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AN ACT

RELATING TO PUBLIC UTILITIES; CLARIFYING THAT A GRID
MODERNIZATION PROJECT MAY INCLUDE DISTRIBUTION SYSTEM
HARDENING PROJECTS FOR SUBSTATIONS DESIGNED TO REDUCE SERVICE
OUTAGES OR SERVICE RESTORATION TIMES; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 62-8-13 NMSA 1978 (being Laws 2020,
Chapter 15, Section 3) is amended to read:

"62-8-13. APPLICATION FOR GRID MODERNIZATION
PROJECTS.--

A. A public utility may file an application with
the commission to approve grid modernization projects that
are needed by the utility, or upon request of the commission.
Applications may include requests for approval of investments
or incentives to facilitate grid modernization, rate designs
or programs that incorporate the use of technologies,
equipment or infrastructure associated with grid
modernization and customer education and outreach programs
that increase awareness of grid modernization programs and of
the benefits of grid modernization. Applications shall
include the utility's estimate of costs for grid
modernization projects. Applications for grid modernization
projects shall be filed pursuant to Sections 62-9-1 and
62-9-3 NMSA 1978, as applicable.

1 B. When considering applications for approval, the
2 commission shall review the reasonableness of a proposed grid
3 modernization project and as part of that review shall
4 consider whether the requested investments, incentives,
5 programs and expenditures are:

6 (1) reasonably expected to improve the
7 public utility's electrical system efficiency, reliability,
8 resilience and security; maintain reasonable operations,
9 maintenance and ratepayer costs; and meet energy demands
10 through a flexible, diversified and distributed energy
11 portfolio, including energy standards established in Section
12 62-16-4 NMSA 1978;

13 (2) designed to support connection of New
14 Mexico's electrical grid into regional energy markets and
15 increase New Mexico's capability to supply regional energy
16 needs through export of clean and renewable electricity;

17 (3) reasonably expected to increase access
18 to and use of clean and renewable energy, with consideration
19 given for increasing access to low-income users and users in
20 underserved communities;

21 (4) designed to contribute to the reduction
22 of air pollution, including greenhouse gases;

23 (5) reasonably expected to support increased
24 product and program offerings by utilities to their
25 customers; allow for private capital investments and skilled

1 jobs in related services; and provide customer protection,
2 information or education;

3 (6) transparent, incorporating public
4 reporting requirements to inform project design and
5 commission policy; and

6 (7) otherwise consistent with the state's
7 grid modernization planning process and priorities.

8 C. Except as provided in Subsection D of this
9 section, a public utility that undertakes grid modernization
10 projects approved by the commission may recover its
11 reasonable costs through an approved tariff rider or in base
12 rates, or by a combination of the two. Costs that are no
13 greater than the amount approved by the commission for a
14 utility grid modernization project are presumed to be
15 reasonable. A tariff rider proposed by a public utility to
16 fund approved grid modernization projects shall go into
17 effect thirty days after filing, unless suspended by the
18 commission for a period not to exceed one hundred eighty
19 days. If the tariff rider is not approved or suspended
20 within thirty days after filing, it shall be deemed approved
21 as a matter of law. If the commission has not acted to
22 approve or disapprove the tariff rider by the end of the
23 suspension period, it shall be deemed approved as a matter of
24 law.

25 D. Costs for a grid modernization project that

1 only benefits customers of an electric distribution system
2 shall not be recovered from customers served at a level of
3 one hundred ten thousand volts or higher from an electric
4 transmission system in New Mexico.

5 E. The provisions of this section do not apply to
6 a distribution cooperative organized pursuant to the Rural
7 Electric Cooperative Act.

8 F. As used in this section, "grid modernization"
9 means improvements to electric distribution or transmission
10 infrastructure through investments in assets, technologies or
11 services that are designed to modernize the electrical system
12 by enhancing electric distribution or transmission grid
13 reliability, resilience, interconnection of distributed
14 energy resources, distribution system efficiency, grid
15 security against cyber and physical threats, customer service
16 or energy efficiency and conservation and includes:

17 (1) advanced metering infrastructure and
18 associated communications networks;

19 (2) intelligent grid devices for real time
20 or near-real time system and asset information;

21 (3) automated control systems for electric
22 transmission and distribution circuits and substations;

23 (4) high-speed, low-latency communications
24 networks for grid device data exchange and remote and
25 automated control of devices;

1 (5) distribution system hardening projects
2 for circuits and substations designed to reduce service
3 outages or service restoration times, but does not include
4 the conversion of overhead tap lines to underground service;

5 (6) physical security measures at critical
6 distribution substations;

7 (7) cybersecurity measures;

8 (8) systems or technologies that enhance or
9 improve distribution system planning capabilities by the
10 public utility;

11 (9) technologies to enable demand response;

12 (10) energy storage systems and microgrids
13 that support circuit-level grid stability, power quality,
14 reliability or resiliency or provide temporary backup energy
15 supply;

16 (11) infrastructure and equipment necessary
17 to support electric vehicle charging or the electrification
18 of community infrastructure or industrial production,
19 processing, or transportation; and

20 (12) new customer information platforms
21 designed to provide improved customer access, greater service
22 options and expanded access to energy usage information."

23 SECTION 2. EMERGENCY.--It is necessary for the public
24 peace, health and safety that this act take effect
25 immediately.
