HOUSE BILL 93

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

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AN ACT

RELATING TO UTILITIES; PROVIDING FOR THE FILING OF ADVANCED GRID TECHNOLOGY PLANS BY PUBLIC UTILITIES TO THE PUBLIC REGULATION COMMISSION; PROVIDING FOR COST RECOVERY THROUGH TARIFF RIDERS OR BASE RATES; INCLUDING ADVANCED GRID TECHNOLOGIES IN UTILITY INTEGRATED RESOURCE PLANS AND THE ANNUAL REPORTS OF DISTRIBUTION COOPERATIVE UTILITIES.

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

SECTION 1. A new section of Chapter 62, Article 9 NMSA 1978 is enacted to read:

"[NEW MATERIAL] ADVANCED GRID TECHNOLOGY PLANS--ADVANCED GRID TECHNOLOGY PROJECTS--COST RECOVERY MECHANISM--DEFINITIONS.--

A. A public utility shall file an advanced grid technology plan along with and in the same cadence as the

utility files its integrated resource plan. A public utility may choose to file an advanced grid technology plan in advance of its next integrated resource plan. An advanced grid technology plan shall include the following related to the public utility's transmission system:

(1) a discussion of transmission-line congestion frequency and identification of congestion points;

(2) an implementation plan for using advanced grid technologies to alleviate congestion points, including a cost-effectiveness analysis;

(3) identification of specific projects that the utility intends to implement during the three-year plan period;

(4) the utility's cost estimates for each project; and

(5) any other information requested by the commission.

B. Projects are not exempt from the requirements of and applications shall be filed pursuant to Sections 62-9-1 and 62-9-3 NMSA 1978, as applicable.

C. When considering advanced grid technology plans for approval, the commission shall review the reasonableness of the projects proposed and whether the investments, programs and expenditures of the plan would:

(1) reduce costs to ratepayers by avoiding or

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deferring the need for investment in new generation or transmission, including new rights of way;

(2) assist with ensuring grid reliability, including transmission and distribution system stability, while integrating sources of renewable energy into the grid;

(3) support the diversification of energy resources and enhance grid security;

(4) reduce greenhouse gases and other air pollutants resulting from power generation, as required by the energy standards established pursuant to Section 62-16-4 NMSA 1978;

(5) be reasonably expected to increase access to and the use of clean and renewable energy, with consideration given for increasing access for low-income users and users in underserved communities;

(6) be consistent with the state's grid modernization planning and priorities; and

(7) be the most cost effective among feasible alternatives.

D. Except as provided in Subsections F and G of this section, a public utility that undertakes a project of a commission-approved advanced grid technology plan may recover the utility's reasonable costs through an approved tariff rider or through base rates, or a combination of the two. Costs incurred by a utility to complete a project in a commission-

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approved advanced grid technology plan shall be presumed reasonable up to the maximum cost amount approved by the commission.

E. Prior to imposing a tariff rider pursuant to Subsection D of this section, a public utility shall propose the tariff rider to the commission for approval. A proposed tariff rider shall go into effect thirty days after filing and be deemed approved as a matter of law, unless within that thirty-day period the commission rejects the tariff rider or suspends the tariff rider for a period not to exceed one hundred eighty days. If the commission does not approve or disapprove a suspended tariff rider by the end of the one-hundred-eighty-day suspension period, the tariff rider shall be deemed approved as a matter of law.

F. The commission shall only allow a utility to recover costs associated with an advanced grid technology plan or project to the extent that the cost recovery is not under the jurisdiction of the federal energy regulatory commission.

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

H. As used in this section, "project" means a project in a utility's advanced grid technology plan filed pursuant to this section."

SECTION 2. A new section of Chapter 62, Article 9 NMSA

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1978 is enacted to read:

"[NEW MATERIAL] DEFINITIONS.--As used in Chapter 62, Article 9 NMSA 1978:

A. "advanced conductor" means a conductor that has a direct current electrical resistance at least ten percent lower than existing conductors of a similar diameter while simultaneously increasing capacity on a utility's system by at least seventy-five percent and includes, in a project, rebuilding support structures or other associated facilities;

B. "advanced grid technology" means hardware or software technology that increases the efficiency, capacity or reliability of existing or new electric transmission and distribution systems and includes advanced conductors, grid enhancing technology and technology determined by the public regulation commission or the federal energy regulation commission to increase the efficiency, capacity or reliability of an existing or new transmission facility;

C. "advanced power flow controllers" means hardware or software technology used to push or pull electric power in a manner that balances overloaded lines and underused corridors within a distribution or transmission system;

D. "dynamic line ratings" means hardware or software technology used to appropriately update the calculated thermal limits of existing distribution or transmission lines

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based on real-time and forecasted weather conditions;

E. "grid enhancing technology" means hardware or software technology that reduces congestion or enhances the flexibility of electric transmission and distribution systems by increasing the capacity of a line or rerouting electricity from overloaded to uncongested lines while maintaining industry safety standards and includes dynamic line ratings, advanced power flow controllers and topology optimization; and

F. "topology optimization" means hardware or software technology that identifies reconfigurations of the distribution or transmission grid and can enable the routing of power flows around congested or overloaded distribution or transmission elements."

