

LFC Requester:

Austin Davidson

AGENCY BILL ANALYSIS - 2026 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: 02/05/2026 *Check all that apply:*
Bill Number: HB 337 Original Correction
Amendment Substitute

Sponsor: Reps. Sarinana & Lujan **Agency Name and Code** 430 – Public Regulation Commission
Short Title: CONSIDERATION OF RPS IN GRID MODERNIZATION **Number:** _____
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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
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 337 adds a consideration for renewable energy to Section 71-11-1 NMSA 1978 (being Laws 2020, Chapter 15, Section 1) Item C. The intent is to have the energy, minerals and natural gas department's grant program for grid modernization ensure that applicants include a percentage of renewable generation sources consistent with the renewable portfolio standards in the Renewable Energy Act.

FISCAL IMPLICATIONS

N/A

SIGNIFICANT ISSUES

Section 1(C)(1) (NMSA 1978 Section 71-11-1(C)(1)) creates significant confusion regarding how the Department should consider this factor of the grant applications. Since the projects applying for grants cannot be public utilities, as defined in the Public Utility Act, the applicants are not subject to renewable portfolio standards in the Renewable Energy Act, it is unclear how the Department would apply this factor.

Section 1(G)(3), the bill's definition of "microgrid" conflicts with the existing statutory definition of "qualified microgrid" set forth in Section 62-17-12(E)(3). Under current law, a "qualified microgrid" must include a self-source generation resource capable of generating **not less** than twenty megawatts, whereas HB 337 defines a "microgrid" as having a **maximum** generation capacity of twenty megawatts. So unless the generation capacity is exactly 20 MW, the two definitions cannot both apply.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Conflicts with SB 39 MICROGRID OVERSIGHT ACT and SB 235 MICROGRID OVERSIGHT ACT which define microgrid differently.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status Quo

AMENDMENTS

N/A