

LFC Requester:**Liu**

**AGENCY BILL ANALYSIS
2023 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment
Correction Substitute

Date Prepared: 02/01/23

Bill No: [SB60/aSEC](#)

Agency Name
and Code

Sponsor: Soules

Number: PED - 924

Short PHOTOVOLTAIC SYSTEMS

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Title: IN NEW PUBLIC SCHOOLS

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
None	None	N/A	NFA

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25		
None	None	None	N/A	NFA

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	None	None	None	None	N/A	NFI

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: N/A

Duplicates/Relates to Appropriation in the General Appropriation Act: N/A

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis of SEC Amendment: Senate Bill 60 (SB60/aSEC) as amended by the Senate Education Committee, inserts the words “majority of the” on page 12, in the proposed Subsection M of Section 2 of the bill (Section 22-24-4 NMSA 1978 of the Public School Capital Outlay Act). This

insertion will require school districts to power only majority of the school with photovoltaic systems instead of the entire school. Testimony was heard in committee that not all schools will have sufficient land to place sufficient panels to meet energy needs of the entire school.

The amendment also clarifies that any new public school to be constructed with grant assistance from the PSCOC fund after July 1, 2023, shall include a photovoltaic system sufficient to meet **most** of the energy needs of the public school.

The amendment changes the wording of Subsection M so that what previously read, “Any new public school *proposed* to be constructed...” now reads, “Any new public school *awarded* to be constructed after July 1, 2023, with grant assistance from the fund shall include...” This change would presumably require the photovoltaic system only of schools that are actually to be constructed with assistance from the fund. The wording is unclear, however; the sponsor may wish to consider amending proposed Subsection M so that it reads, “Any new public school to be constructed after July 1, 2023, that has been awarded grant assistance from the fund shall include a photovoltaic system sufficient to meet the majority of the energy needs of the public school.”

Synopsis: Senate Bill 60 (SB60) would amend the definition of “building system” in the Public School Capital Outlay Act to authorize funding for “photovoltaic systems,” which the bill defines as “a power system designed to supply usable solar power for the public school for which it is designed, including enough power for electric vehicle charging stations, which may be a grid-tied, grid-hybrid or off-grid system.”

The bill would require new public schools – proposed to be constructed after July 1, 2023, with grant assistance from the fund – to include a photovoltaic system sufficient to meet the energy needs of the public school.

FISCAL IMPACT

The bill does not contain an appropriation.

A 2021 analysis by the Public School Facilities Authority (PSFA) estimated the cost of building a new school with a photovoltaic system would cost an additional \$500,000 to \$2 million per school, depending on the size of the school and the amount of energy the school wishes to produce using solar panels. If every standards-based project funded during the 2020 awards cycle included photovoltaic systems, PSFA estimated the total cost to the state will have increased by approximately \$5.9 million.

SUBSTANTIVE ISSUES

The standards-based awards program, the core function of the Public School Capital Outlay Council (PSCOC), was created in response to the Zuni capital outlay lawsuit to improve the adequacy and uniformity of public school facilities statewide. PSCOC annually awards funds to applicants to renovate or replace facilities based on a weighted condition index. Since the creation of the program, the average condition of the state’s public schools has improved substantially, with a large number of targeted investments in school districts that had poor facilities and an inability to raise local revenue to replace those facilities.

Some of the initial investment in photovoltaic systems may be recuperated by reductions to schools’ utility costs. PSFA explains that schools with photovoltaic systems achieve annual savings from producing electricity on-site. Grid-tied systems can also receive credits from local utilities by producing excess energy and redistributing it to the grid. According to PSFA, school

districts with photovoltaic systems typically recuperate the cost of installation in 10 to 15 years of annual credits and savings from lower monthly utility bills. School utility costs are funded through the public school funding formula; a reduction in utility costs could result in more operational funding directed to classrooms.

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

N/A

AMENDMENTS

The sponsor may wish to consider amending the bill to include an appropriation to help defray costs associated with statewide installation of photovoltaic systems, estimated at approximately \$5.9 million if these requirements had been applied to the 2020 capital outlay awards cycle.