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New Mexico Notes

New Mexico continues to languish in a very sluggish economy, and with the decline in the oil and gas industry (which accounts for 36% of the State's General Fund), I don't see any fast remedies. The price of oil is going between \$43 and \$45 a barrel, and unfortunately the 2015 Legislature used \$53 a barrel when they passed the budget. For every dollar it drops the State loses \$9,000,000, so as you can see that by the time the 2016 Legislature meets in January, the State will face a very serious deficit, and will be looking at some very serious budget costs. With the House controlled by the Republicans, the Senate controlled by the Democrats, and a Republican Governor, it will surely be a very contentious session.

In an article in *New Mexico Energy* written by Sherry Robinson, she explained the Governor's new plan:

"For years, New Mexicans have said we've got it all when it comes to energy – oil, gas, coal, geothermal, solar, wind – and now we have a new energy policy that reflects this.

Maybe now we can end the pointless jousting between supporters of renewable and traditional sources.

Last week, the governor announced a plan developed over the past year by the state Energy, Minerals and Natural Resources Department after listening sessions held around the state. The first energy plan since 1991 embraces all sectors and emphasizes jobs, economic diversity and energy independence.

The big shift is "promoting greater production of ALL sources of energy, especially low-carbon sources," which the governor's news release describes as an 'all of the above' approach to energy development."

What I especially like about the plan is its solid statements of policy backed up by proposals rather than puffery. Here are the key points:

- Building or improving pipelines, electric transmission and rail from the Four Corners to I-40, and adding a third oil refinery.**
- Addressing barriers to production by encouraging or incentivizing new kinds of energy storage for wind and solar and natural gas refueling stations and natural gas vehicles. One possibility: an Advanced Battery Chemistry and Materials Center.**
- Establishing a low-carbon energy portfolio standard that includes nuclear power.**

- Improving energy workforce training at colleges and universities.
- Reducing fresh water consumption in energy production processes by using non-potable or brackish water and conserving and reusing water.
- Streamlining regulatory processes. The state would assert itself as the primary regulator, work with federal land agencies to standardize forms and requirements, and lean on the federal Bureau of Land Management to staff its field offices for timely responses to oil and gas development.
- Using new technologies and developments, such as small modular nuclear reactors.
- Collaborating with the Navajo Nation to export coal, and attracting manufacturers that use natural gas in their production.

Not everyone will like this plan. For some, just the word "nuclear" is a provocation; others will object to marketing coal. And there's ongoing debate about solar incentives and fracking. The plan proposes "an education campaign" to enlighten citizens about the sectors.

There's at least one empty promise here, to improve roads in southeastern New Mexico by reallocating "existing tax revenues." Won't happen. The governor and legislators this year scraped together enough money to do a little more road work, but the state Transportation Department is stretched to the max. We won't see new and improved roads without an increase in gasoline taxes; this year the proposal was two cents a gallon. Our governor said no. Her Republican counterparts in Wyoming and Idaho put their states before political boilerplate and said yes. The Republican-dominated Nebraska Legislature overrode a veto to raise fuel taxes.

However, we could see a change of heart on the position that led her to veto the bipartisan solar market development tax credit. She also vetoed \$200,000 the Legislature approved for the Renewable Energy Transmission Authority (RETA), an independent, quasi-governmental body with bonding authority to help finance, build and operate transmission lines. U. S. Sen. Martin Heinrich called the latter veto "penny wise and pound foolish." Both moves were fueled by politics, ideology and, in the case of the tax credit, bad data.

RETA has apparently closed its doors. But according to the state's new energy policy, updated and expanded electricity transmission enables the state to compete for new employers that need more power and to "increase the penetration of renewable energy on the grid."

The new energy policy allows the governor to be a voice of unity and use her office to bring people together, which is badly needed.

Upcoming Events

The NMPMA Convention and Trade show will be held August 22-24 at Sandia Resort and Casino in Albuquerque, NM.

NMPMA wishes all of you a very Merry Christmas and a healthy and safe New Year!!