

LFC Requester:

Julisa Rodriguez

**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO  
[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto: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:** 2/12/2026 *Check all that apply:*  
**Bill Number:** HB 311a Original  Correction   
 Amendment  Substitute

**Sponsor:** Rep. Hochman-Vigil **Agency Name and Code** 430 – Public Regulation Commission  
**Short Title:** Virtual Power Plant Act **Number:** \_\_\_\_\_  
**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
FY26	FY27		

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(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 311 seeks to establish a Virtual Power Plant (“VPP”) Act program.

Section 1 of the Bill is the title.

Section 2 includes the definitions for the Act.

Section 3 establishes rulemaking authority for the Public Regulation Commission (“PRC”) and includes rule requirements.

Section 4 of the Bill establishes due dates for applications to the program and the PRC’s authority to approve, deny, or order revisions to a VPP application.

Section 5 establishes eligibility criteria pursuant to the Public Works Minimum Wage Act (“PWMWA”) to participate in VPP programs.

Section 6 allows for public utility cost recovery.

### **House Energy Environment & Natural Resources Committee Amendment**

The amendment modifies two dates in the original bill.

In Section 3, the amendment extends the Commission’s deadline to promulgate rules governing VPPs from December 31, 2026, to December 31, 2027.

In Section 4, the amendment extends the deadline for public utilities to file VPP programs from February 1, 2027, to February 1, 2030.

### **FISCAL IMPLICATIONS**

N/A

### **SIGNIFICANT ISSUES**

Section 3 would require the PRC to promulgate extensive new rules governing the VPP program in six months or less, assuming an enactment date of July 1, 2026—an unrealistic timeline. If the PRC is unable to finalize a rule by December 31, 2026, it would directly undermine Section 4, which requires utilities to submit VPP program applications by February 1, 2027, a deadline that would be unworkable.

Section 3(B)(6)(a) requires the Commission’s rules to provide that VPP programs account for no less than fifteen percent (15%) of peak demand. The provision does not specify whether this threshold applies to each individual utility’s peak demand or to a statewide aggregate peak, which may create ambiguity in implementation.

In addition, establishing a mandatory minimum threshold may limit Commission discretion to

determine an appropriate initial program size based on record evidence, utility-specific system characteristics, or available distributed energy resources within each service territory. Utilities in the state vary significantly in size, load characteristics, and existing distributed resource penetration. A fixed statutory minimum may not account for these differences and could complicate implementation if the required threshold is not feasible under certain system conditions.

### **House Energy Environment & Natural Resources Committee Amendment**

The amendment addresses the timing concerns identified above. By extending the Commission's rulemaking deadline by one year, the amendment replaces the prior deadline with a more practicable timeframe for development of rules of this scope. In addition, extending the deadline for submission of VPP program applications provides additional time to prepare filings following completion of the rulemaking process.

The amendment does not address the remaining concerns below.

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In addition, establishing a mandatory minimum threshold may limit Commission discretion to determine an appropriate initial program size based on record evidence, utility-specific system characteristics, or available distributed energy resources within each service territory. Utilities in the state vary significantly in size, load characteristics, and existing distributed resource penetration. A fixed statutory minimum may not account for these differences and could complicate implementation if the required threshold is not feasible under certain system conditions.

### **PERFORMANCE IMPLICATIONS**

N/A

### **ADMINISTRATIVE IMPLICATIONS**

The rulemaking contemplated under HB 311 would have a significant impact on Commission staff.

Section 4 requires public utilities to submit applications to implement virtual power plant programs and requires the Commission to approve, deny, or order revisions to these applications. These will add new proceedings to the Commission's docket.

### **House Energy Environment & Natural Resources Committee Amendment**

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## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

N/A

## **TECHNICAL ISSUES**

N/A

## **OTHER SUBSTANTIVE ISSUES**

Section 5 could potentially require the PRC to determine whether a user is in compliance with state wage laws, something which the PRC has no expertise in.

### **House Energy Environment & Natural Resources Committee Amendment**

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## **ALTERNATIVES**

Section 3 could mandate the promulgation of rules by December 1, 2027, giving the PRC sufficient time to complete the rulemaking process. This would push Section 4's VPP application deadline to February 1, 2028.

### **House Energy Environment & Natural Resources Committee Amendment**

The amendment incorporates the proposed alternative with respect to the Commission's rulemaking deadline and further extends public utilities deadline to file applications for VPP programs.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status quo

## **AMENDMENTS**

N/A