

1 AN ACT  
2 RELATING TO UTILITIES; PROVIDING FOR THE INCLUSION OF  
3 ADVANCED GRID TECHNOLOGY PROJECTS BY PUBLIC UTILITIES WHEN  
4 FILING AN APPLICATION FOR APPROVAL OF GRID MODERNIZATION  
5 PROJECTS TO THE PUBLIC REGULATION COMMISSION; ALLOWING  
6 UTILITIES TO RECOVER FROM CUSTOMERS COSTS FOR ADVANCED GRID  
7 TECHNOLOGY PROJECTS; INCLUDING ADVANCED GRID TECHNOLOGIES IN  
8 UTILITY INTEGRATED RESOURCE PLANS AND THE ANNUAL REPORTS OF  
9 DISTRIBUTION COOPERATIVE UTILITIES; PERMITTING THE GENERATION  
10 AND DISTRIBUTION OF SELF-SOURCED POWER.

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

13 SECTION 1. Section 62-8-13 NMSA 1978 (being Laws 2020,  
14 Chapter 15, Section 3, as amended) is amended to read:

15 "62-8-13. APPLICATION FOR GRID MODERNIZATION PROJECTS--  
16 ADVANCED GRID TECHNOLOGY PROJECTS.--

17 A. A public utility may file an application with  
18 the commission to approve grid modernization projects that  
19 are needed by the utility, or upon request of the commission.  
20 Applications may include requests for approval of investments  
21 or incentives to facilitate grid modernization, rate designs  
22 or programs that incorporate the use of technologies,  
23 equipment or infrastructure associated with grid  
24 modernization and customer education and outreach programs  
25 that increase awareness of grid modernization programs and of

1 the benefits of grid modernization. Applications shall  
2 include the utility's estimate of costs for grid  
3 modernization projects. Applications may include requests  
4 for approval of advanced grid technology projects pursuant to  
5 Subsection G of this section. Applications for grid  
6 modernization projects shall be filed pursuant to Sections  
7 62-9-1 and 62-9-3 NMSA 1978, as applicable.

8 B. When considering applications for approval, the  
9 commission shall review the reasonableness of a proposed grid  
10 modernization project and as part of that review shall  
11 consider whether the requested investments, incentives,  
12 programs and expenditures are:

13 (1) reasonably expected to improve the  
14 public utility's electrical system efficiency, reliability,  
15 resilience and security; maintain reasonable operations,  
16 maintenance and ratepayer costs; and meet energy demands  
17 through a flexible, diversified and distributed energy  
18 portfolio, including energy standards established in Section  
19 62-16-4 NMSA 1978;

20 (2) designed to support connection of New  
21 Mexico's electrical grid into regional energy markets and  
22 increase New Mexico's capability to supply regional energy  
23 needs through export of clean and renewable electricity;

24 (3) reasonably expected to increase access  
25 to and use of clean and renewable energy, with consideration

1 given for increasing access to low-income users and users in  
2 underserved communities;

3 (4) designed to contribute to the reduction  
4 of air pollution, including greenhouse gases;

5 (5) reasonably expected to support increased  
6 product and program offerings by utilities to their  
7 customers; allow for private capital investments and skilled  
8 jobs in related services; and provide customer protection,  
9 information or education;

10 (6) transparent, incorporating public  
11 reporting requirements to inform project design and  
12 commission policy; and

13 (7) otherwise consistent with the state's  
14 grid modernization planning process and priorities.

15 C. Except as provided in Subsection D of this  
16 section, a public utility that undertakes grid modernization  
17 projects approved by the commission may recover its  
18 reasonable costs through an approved tariff rider or in base  
19 rates, or by a combination of the two. Costs that are no  
20 greater than the amount approved by the commission for a  
21 utility grid modernization project are presumed to be  
22 reasonable. A tariff rider proposed by a public utility to  
23 fund approved grid modernization projects shall go into  
24 effect thirty days after filing, unless suspended by the  
25 commission for a period not to exceed one hundred eighty

1 days. If the tariff rider is not approved or suspended  
2 within thirty days after filing, it shall be deemed approved  
3 as a matter of law. If the commission has not acted to  
4 approve or disapprove the tariff rider by the end of the  
5 suspension period, it shall be deemed approved as a matter of  
6 law.

