

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: HB327 adds the term "natural gas using combined cycle technology" to the list of renewable energy resources in both the Renewable Energy Act and the Rural Electric Cooperative Act. HB327 also adds the following language exclusion clause to the definition of "renewable energy resources" in both Acts: "does not include electric energy generated by use of fossil fuel or nuclear energy, except for natural gas using combined cycle technology."

FISCAL IMPLICATIONS

None for EMNRD

SIGNIFICANT ISSUES

HB327 fails to define "combined cycle technology". EMNRD assumes that the proposed language means a combined-cycle gas turbine technology that utilizes both the Brayton cycle of a natural gas fired turbine engine while also utilizing the heat from the exhaust gases in a fired or unfired Rankine cycle waste heat boiler, thus recovering over 60% of the input energy to create electricity. This is the common definition of "combined cycle technology" in the power generation industry.

Defining fossil fuels as a renewable energy resource based on the efficiency of technology runs counter to established definitions and understanding of what a renewable energy resource is: i.e., energy derived from natural sources that are replenished at a higher rate than they are consumed or are replenished on a human rather than geologic timescale. Even highly efficient combined cycle gas turbines consume fossil gas, a resource which is not renewable within a human lifetime, at a greater rate than it is created. Such an addition to the definition of renewable energy would frustrate the purposes of the Energy Transition Act and the State's climate goals.

PERFORMANCE IMPLICATIONS

None for EMNRD

ADMINISTRATIVE IMPLICATIONS

None for EMNRD

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

As noted above, the term "combined cycle technology" is not defined in the proposed bill, creating ambiguity as to what definition is intended. The state's courts interpret words and phrases according to their dictionary meanings unless there is clear legislative intent otherwise. (See, *Coal. for Clean Affordable Energy v. New Mexico Pub. Regul. Comm'n*, 2024-NMSC-016, ¶ 24, 549 P.3d 500, 510: "If a term or phrase is not defined in a statute, we interpret the term according to its ordinary dictionary meaning absent a legislative intent to impose a contrary meaning.") Not all combined cycle technology includes carbon-capture or waste heat boilers, leaving open the possibility that a non-renewable and potentially carbon emitting technology would be enshrined in legislation as a renewable energy resource.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The definition of renewable energy resources in both the Renewable Energy Act and the Rural Electric Cooperative Act will remain as it is: a science-based, well-understood definition which applies to power generation resources which are renewable on a human, rather than a geological, timescale.

AMENDMENTS