



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

## ***New Mexico Legislature Adopts Comprehensive Clean Energy Legislative Agenda 2007***



### **Energy, Minerals and Natural Resources Department Bills**

#### **HB 188: Renewable Energy Transmission Authority (RETA) - Rep. Jose A. Campos**

- Establishes the nation's first Renewable Energy Transmission Authority to develop needed electric transmission infrastructure, with an emphasis on renewable energy development for export to out-of-state markets.
- Renewable Energy Emphasis: At least 30% of a transmission project's energy must be renewable-derived electricity - up to 70% may be from other sources.
- RETA will focus on both in-state and interstate (as it relates to exporting NM generated power) electric system transmission infrastructure planning, financing, and implementation.
- Provides the Authority with revenue bonding authority to finance projects, which could involve owning or leasing the facilities, and charge participating entities fees to service the bond debt and recover RETA's administrative costs.
- A seven member Renewable Energy Transmission Authority Board is established.
- NM Retail Consumer Rate Protection Provisions: NM Public Regulation Commission (the state's utility commission) rate review and approval is necessary for any utility projects affecting in-state "native load."
- For a copy of the adopted bill:

<http://legis.state.nm.us/Sessions/07%20Regular/final/HB0188.pdf>

#### **SB 463: Renewable Energy Production Tax Credit Amendments - Sen. Carlos Cisneros (Note: 5 other bills were ultimately consolidated into SB 463 to create a "Clean Energy and Water Conservation" tax package.)**

- Amendments to: make the credit more "accessible" to renewable energy project developers, enhance the incentive for large-scale solar to utilize NM's world-class solar

energy resource, allow smaller community-based demonstration projects to utilize the incentive, and broaden the types of biomass projects that qualify for the credit.

- Decrease minimum project size requirement from 10 mw to 1 mw
- Increases the incentive for solar from 1 cent/kwh to a graduated-scale that averages 2.7 cents/kwh
- Establish a 500,000 mwh “carve-out” for solar projects, with each solar project limited to getting the credit up to 200,000 mwh/year
- Expands the biomass definition.
- Adds personal income tax to the existing corporate income tax, as the types of income taxes that can be credited.
- Makes the credit fully “accessible” by making the credit “refundable”. i.e. Renewable energy project developers, with limited NM income tax liability, will be able to fully utilize the credit.

<http://legis.state.nm.us/Sessions/07%20Regular/final/SB0463.pdf>

### **SB 418: Increase the Renewable Portfolio Standard – Senator Michael Sanchez**

- For investor-owned utilities, it establishes a new 2015 requirement of 15% renewable energy and 20% by 2020.
- Establishes incentives that encourage NM’s utilities to develop additional in-state renewable energy resources.
- Brings rural electric cooperatives into the statute, requiring them to have 5% renewable energy by 2015 and 10% by 2020.
- For a copy of the adopted bill:

<http://legis.state.nm.us/Sessions/07%20Regular/final/SB0418.pdf>

### **Sustainable Building Tax Credits (incorporated into SB 463) - Sen. Dede Feldman (SB 543), Rep. Peter Wirth (HB 534)**

- Establishes income tax credits for building energy-efficient, sustainable commercial, non-profit, institutional and residential buildings.
- Utilizes the U.S. Green Building Council’s “Leadership in Energy and Environmental Design” (LEED) building rating system and requires a minimum LEED rating of Silver.
- For residential, entities have the option of achieving the in-state “Green Build NM” Gold rating or LEED Silver. Homes must be 40% more energy efficient than the standard building code. A LEED Silver certified 2000 square foot home will receive a \$10,000 tax credit.
- Commercial and institutional buildings must be 50% more energy efficient than the average usage for that building type.
- Allows either the project developer or ultimate building owner to take the credit.

<http://legis.state.nm.us/Sessions/07%20Regular/final/SB0463.pdf>

### **Energy Efficiency and Renewable Energy Bonding Act Amendments - Rep. Mimi Stewart (HB 825)**

- Technical amendments to existing statute to ease implementation of law that allows state agencies and public schools to fund energy efficiency and renewable energy renovations from the energy utility bill savings.

<http://legis.state.nm.us/Sessions/07%20Regular/final/HB0825.pdf>

## **Biodiesel Standards Act - Sen. Gerald Ortiz y Pino (SB 489), Rep. John Heaton (HB 218)**

- After July 1, 2010 and before July 1, 2012, all diesel fuel sold to state agencies, political subdivisions of the state and public schools for use in motor vehicles on the streets and highways shall contain five percent biodiesel. After July 1, 2012, all diesel fuel sold to consumers for use in motor vehicles on the streets and highways shall contain five percent biodiesel.
- Includes “triggers” suspending the requirement if B5 exceeds a certain price or availability of B5 is limited.

