In the Matter of a Joint Petition for Adoption of a Process for Appointment and Function of an Independent Evaluation for Public Service Company of New Mexico's Competitive Procurements of Supply Resources to Replace Its Proposed Abandonment of San Juan Generating Station Supply Resource.) Again, the proposed change gives the PRC the authority to change the frequency of how often utilities must file renewable energy procurement plans and reports, but does not remove the obligation of a public utility to procure and generate renewable energy.

## **ADMINISTRATIVE IMPLICATIONS**

SB 373 would cause 62-16-4 D, NMSA 1978 to be amended to incorporate the singular proposed change.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB 312 does not conflict with SB 373 but does speak to renewable energy requirements in that it amends Sections 62-15-34 and 62-16-4 to require that renewable energy comprise 70% of total retail sales to NM customers of rural electric cooperatives by 2040 and that renewable energy comprise 80% of total retail sales to New Mexico customers of public utilities by 2040.

SB 312 also modifies the language under 62-16-4 D by removing “By September 1, 2007 and July 1 of each year thereafter until 2022, and thereafter...” It leaves in place, “As determined necessary by the commission, a public utility shall file a report to the PRC on its procurement and generation of renewable energy during the prior [calendar year] reporting or planning period and a procurement plan that includes...” The proposed change to 12-16-4 D in SB 312 would have essentially the same effect as SB 373.

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

Public utilities must continue to file by July 1 of each year until 2022, and thereafter as determined necessary by the PRC, a report on the public utility’s procurement and generation of renewable energy during the prior calendar year along with a procurement plan.

JM/jle/sb