7 D. Costs for a grid modernization project that  
8 only benefits customers of an electric distribution system  
9 shall not be recovered from customers served at a level of  
10 one hundred ten thousand volts or higher from an electric  
11 transmission system in New Mexico, except for advanced grid  
12 technology projects pursuant to Subsection G of this section.

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

16 F. As used in this section, "grid modernization"  
17 means improvements to electric distribution or transmission  
18 infrastructure through investments in assets, technologies or  
19 services that are designed to modernize the electrical system  
20 by enhancing electric distribution or transmission grid  
21 reliability, resilience, interconnection of distributed  
22 energy resources, distribution system efficiency, grid  
23 security against cyber and physical threats, customer service  
24 or energy efficiency and conservation and includes:

25 (1) advanced metering infrastructure and

1 associated communications networks;

2 (2) intelligent grid devices for real-time  
3 or near-real-time system and asset information;

4 (3) automated control systems for electric  
5 transmission and distribution circuits and substations;

6 (4) high-speed, low-latency communications  
7 networks for grid device data exchange and remote and  
8 automated control of devices;

9 (5) distribution system hardening projects  
10 for circuits and substations designed to reduce service  
11 outages or service restoration times, but does not include  
12 the conversion of overhead tap lines to underground service;

13 (6) physical security measures at critical  
14 distribution substations;

15 (7) cybersecurity measures;

16 (8) systems or technologies that enhance or  
17 improve distribution system planning capabilities by the  
18 public utility;

19 (9) technologies to enable demand response;

20 (10) energy storage systems and microgrids  
21 that support circuit-level grid stability, power quality,  
22 reliability or resiliency or provide temporary backup energy  
23 supply;

24 (11) infrastructure and equipment necessary  
25 to support electric vehicle charging or the electrification

1 of community infrastructure or industrial production,  
2 processing or transportation; and

3 (12) new customer information platforms  
4 designed to provide improved customer access, greater service  
5 options and expanded access to energy usage information.

6 G. When considering advanced grid technology  
7 projects for approval, the commission shall review the  
8 reasonableness of the projects proposed and whether the  
9 investments, programs and expenditures of the project would:

10 (1) reduce costs to ratepayers by avoiding  
11 or deferring the need for investment in new generation or  
12 transmission, including new rights of way;

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

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

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

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

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

3                   (7) be the most cost effective among  
4 feasible alternatives, taking into consideration future  
5 benefits for customers that may reasonably result from the  
6 selection of advanced transmission technologies.

7                   H. As used in this section, "advanced grid  
8 technology project" means a project that is consistent with  
9 the priorities of the state's grid modernization planning and  
10 that is contemplated by a utility's most recent integrated  
11 resource plan or most recent grid modernization plan that  
12 makes use of advanced grid technologies."

13                **SECTION 2.** A new section of Chapter 62, Article 8 NMSA  
14 1978 is enacted to read:

15                "DEFINITIONS.--As used in Chapter 62, Article 8 NMSA  
16 1978:

17                   A. "advanced conductor" means a conductor that has  
18 a direct current electrical resistance at least ten percent  
19 lower than existing conductors of a similar diameter while  
20 simultaneously increasing the energy carrying capacity by at  
21 least seventy-five percent;

22                   B. "advanced grid technology" means hardware or  
23 software technology that increases the efficiency, capacity  
24 or reliability of existing or new electric transmission and  
25 distribution systems, facilities and equipment and includes

1 advanced conductors, thermal ratings, grid enhancing  
2 technology and technology determined by the commission or the  
3 federal energy regulation commission to increase the  
4 efficiency, capacity or reliability of an existing or new  
5 transmission facility;

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

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

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

24 F. "topology optimization" means hardware or  
25 software technology that identifies reconfigurations of the



1 distribution or transmission grid and can enable the routing  
2 of power flows around congested or overloaded distribution or  
3 transmission elements."