<http://legis.state.nm.us/Sessions/07%20Regular/final/SB0489.pdf>

## **Biofuels Infrastructure Tax Incentive – (incorporated into SB 463). SB 607: Sen. Gerald Ortiz y Pino, HB 1145: Rep. Mary Helen Garcia**

- Two Parts: 1) An income tax credit on blended biodiesel fuels, 2) GRT and compensating tax deduction for installing biodiesel blending infrastructure
- Fuels Incentive:
  - Fuel must contain a minimum of 2% biodiesel.
  - Credit starts at 3 cents/gallon and ramps down to 1 cent/gallon by 2012
  - Sunsets at the end of 2012.
- Infrastructure Incentive:
  - Limited to \$50,000 per facility
  - \$1 million/year aggregate cap
- These biodiesel incentives are an important complement to a bill that has passed both chambers that will require 5% biodiesel in all diesel fuel sold by 2012. These incentives are designed to assist the industry with preparing for that requirement.

<http://legis.state.nm.us/Sessions/07%20Regular/final/SB0463.pdf>

## **Other Bills**

### **Advanced Energy Tax Credits Act - SB 994: Sen. Carlos Cisneros**

- Tax credits (off of gross receipts, compensating, and employee withholding taxes) for solar thermal electric generating (e.g. Concentrating Solar Power – CSP) facilities, advanced technology coal generating (e.g. Integrated gasification combined-cycle – IGCC), facilities, that capture and sequester carbon dioxide that would otherwise be emitted to the atmosphere, and for “recycled energy” facilities (recovery waste heat from a natural gas compressor station and generating electricity).
- Each qualifying facility is eligible for up \$60 million in tax credits. The tax credit is for 6 percent of the plant’s expenditures for development and construction, including permitting, site characterization and assessment, engineering, and design,
- Allows a utility to go before the Public Regulation Commission (PRC) to request rate recovery for the development and construction of a clean energy project. Clean energy projects employ technologies that may not yet be commercially proven, have low air emissions and may include advanced technology coal generating facilities.

<http://legis.state.nm.us/Sessions/07%20Regular/final/SB0994.pdf>

**Alternative Energy Product Manufacturers Tax Credit (incorporated into SB 463) HB 430**  
**– Rep. Nick Salazar**

- Tax credit against combined reporting taxes (gross receipts, compensating and withholding) for manufacturing “alternative energy products”.
- Hydrogen and fuel cell systems, renewable energy systems, advanced energy vehicles, advance coal power plant component manufacturing and carbon sequestration equipment manufacturing. A critical incentive for attracting advanced energy technology component manufacturing enterprises.
- Limited to 5% of qualifying expenditures.
- Job creation requirements in order to qualify for the credit:
  - 1 full-time equivalent (FTE) staff person required for each \$500,000 in qualifying expenditures, up to \$30 million
  - 1 FTE for each \$1 million in expenditures thereafter.

<http://legis.state.nm.us/Sessions/07%20Regular/final/SB0463.pdf>

**“Solar-Ready Roofs” Act - HB 610 – Rep. Mimi Stewart**

- Requires the Construction Industries Division, in concert with the Energy, Minerals, and Natural Resources Department, to modify building codes to accommodate/facilitate the future installations of solar systems.

<http://legis.state.nm.us/Sessions/07%20Regular/final/HB0610.pdf>

**Solar Covenants Legislation - HB 611: Rep. Mimi Stewart, SB 1031 : Sen . Phil Griego**

- Amendments to the existing Solar Rights Act to preclude cities from passing ordinances or codes and home owners’ associations from passing covenants that forbid solar installations (with the exception of historical districts).

<http://legis.state.nm.us/Sessions/07%20Regular/final/HB0611.pdf>

<http://www.emnrd.state.nm.us/ecmd/documents/SB1031.pdf>

**Gross Receipts Tax Exemption for Solar Energy Systems – (incorporated into SB 463) HB 996 – Rep. Mimi Stewart**

- Gross receipts (i.e. sales) tax exemption for solar electric (e.g. photovoltaic) and solar thermal (e.g. water heating) energy systems where the generated power is used on-site.

<http://legis.state.nm.us/Sessions/07%20Regular/final/SB0463.pdf>

**Clean Energy-Related Funding**

- **\$2.1 million for facilities and a wind turbine at Mesalands Community College.** The college is initiating a “Wind Turbine Technician Training Program”. This adds to a \$2 million grant Mesalands received from US Dept of Labor for related job training.
- **Up to \$2 million for energy efficient, sustainable building elements for public schools under development.**
- **\$3.1 million for land conservation and clean energy projects** (originally intended to be part of the “Land, Wildlife and Clean Energy Act”, but the legislation did not pass.

- **4 additional staff persons funded for the Energy Conservation Management Division** – bringing the staffing up to 15.
- **“Energy Innovation” Funding:** \$2 million

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