

LFC Requester: _____

AGENCY BILL ANALYSIS

SECTION I: GENERAL INFORMATION

Check all that apply:

Original _____ Amendment _____
Correction _____ Substitute x

Date 2/11/2025
Bill No: HB93

Sponsor: House Government, Elections, and Indian Affairs Committee
Short Title: Advanced Grid Technology Plans

Agency Name and Code EMNRD 521
Number: _____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: The House Government, Elections, and Indian Affairs Committee (HGEIC) substitute for HB93 amends Section 62-8-13 NMSA 1978 “Application for Grid Modernization Projects” to include “advanced grid technology plans and projects.”

The HGEIC substitute for HB93 removes the requirement for utilities to file advanced grid technology plans and, instead, permits utilities to seek approval from the New Mexico Public Regulatory Commission (PRC) for advanced grid technology plans. It also directs utilities to evaluate advanced grid technology projects in the integrated resource planning (IRP) process.

Proposed amendments to Section 62-8-13 NMSA 1978 enable cost recovery (via base rates or tariff rider) for advanced grid technology plans and projects from transmission customers serviced at a level of 110 kV or higher. The substitute directs the PRC to consider whether proposed advanced grid technology plans would:

- Reduce costs to ratepayers by deferring or avoiding the need for investment in new generation or transmission, including new rights of way;
- Assist with ensuring grid reliability while integrating renewable generation into the grid;
- Support energy mix diversification;
- Reduce greenhouse gas emissions or other air pollution;
- Increase low-income access to renewable energy;
- Be consistent with the state’s grid modernization planning and priorities;
- Be the most cost effective solution among feasible alternatives.

The substitute also clarifies that the PRC shall permit utility cost recovery associated with grid technology plans or advanced grid technology projects outlined in IRPs only to the extent that such cost recovery is not under the jurisdiction of the federal energy regulatory commission (FERC).

Definitions from the original HB93 were moved from the previously contemplated new section of Chapter 62, Article 9 NMSA 1978 to the definitions section of 62-17-4 NMSA 1978 “Efficient Use of Energy.”

FISCAL IMPLICATIONS

None for EMNRD

SIGNIFICANT ISSUES

HGEIC’s substitute for HB93 benefits the affordability, sustainability, reliability, and resiliency of New Mexico’s electricity grid by directing utilities to incorporate grid enhancing technologies (GETs) into system planning processes and enabling incentives for GETs adoption. GETs are particularly useful for unlocking greater system efficiencies, which can then pass savings onto ratepayers, by avoiding or deferring costly infrastructure upgrades or new construction. When utilities implement technologies that squeeze more capacity out of existing infrastructure, ratepayers benefit.

The substitute addresses previous concerns about holistic system planning by requiring utilities to assess GETs in the IRP process and amending relevant grid modernization statutes to enable cost recovery for GETs. These changes encourage utilities to least-cost optimize their asset portfolios by leveraging linkages between the transmission, distribution, and generation segments of the bulk power system. By integrating efficiency-enhancing GETs where feasible, utilities can minimize grid expansion needs elsewhere while maintaining appropriate system performance.

Placing cost recovery for GETs under Section 62-8-13 NMSA 1978 also resolves previous concerns about incentive issues hindering utility adoption of GETs. Section 1.A. of the statute allows utilities to seek approval for incentives that support grid modernization.

PERFORMANCE IMPLICATIONS

None for EMNRD

ADMINISTRATIVE IMPLICATIONS

None for EMNRD

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Utilities will not be required to consider advanced grid technologies during the IRP process. Cost recovery associated with advanced grid technologies would not be authorized. Utilities would be unable to propose incentive mechanisms to facilitate the adoption of GETs. Electricity customers may see steeper rate increases because utilities are not optimizing their asset portfolios for maximum efficiency.

AMENDMENTS