

LFC Requester:	Cally Carswell
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: January 22, 2025 *Check all that apply:*
Bill Number: HB 128 Original Correction
 Amendment Substitute

Sponsor: Reps. Szczepanski and Roybal **Agency Name** 430 – Public Regulation
Caballero **and Code** Commission
Short Title: NMFA Local Access Solar **Number:** _____
Fund **Person Writing** Scott Cameron
Phone: (505)490-2696 **Email** jerri.mares@prc.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	\$60,000	Recurring	General Fund

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

HB 128 would add new material to the NMSA to establish a local solar access solar fund in the New Mexico Finance Authority (“NMFA”), provide grants for solar energy systems, require NMFA to promulgate rules for the program, and appropriate funds to do so.

Section 1 of the Bill provides definitions, establishes the local solar access solar fund in the NMFA, directs the NMFA on how to use the funds in the local solar access solar fund, requires the NMFA to consult with the Energy, Minerals and Natural Resources Department (“EMNRD”) when establishing rules to provide for evaluation criteria and prioritization metrics, dictates what information grant applications must contain, and requires certain contractors to post bonds.

Section 2 of the Bill appropriates sixty million dollars (\$60,000,000) in recurring funding from the general fund to EMNRD for the local solar access solar fund; any unspent funds do not revert.

Section 3 of the Bill establishes an effective date that is contingent upon the enactment into law of an appropriation to the NMFA for administrative costs in the General Appropriation Act of 2025.

FISCAL IMPLICATIONS

None

SIGNIFICANT ISSUES

Because solar is an intermittent resource, there will come a point soon (if not already) when incorporating more solar, without battery storage, becomes very challenging for grid operators (in NM, public utilities perform this function) because solar power fluctuates significantly based on time of day and weather, which leads to grid imbalances and instability as grid operators struggle to match generation with demand. These imbalances can lead to brownouts and blackouts, and in severe cases, significant damage to grid infrastructure.

Battery storage that can be deployed by the grid operator helps with this problem immensely by allowing grid operators to store energy during peak supply periods and draw from storage during peak demand. As such, HB 128 may want to consider directing NMFA and EMNRD to include in their prioritization metrics rule a priority to projects that include energy storage systems, and an even greater priority to projects that include energy storage systems that can be deployed by grid operators using advanced metering devices.

In Section 1(A)(2)(b) and (C)(1), the Bill may want to clarify whether the “interconnection equipment required” and “necessary upgrades” referenced includes distribution or transmission level equipment and upgrades. These equipment upgrades can be extremely expensive and are oftentimes passed on to the solar energy system owner (the alternative would be for the utility to absorb the costs which get passed on to the ratepayer). Without these equipment upgrades, new

projects cannot be connected. The Bill may want to state whether grant funds can be used for this equipment and upgrades or not.

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

None

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB2 General Appropriation Act in that the effective date is contingent upon the enactment into law of an appropriation to the NMFA for administrative costs.

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

None