Energy Efficiency and Renewable Energy Bonding Act
6-21D NMSA 1978

**Purpose**
To facilitate implementation of the Energy Efficiency and Renewable Energy Bonding Act (the Act) and to make every reasonable effort to reduce energy consumption and expenditures relating to operation of public facilities. The Act establishes an innovative financing mechanism for state agencies, universities, and public schools to fund and implement energy efficiency and renewable energy renovations.

**Summary of Provisions of the Existing Statute**
- Establishes an Energy Efficiency and Renewable Energy Bond Fund managed by New Mexico Finance Authority (NMFA) and allocates gross receipts tax revenues to that fund.
- Establishes a revolving Energy Efficiency Assessment Fund at Energy, Minerals and Natural Resources Department (EMNRD) to be used to conduct energy audits.
- NMFA is authorized to issue up to $20 million in clean energy revenue bonds to fund energy efficiency and renewable energy renovations at state and public school facilities. NMFA shall provide the user agencies with the bond proceeds to implement the energy efficiency measures and to reimburse the cost of the energy audit to EMNRD for the purpose of replenishing the Energy Efficiency Assessment Fund.
- 90% of the energy utility bill savings are “captured” from the participating entities to pay debt service on the bonds. 10% of the savings are kept by the participating agency as an incentive to participate.
- Savings are captured from the participating agency until its proportional share of the debt service is paid off.
- Captured savings must be more than sufficient to cover debt service. All of the gross receipts tax-derived funds revert back to the General Fund each year (i.e., the General Fund is kept “whole”).

**Summary**
Four major steps must be completed to implement energy efficiency measures under the Act: energy audits, design, installation, and measurement and verification. The following problems existed under the original Act that made it difficult to implement. The Act was amended to address them.

- **Contract Term**: The Act was amended to allow for 10-year contracts. Ten year contracts are currently allowed under the Public Facility Energy Efficiency and Water Conservation Act.
- **Bond Proceeds**: For administrative efficiency, the Act was amended to allow net proceeds from bonds to be appropriated to NMFA and directly distributed to user agencies.
Benefits to New Mexicans

- Reduces state, university and public school operating costs thereby reducing taxpayer burden. Schools “free up” energy utility funds that can be used in the classroom.
- State “leads by example” with respect to stimulating statewide adoption of clean energy technologies – promoting market development through deployment.
- Directly influences climate change and reduction of greenhouse gas emissions.
- Improves comfort levels and enhances productivity for building occupants (i.e., students, teachers, state workers, general public).
- Increases gross receipts tax revenues and rural economic benefits from construction projects related to the Act.

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