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

6 "62-17-4. DEFINITIONS.--As used in the Efficient Use of  
7 Energy Act:

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

11 B. "advanced conductor" means a conductor that has  
12 a direct current electrical resistance at least ten percent  
13 lower than existing conductors of a similar diameter while  
14 simultaneously increasing the energy carrying capacity by at  
15 least seventy-five percent;

16 C. "advanced grid technology" means hardware or  
17 software technology that increases the efficiency, capacity  
18 or reliability of existing or new electric transmission and  
19 distribution systems, facilities and equipment and includes  
20 advanced conductors, thermal ratings, grid enhancing  
21 technology and technology determined by the commission or the  
22 federal energy regulation commission to increase the  
23 efficiency, capacity or reliability of an existing or new  
24 transmission facility;

25 D. "advanced power flow controllers" means

1 hardware or software technology used to push or pull electric  
2 power in a manner that balances overloaded lines and  
3 underused corridors within a distribution or transmission  
4 system;

5 E. "commission" means the public regulation  
6 commission;

7 F. "cost-effective" means that the energy  
8 efficiency or load management program meets the utility cost  
9 test;

10 G. "customer" means a utility customer at a  
11 single, contiguous field, location or facility, regardless of  
12 the number of meters at that field, location or facility;

13 H. "distribution cooperative utility" means a  
14 utility with distribution facilities organized as a rural  
15 electric cooperative pursuant to Laws 1937, Chapter 100 or  
16 the Rural Electric Cooperative Act or similarly organized in  
17 other states;

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

23 J. "energy efficiency" means measures, including  
24 energy conservation measures, or programs that target  
25 consumer behavior, equipment or devices to result in a

1 decrease in consumption of electricity and natural gas  
2 without reducing the amount or quality of energy services;

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

10 L. "large customer" means a customer with  
11 electricity consumption greater than seven thousand megawatt-  
12 hours per year or natural gas use greater than three hundred  
13 sixty thousand decatherms per year;

14 M. "load management" means measures or programs  
15 that target equipment or devices to result in decreased peak  
16 electricity demand or shift demand from peak to off-peak  
17 periods;

18 N. "program costs" means the prudent and  
19 reasonable costs of developing and implementing energy  
20 efficiency and load management programs, but "program costs"  
21 does not include charges for incentives or the removal of  
22 regulatory disincentives;

23 O. "public utility" means a public utility that is  
24 not also a distribution cooperative utility;

25 P. "topology optimization" means hardware or

1 software technology that identifies reconfigurations of the  
2 distribution or transmission grid and can enable the routing  
3 of power flows around congested or overloaded distribution or  
4 transmission elements; and

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

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

14 "62-17-10. INTEGRATED RESOURCE PLANNING.--Pursuant to  
15 the commission's rulemaking authority, public utilities  
16 supplying electric or natural gas service to customers shall  
17 periodically file an integrated resource plan with the  
18 commission. Utility integrated resource plans shall evaluate  
19 renewable energy, energy efficiency, load management,  
20 distributed generation and conventional supply-side resources  
21 on a consistent and comparable basis and take into  
22 consideration deployment of advanced grid technologies, risk  
23 and uncertainty of fuel supply, price volatility and costs of  
24 anticipated environmental regulations in order to identify  
25 the most cost-effective portfolio of resources to supply the

1 energy needs of customers. The preparation of resource plans  
2 shall incorporate a public advisory process. Nothing in this  
3 section shall prohibit public utilities from implementing  
4 cost-effective energy efficiency and load management programs  
5 and the commission from approving public utility expenditures  
6 on energy efficiency programs and load management programs  
7 prior to the commission establishing rules and guidelines for  
8 integrated resource planning. The commission may exempt  
9 public utilities with fewer than five thousand customers and  
10 distribution-only public utilities from the requirements of  
11 this section. The commission shall take into account a  
12 public utility's resource planning requirements in other  
13 states and shall authorize utilities that operate in multiple  
14 states to implement plans that coordinate the applicable  
15 state resource planning requirements. The requirements of  
16 this section shall take effect one year following the  
17 commission's adoption of rules implementing the provisions of  
18 this section."

