

SENATE FLOOR SUBSTITUTE FOR
SENATE CONSERVATION COMMITTEE SUBSTITUTE FOR
SENATE BILL 456

56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023

AN ACT

RELATING TO PUBLIC UTILITIES; REQUIRING ELECTRIC PUBLIC UTILITIES TO FILE A GRID MODERNIZATION PLAN WITH THE PUBLIC REGULATION COMMISSION; AUTHORIZING THE PUBLIC REGULATION COMMISSION TO MAKE RULES REGARDING GRID MODERNIZATION PLANS; CREATING AN ENERGY STORAGE DEVELOPMENT TARGET; REQUIRING ENERGY STORAGE PROCUREMENT AND DEPLOYMENT TO BE ADDRESSED AS PART OF RESOURCE PLANS.

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

SECTION 1. A new section of Chapter 62, Article 8 NMSA 1978 is enacted to read:

"[NEW MATERIAL] GRID MODERNIZATION PLAN.--

A. Pursuant to the commission's rulemaking authority, a qualifying utility shall periodically file a grid modernization plan with the commission. A grid modernization

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1 plan shall address evaluation metrics as determined by the
2 commission, which may include measures of cost-effectiveness
3 and reliability of the distribution grid, how the plans are
4 consistent with the state's roadmap for grid modernization and
5 potential impacts on public health and safety.

6 B. By October 1, 2024, the commission shall
7 promulgate rules to implement the provisions of this section.

8 C. The provisions of this section do not apply to a
9 cooperative organized pursuant to the Rural Electric
10 Cooperative Act.

11 D. As used in this section, "qualifying utility"
12 means an investor-owned electric public utility certified by
13 the commission to provide retail electric service in New Mexico
14 pursuant to the Public Utility Act."

15 SECTION 2. A new section of the Public Utility Act is
16 enacted to read:

17 "[NEW MATERIAL] ENERGY STORAGE DEPLOYMENT TARGET.--

18 A. The commission shall adopt a target for energy
19 storage deployment brought to commercial operation after
20 December 31, 2022 in New Mexico as follows:

21 (1) by December 31, 2028, one thousand
22 megawatts of new energy storage capacity capable of
23 cumulatively delivering more than three thousand five hundred
24 megawatt-hours of electricity; and

25 (2) by December 31, 2033, an additional one

1 thousand megawatts for a total of two thousand megawatts of new
2 energy storage capacity capable of cumulatively delivering more
3 than seven thousand megawatt-hours of electricity.

4 B. The megawatt and megawatt-hour targets specified
5 in Subsection A of this section may be adjusted based on
6 analysis conducted by the commission. The commission may also
7 establish additional energy storage deployment targets.

8 C. The amount of energy storage capacity that an
9 individual qualifying utility may be required by the commission
10 to procure or deploy, as part of the statewide energy storage
11 target set forth in Subsection A of this section, shall be
12 determined by the commission. In making such a determination,
13 the commission shall consider potential impacts of proposed
14 energy storage systems on public health and safety.

15 D. The commission shall require qualifying
16 utilities to incorporate the amount of energy storage capacity
17 that an individual qualifying utility may be required to
18 procure or deploy by the commission into integrated resource
19 plans pursuant to the Efficient Use of Energy Act, grid
20 modernization plans pursuant to Section 1 of this 2023 act or
21 renewable energy plans pursuant to the Renewable Energy Act, as
22 determined by the commission and starting with planning cycles
23 commencing after July 1, 2023.

24 E. Each qualifying utility shall petition the
25 commission for necessary approvals to construct or acquire the

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1 energy storage systems to achieve its required procurement or
2 deployment of energy storage capacity. A qualifying utility
3 that undertakes energy storage system projects approved by the
4 commission may recover its reasonable costs through an approved
5 tariff rider or in base rates, or through a combination of
6 both.

7 F. Any type of energy storage system installed and
8 operational in New Mexico after December 31, 2022 shall qualify
9 toward the targets set forth in this section.

10 G. As used in this section:

11 (1) "deploy" or "deployment" means to bring an
12 energy storage system to commercial operation or to establish a
13 contractual right to use the energy from, or the capacity of,
14 an energy storage system;

15 (2) "energy storage capacity" means the
16 nameplate capacity of an energy storage system or systems,
17 measured as the maximum rate or amount of energy that can be
18 stored or delivered, in megawatts or kilowatts;

19 (3) "energy storage system" means commercially
20 available technology that is capable of retaining energy,
21 storing the energy for a period of time and delivering the
22 energy after storage by chemical, thermal, mechanical or other
23 means;

24 (4) "procure" or "procurement" means to
25 acquire by ownership or by a contractual right to use the

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1 energy from, or the capacity of, an energy storage system; and

2 (5) "qualifying utility" means an investor-
3 owned electric public utility certified by the commission to
4 provide retail electric service in New Mexico pursuant to the
5 Public Utility Act."

6 SECTION 3. EFFECTIVE DATE.--The effective date of the
7 provisions of this act is July 1, 2023.

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