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FISCAL IMPACT REPORT

SPONSOR Tallman ORIGINAL DATE 1/26/18
 LAST UPDATED _____ HB _____
 SHORT TITLE Renewable Energy Transmission Authority SB 82
 ANALYST Jorgensen

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
	\$250.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

The General Appropriation Act of 2018 contains a special appropriation of \$100 thousand for this purpose.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Renewable Energy Transmission Authority (RETA)

SUMMARY

Synopsis of Bill

Senate Bill 82 appropriates \$250 thousand from the general fund to the Renewable Energy Transmission Authority for operational costs.

FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY19 shall revert to the general fund.

SIGNIFICANT ISSUES

Currently, RETA receives operating revenue from Clean Line Energy Partners, the company developing the Western Spirit transmission line. RETA's FY17 audit showed \$100.3 thousand in operational expenses and \$80 thousand in revenue from Clean Line Energy Partners. RETA's net position at the beginning of FY17 was \$57 thousand which declined to \$36 thousand by the end of FY17.

RETA was established in 2007 and funded with a \$1 million general fund appropriation. No permanent funding source was provided to continue its operations as RETA was supposed to receive annual fees from completed projects sufficient to sustain operations. According to RETA, the Western Spirit project that RETA is co-developing is close to the end of the development cycle. Once complete, RETA will receive an annual fee sufficient to fund its operations.

Since 2007, RETA has received \$2.6 million from the general fund and \$1.1 million from private sources.

RETA notes: SB 82 will allow RETA to increase its activities to promote the development of New Mexico's renewable energy potential. This will be accomplished by continuing relationships with existing developers and also encourage new developers to work with RETA. Just as our oil and gas resources are exported to other states, the same can happen with New Mexico's renewable energy. This can only be accomplished with more transmission capacity. New Mexico has some of the most valuable wind and solar resources in the US, yet has no transmission to utilize them. RETA was formed to take advantage of this unique opportunity. RETA is only the second state authority to issue debt for transmission related projects and is the first to create public/private partnerships for the co-development of transmission.

OTHER SUBSTANTIVE ISSUES

In July 2017, RETA reinstated its memorandum of understanding with the Sunzia Southwest Transmission Project which has also been charged a developer contribution fee as outlined in RETA's project policies.

In 2010 RETA issued \$50 million in bond financing for the High Lonesome Mesa Project, a 100 MW wind farm located in Torrance County. Over a 30 year period, the project will pay approximately \$14 million to Torrance County and the Estancia Schools and \$19 million in leases to the local landowners. This is significant money that is currently helping small communities that are in need.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

The General Appropriation Act of 2018 contains a special appropriation of \$100 thousand from the general fund and an additional \$120 thousand from other funding sources (including Clean Line Energy Partners) for this purpose.

CJ/al