SECTION 3. Section 62-17-4 NMSA 1978 (being Laws 2005, Chapter 341, Section 4, as amended) is amended to read:

"62-17-4. DEFINITIONS.--As used in the Efficient Use of Energy Act:

A. "achievable" means those energy efficiency or load management resources available to the utility using its best efforts;

B. "advanced conductor" means a conductor that has a direct current electrical resistance at least ten percent lower than existing conductors of a similar diameter while simultaneously increasing capacity on a utility's system by at least seventy-five percent;

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C. "advanced grid technology" means hardware or software technology that increases the efficiency, capacity or reliability of existing or new electric transmission and distribution systems and includes advanced conductors, grid enhancing technology and technology determined by the public regulation commission or the federal energy regulation commission to increase the efficiency, capacity or reliability of an existing or new transmission facility;

D. "advanced power flow controllers" means hardware or software technology used to push or pull electric power in a manner that balances overloaded lines and underused corridors within a distribution or transmission system;

[~~B.~~] E. "commission" means the public regulation commission;

[~~C.~~] F. "cost-effective" means that the energy efficiency or load management program meets the utility cost test;

[~~D.~~] G. "customer" means a utility customer at a single, contiguous field, location or facility, regardless of the number of meters at that field, location or facility;

[~~E.~~] H. "distribution cooperative utility" means a utility with distribution facilities organized as a rural electric cooperative pursuant to Laws 1937, Chapter 100 or the Rural Electric Cooperative Act or similarly organized in other states;

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I. "dynamic line ratings" means hardware or software technology used to appropriately update the calculated thermal limits of existing distribution or transmission lines based on real-time and forecasted weather conditions;

[~~F.~~] J. "energy efficiency" means measures, including energy conservation measures, or programs that target consumer behavior, equipment or devices to result in a decrease in consumption of electricity and natural gas without reducing the amount or quality of energy services;

K. "grid enhancing technology" means hardware or software technology that reduces congestion or enhances the flexibility of electric transmission and distribution systems by increasing the capacity of a line or rerouting electricity from overloaded to uncongested lines while maintaining industry safety standards and includes dynamic line ratings, advanced power flow controllers and topology optimization;

[~~G.~~] L. "large customer" means a customer with electricity consumption greater than seven thousand megawatt-hours per year or natural gas use greater than three hundred sixty thousand decatherms per year;

[~~H.~~] M. "load management" means measures or programs that target equipment or devices to result in decreased peak electricity demand or shift demand from peak to off-peak periods;

[~~I.~~] N. "program costs" means the prudent and

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reasonable costs of developing and implementing energy efficiency and load management programs, but "program costs" does not include charges for incentives or the removal of regulatory disincentives;

[~~J.~~] O. "public utility" means a public utility that is not also a distribution cooperative utility; [~~and~~]

P. "topology optimization" means hardware or software technology that identifies reconfigurations of the distribution or transmission grid and can enable the routing of power flows around congested or overloaded distribution or transmission elements; and

[~~K.~~] Q. "utility cost test" means a standard that is met if the monetary costs that are borne by the public utility and that are incurred to develop, acquire and operate energy efficiency or load management resources on a life-cycle basis are less than the avoided monetary costs associated with developing, acquiring and operating the associated supply-side resources."

SECTION 4. Section 62-17-10 NMSA 1978 (being Laws 2005, Chapter 341, Section 10) is amended to read:

"62-17-10. INTEGRATED RESOURCE PLANNING.--Pursuant to the commission's rulemaking authority, public utilities supplying electric or natural gas service to customers shall periodically file an integrated resource plan with the commission. Utility integrated resource plans shall evaluate renewable energy,

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energy efficiency, load management, distributed generation, advanced grid technologies and conventional supply-side resources on a consistent and comparable basis and take into consideration risk and uncertainty of fuel supply, price volatility and costs of anticipated environmental regulations in order to identify the most cost-effective portfolio of resources to supply the energy needs of customers. The preparation of resource plans shall incorporate a public advisory process. Nothing in this section shall prohibit public utilities from implementing cost-effective energy efficiency and load management programs and the commission from approving public utility expenditures on energy efficiency programs and load management programs prior to the commission establishing rules and guidelines for integrated resource planning. The commission may exempt public utilities with fewer than five thousand customers and distribution-only public utilities from the requirements of this section. The commission shall take into account a public utility's resource planning requirements in other states and shall authorize utilities that operate in multiple states to implement plans that coordinate the applicable state resource planning requirements. The requirements of this section shall take effect one year following the commission's adoption of rules implementing the provisions of this section."

SECTION 5. Section 62-17-11 NMSA 1978 (being Laws 2005,

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Chapter 341, Section 11, as amended) is amended to read:

"62-17-11. DISTRIBUTION COOPERATIVE UTILITIES.--

A. Distribution cooperative utilities shall periodically examine the potential to assist their customers in reducing energy consumption or peak electricity demand in a cost-effective manner. Based on these studies, by January 1, 2009, distribution cooperative utilities shall establish energy efficiency and load management targets and begin to implement cost-effective energy efficiency and load management programs that are economically feasible and practical for their members and customers. Approval for such programs shall reside with the governing body of each distribution cooperative utility and not with the commission.

B. Each distribution cooperative utility shall file with the commission, concurrently with its annual report, a report that describes all of the distribution cooperative utility's programs or measures that promote energy efficiency, conservation or load management, including the deployment of advanced grid technologies. The report shall set forth the costs of each of the programs or measures for the previous calendar year and the resulting effect on the consumption of electricity. In offering or implementing energy efficiency, conservation or load management programs, a distribution cooperative utility shall attempt to minimize any cross-subsidies between customer classes.

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C. Each distribution cooperative utility shall include in the report required by Subsection B of this section a description of all programs or measures to promote energy efficiency, conservation or load management, including the deployment of advanced grid technologies, that are planned and the anticipated date for implementation.

D. Costs resulting from programs or measures to promote energy efficiency, conservation or load management, including the deployment of advanced grid technologies, may be recovered by the distribution cooperative utility through its general rates. In requesting approval to recover such costs in general rates, the distribution cooperative utility may elect to use the procedure set forth in Subsection [G] H of Section 62-8-7 NMSA 1978."

SECTION 6. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2025.

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