

LFC Requester:	Jon Clark
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**AGENCY BILL ANALYSIS
2015 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original	<input checked="" type="checkbox"/>	Amendment	<input type="checkbox"/>	Date	<u>January 28, 2015</u>
Correction	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Bill No:	<u>HB 111</u>

Sponsor:	<u>Rep. Roberto Gonzales</u>	Agency Code:	<u>Attorney General's Office</u>
Short	<u>Shared Renewable Energy</u>	Person Writing	<u>P. Cholla Khoury , AAG</u>
Title:	<u>Facility Operations</u>	Phone:	<u>827-7484</u> Email <u>ckhoury@nmag.gov</u>

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

This analysis is neither a formal Attorney General’s Opinion nor an Attorney General’s Advisory Letter. This is a staff analysis in response to an agency’s, committee’s, or legislator’s request.

BILL SUMMARY

Synopsis: HB 111 finds that individuals should be able to obtain electricity from local, renewable energy distributed generation facilities, that local utilities benefit from deployment of renewable energy and it is in the public interest to allow broad participation in renewable energy distributed generation facilities. The purpose of HB 111 is to allow renters and low-to moderate-income retail electric customers to own interests in shared renewable energy facilities; to allow in shared renewable energy facilities to be portable and transferable; to facilitate market entry for all potential subscribers and to encourage developers to allow participation by renters and low- to moderate-income retail electric customers.

HB 111 exempts shared renewable energy facilities from being deemed public utilities. The shared renewable energy facility may be owned by a customer of a public utility or a third party. HB 111 allows public utilities to acquire the renewable energy certificate from the owner of the shared renewable energy facility or from a third party at rates established in the utility’s renewable procurement plan.

HB 111 broadens the definition of “renewable energy distributed generation facility” to include a facility that is a shared renewable energy facility that is sized at no more than 10 MW. HB 111 defines “shared renewable energy facility” to mean a renewable energy distributed generation facility that provides for the purchase of one or more subscription shares in the facility, entitling the purchaser to a percentage of the energy generated by the facility. HB 111 defines a “shared renewable energy subscriber” as a purchaser of a subscription share or shares who is a customer of the public utility and receives net metering based on the energy generated by that customer’s subscription shares at one or more physical locations to which the subscription is attributed. HB 111 defines “subscription” as a proportional interest in a shared renewable energy facility. The bill limits each subscription to no more than 120% of the average annual consumption of electricity by each subscriber at the premises to which the subscription is attributed.

HB 111 requires investor-owned public utilities to allow the construction, connection and operation of the shared renewable energy facility within its operating territory if the shared renewable energy facility is 10MW or less. HB 111 allows utilities to limit the total production of shared renewable energy facilities in its territory to 10% of its annual retails sales or 5% of its annual peak demand. The bill provides for increased percentages over time.

HB requires applicants who wish to build shared renewable energy facilities in a public utility to include a proposed location for the facility, which the utility must accept unless the

site is unsuitable; which is based solely on the utility's lines ability to carry the output of the facility.

HB 111 also allows rural electric cooperatives to allow the construction of shared renewable energy facilities within their operating territories.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES

HB 111 requires "renewable energy distributed generation facilit[ies]" to be in accordance with applicable interconnection rules (page 4 lines 14-22). But, HB 111 may be in conflict with prohibitions on retail or self-wheeling because it allows the distributed generation facility to connect to the grid at one location and transmit that power to another point of connection on the grid. Additionally, there is no provision for how the utility is to recover costs associated with this transmission of energy or any required upgrades to the system.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

N/A