

LFC Requester:

Julisa Rodriguez

### AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

#### SECTION I: GENERAL INFORMATION

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

Date Prepared: 1/22/2026

Check all that apply:

Bill Number: SB 39

Original  Correction   
Amendment  Substitute

Sponsor: Sen. Jeff Steinborn

Agency Name and Code Number: 305 – New Mexico Department of Justice

Person Writing

Short Title: Microgrid Oversight Act

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#### SECTION II: FISCAL IMPACT

##### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

(Parenthesis ( ) indicate expenditure decreases)

##### 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**

*This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.*

**BILL SUMMARY**

**Synopsis:** This bill enacts the Microgrid Oversight Act; expands the authority of the Public Regulation Commission (Commission) to regulate microgrids; creates a microgrid renewable portfolio; and prohibits rate increases resulting from public utilities purchasing power from microgrids.

**Section 1. Short Title.** This section provides the short title for this act: the “Microgrid Oversight Act” (MOA).

**Section 2. Definitions.** This section replaces the definitions established in NMSA 1978, Section 62-17-12 (2025). The new section now defines “microgrid” where Section 62-17-12 defined “qualified microgrid”; provides a definition for “renewable energy resource”; and, instead of defining the term “net-zero carbon resource,” defines “zero carbon resource.”

**Section 3. Oversight Authority—Powers and Duties of Commission.** This section provides and expands the commission's approval authority under Section 62-17-12 to a broader regulatory authority over the approval and operation of microgrids. This new authority includes collecting certain fees, entering relevant premises, and promulgating related rules. It also *limits* the commission’s approval authority, requiring that new microgrids not be approved until microgrid owners or operators provide evidence of compliance with current microgrid renewable portfolio standards.

**Section 4. Microgrid Renewable Portfolio Standard.** This section requires microgrids to incorporate renewable energy into their energy supply portfolio, providing dates for compliance for new and current microgrid owners and operators accordingly. It also establishes certain benchmarks by which predetermined percentages of renewable energy should be incorporated, culminating in zero carbon energy comprising the total annual energy generation of microgrids by January 1, 2045. It also establishes reporting requirements to ensure compliance.

**Section 5. Self-Sourced Power Generation.** This section recompiles and amends Section 62-17-12 to delete language that now appears elsewhere in SB 39, and to accommodate the MOA’s new terms and goals, such as achieving zero carbon energy, as opposed to net-zero carbon energy. It also prohibits owners and operators of microgrids from purchasing energy from electric public utilities if doing so would increase rates for existing customers of the utility or otherwise adversely impact ratepayers.

## **FISCAL IMPLICATIONS**

NA

## **SIGNIFICANT ISSUES**

While the bill seems to take the appropriate steps to distinguish owners and operators of microgrids from electric public utilities, a source of confusion may arise from the differing definitions of “zero carbon resource[s].” NMSA 1978, Section 62-16-3 (2019) defines this term to include resources that achieve net-zero carbon emissions. The MOA’s definition of zero carbon resources defines resources used to generate electricity that emits no carbon dioxide into the atmosphere. However, it does not appear that keeping the current proposed definition would create a conflict of law, and it is not uncommon for terms to have slightly varying meanings throughout states’ statutory codes.

There does not appear to be any restriction on the Commission’s ability to regulate microgrids under a stricter standard than electric public utilities.

## **PERFORMANCE IMPLICATIONS**

NA

## **ADMINISTRATIVE IMPLICATIONS**

NA

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

HB 70 also concerns the Public Regulation Committee’s powers and duties, and distinguishes the commission from its supporting agency, but does not seem to conflict or overlap with this bill.

## **TECHNICAL ISSUES**

NA

## **OTHER SUBSTANTIVE ISSUES**

NA

## **ALTERNATIVES**

NA

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

Status quo.

## **AMENDMENTS**

NA