





NM has great Wind Energy potential, too

NMSLO currently has 5 large scale wind projects and several applications being processed.



New Mexico State Land Office

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Transmission Constraints

- Large transmission lines are being developed to move NM's energy potential to market. However, given the land ownership patterns with National Forests, Wildlife Refuges, and Tribal Lands, energy corridor development necessitates a focal point near the center of the state.
- Heinrich's bill would severely impede state trusts ability to negotiate fair market value for these projects. The NMSLO takes a novel approach to the valuation of these projects.



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Determination of Component 1 Value for a Pending Right-of-Way Application

Base Rental Value
 The base annual value of **\$165.66** per acre used in this example reflects a CPI-adjusted value derived from an analysis of electric line right-of-way transactions occurring on state trust lands throughout the Rocky Mountain Region.

State Land Manager	Sample Size	Adj. Value Per Acre Per Year*	
		Arithmetic Mean	Upper Quartile
Colorado State Land Board	10	\$ 168.40	\$ 168.40
North Dakota Dept. of Trust Lands	25	\$ 25.78	\$ 35.97
Oklahoma State Land Office	2	\$ 155.30	\$ 157.42
Texas General Land Office	12	\$ 215.77	\$ 285.46
Utah Trust Lands Administration	10	\$ 149.20	\$ 145.03
Wyoming Office of State Lands	27	\$ 42.77	\$ 51.05
All State Land Offices	86	\$ 126.21	\$ 165.66

*Adjusted to current dollars using the December 2015 CPI for the Western Region 242.434
 Source: The Centis For Applied Research, Inc.

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Determination of Component 1 Value for a Pending Right-of-Way Application

5,955 x **\$165.66** x **35** *escalated at 2%*
 Encumbered Value Per Year Term Annual
 Acres Acre Per Year Inflation
Adj. Factor

= \$16.036 million Compensation for Component 1 if received in Year 1
= \$49.3 million Compensation for Component 1 if spread over term of ROW

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Determination of Component 2 Value for a Pending Right-of-Way Application

Step 1: Establish Compensation Multiplier

17.35% x **16.67%** = **2.89%**
 Proportion of State Trust Acres to Total Acres Land Attribution Factor Supplementary Compensation Multiplier

Step 2: Application of Compensation Multiplier

2.89% x **\$86m** *escalated at* **2.5%**
 Supplementary Compensation Multiplier Gross Revenue in Year 1 Project Annual Revenue Growth Rate

= \$136.5 million

Compensation for Component 2

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Combining Components 1 and 2

Component 1
Compensation for Land Value can be received upfront in year one of ROW term.

Component 2
Supplementary compensation is received annually as a percentage of project's gross revenues.

Year	Component 1* Compensation (Millions)	Project Gross Revenue (Millions)	Component 2 Compensation (Millions)	Total Compensation (Millions)
1	\$16.036	+	\$86.00 x 2.89% = \$2.49	\$18.52
2	-	+	\$88.15 x 2.89% = \$2.55	\$2.55
3	-	+	\$90.35 x 2.89% = \$2.61	\$2.61
4	-	+	\$92.61 x 2.89% = \$2.68	\$2.68
5	-	+	\$94.93 x 2.89% = \$2.74	\$2.74
...	...	+	... x ... =
35	-	+	\$199.12 x 2.89% = \$5.75	\$5.75
TOTAL	\$16.036	\$4,723.83	\$136.52	\$152.658

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