HOUSE BILL 337

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

Debra M. Sariñana and Tara L. Lujan

AN ACT

RELATING TO PUBLIC UTILITIES; INCLUDING CONSIDERATION OF RENEWABLE ENERGY STANDARDS AS A FACTOR IN EVALUATING GRID MODERNIZATION GRANTS.

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

SECTION 1. Section 71-11-1 NMSA 1978 (being Laws 2020, Chapter 15, Section 1) is amended to read:

"71-11-1. GRID MODERNIZATION ROADMAP AND GRANT PROGRAM.--

A. The energy, minerals and natural resources department shall develop a roadmap for grid modernization that shall detail priorities and strategies to modernize New Mexico's electric grid.

B. The department shall establish a grid modernization grant program to support implementation of a modern grid by providing grants to eligible projects proposed

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by:

(1) municipalities and county governments;

(2) state agencies;

(3) state universities;

(4) public schools;

(5) post-secondary educational institutions; and

(6) Indian nations, tribes and pueblos.

C. The department shall adopt rules establishing the application procedure, the required qualifications for projects and the purposes for which the grant may be used. In approving grants, consideration shall be given to:

(1) the extent to which the project improves electrical system efficiency, reliability, resilience and security; lowers operations and maintenance costs; and meets energy demands through a flexible, diversified and distributed energy portfolio that includes a percentage of renewable generation sources consistent with the renewable portfolio standards in the Renewable Energy Act and consistent with New Mexico's energy goals;

(2) the extent to which the project incorporates a new technology or a new or innovative application of an existing technology that will provide useful information in real time to the state, utilities, electric cooperatives and their customers and the general public related

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to grid modernization;

(3) the degree to which the project fosters the general public's, students' or a specific government or industry sector's overall understanding and appreciation of the benefits of modernizing the electric grid;

(4) the extent to which the project complements or coordinates with the resource planning of a public utility as required by the Public Utility Act; [~~and~~]

(5) the extent to which the project stimulates in-state economic development, including the creation of jobs and apprenticeships; and

(6) the extent to which the project helps a public utility to meet the requirements of the renewable portfolio standards set forth in the Renewable Energy Act.

D. Grants shall be awarded on a competitive basis, and priority shall be given to proposals that use matching funds from non-state sources. The grant program shall seek to fund applicants in each of the following categories:

(1) an Indian nation, tribe or pueblo;

(2) a rural community served by a rural electric cooperative;

(3) a rural community served by an investor-owned public utility;

(4) an urban or semi-urban municipality or county; and

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(5) an institution of higher education.

E. Projects receiving a grant from the grid modernization grant program shall be required to be coordinated with the electric service provider that serves the entity in order to ensure that the program does not adversely impact electrical system efficiency, reliability, resilience and security.

F. The department shall provide a report on the grid modernization grant program to the legislative finance committee prior to each regular legislative session. The report shall include:

(1) a list of grant recipients;

(2) the amount and date of each grant;

(3) a description of each project funded; and

(4) a description of how each project contributes to grid modernization and demonstrates increased electric grid reliability, resilience and security; creates economic benefits; or pilots or demonstrates new technologies or new implementations of existing technologies.

G. For the purposes of this section:

(1) "department" means the energy, minerals and natural resources department; [~~and~~]

(2) "grid modernization" means improvements to electric distribution or transmission infrastructure, including related data analytics equipment, that are designed to

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accommodate or facilitate the integration of renewable electric generation resources with the electric distribution grid or to otherwise enhance electric distribution or transmission grid reliability, grid security, demand response capability, customer service or energy efficiency or conservation and includes:

(a) advanced metering infrastructure that facilitates metering and providing related price signals to users to incentivize shifting demand;

(b) intelligent grid devices for [~~real time~~] real-time system and asset information at key substations and large industrial customers;

(c) automated control systems for electric distribution circuits and substations;

(d) communications networks for service meters;

(e) distribution system hardening projects for circuits and substations designed to reduce service outages or service restoration times;

(f) physical security measures at key distribution substations;

(g) cybersecurity measures;

(h) energy storage systems and microgrids that support circuit-level grid stability, power quality, reliability or resiliency or provide temporary backup

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energy supply;

(i) electrical facilities and infrastructure necessary to support electric vehicle charging systems;

(j) new customer information platforms designed to provide improved customer access, greater service options and expanded access to energy usage information; and

(k) other new technologies that may be developed regarding the electric grid; and

(3) "microgrid" means a group of interconnected loads and distributed energy resources within clearly defined electrical boundaries. A microgrid acts as a single controllable entity with respect to the grid and has a maximum generation capacity of twenty megawatts. A microgrid can operate in both grid-connected or in an island mode."

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