19 **SECTION 5.** Section 62-17-11 NMSA 1978 (being Laws 2005,  
20 Chapter 341, Section 11, as amended) is amended to read:

21 "62-17-11. DISTRIBUTION COOPERATIVE UTILITIES.--

22 A. Distribution cooperative utilities shall  
23 periodically examine the potential to assist their customers  
24 in reducing energy consumption or peak electricity demand in  
25 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.

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.

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

9           **SECTION 6.** A new section of Chapter 62 NMSA 1978 is  
10 enacted to read:

11           "SELF-SOURCED POWER GENERATION.--

12           A. Persons located within the state may receive  
13 electricity service using a qualified microgrid that may also  
14 deliver electricity to equipment, lines and facilities  
15 operated by an electric public utility; provided that the  
16 person and the electric public utility enter into an electric  
17 service agreement.

18           B. This section authorizes an electric public  
19 utility, subject to approval by the public regulation  
20 commission, to acquire self-source generation resources or  
21 energy and dedicate those resources or energy to retail  
22 services, wholesale services or self-generation services, or  
23 any combination of those services, and rates established for  
24 those services shall take into account the public interest  
25 and need, reliability and affordability. The public

1 regulation commission shall not approve an acquisition  
2 pursuant to this section from a facility that does not  
3 qualify as a self-source generation resource.

4 C. Energy generated and sold from a self-source  
5 generation resource that is owned in whole or in part by a  
6 qualified microgrid shall not be considered retail sales or  
7 energy as contemplated under Sections 62-15-34, 62-16-4 and  
8 62-18-10 NMSA 1978 until 2035, whether serving the qualified  
9 microgrid or purchased in whole or in part by the electric  
10 public utility to provide service. By 2045, all of the  
11 energy that a qualified microgrid generates and sells shall  
12 be from net-zero carbon resources. An operator of a  
13 qualified microgrid shall file reports as required by the  
14 public regulation commission, certifying the qualified  
15 microgrid's progress toward and compliance with the net-zero  
16 carbon resource standard.

17 D. A person who only provides self-source  
18 generation sales from a self-source generation resource to  
19 that person's employees or tenants, when the service or  
20 commodity is not resold to or used by others, shall not be  
21 considered an electric public utility.

22 E. As used in this section:

23 (1) "electric public utility" means an  
24 electric public utility certified by the public regulation  
25 commission to provide retail electric service in New Mexico



1 pursuant to the Public Utility Act that is not also a  
2 distribution cooperative utility;

3 (2) "net-zero carbon resource" means an  
4 electricity generation resource that emits no carbon dioxide  
5 into the atmosphere, or that reduces methane emitted into the  
6 atmosphere in an amount equal to no less than one-tenth of  
7 the tons of carbon dioxide emitted into the atmosphere, as a  
8 result of electricity production;

9 (3) "qualified microgrid" means a permanent  
10 or temporary electrical system that:

11 (a) incorporates a microgrid  
12 controller;

13 (b) includes a self-source generation  
14 resource that is capable of generating not less than twenty  
15 megawatts; and

16 (c) is capable of operating  
17 independently and disconnected from the grid;

18 (4) "self-source generation resource" means  
19 a permanent or temporary electricity generating resource that  
20 is dedicated to primarily serving the persons connected  
21 either directly or indirectly through business affiliates to  
22 the construction and installation of a qualified microgrid;  
23 and

24 (5) "self-source generation sales" means  
25 sales of electricity to persons or utilities generated from a

1 self-source generation resource."

2 SECTION 7. EFFECTIVE DATE.--The effective date of the

3 provisions of this act is July 1, 2025. \_\_\_\_\_

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