

LFC Requester: _____

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: 1/22/26 *Check all that apply:*
Bill Number: SB39 Original Correction
 Amendment Substitute

Sponsor: Senator Jeff Steinborn **Agency Name and Code** 41900
Short Title: Microgrid Oversight Act **Number:** _____
Title: _____ **Person Writing** Sara Gutierrez
Phone: 505-231-4224 **Email** Sara.gutierrez@edd.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
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:

Senate Bill 39, creates the Microgrid Oversight Act, granting the Public Regulation Commission (PRC) authority to regulate and oversee microgrids—self-source power generation system—producing power more than 20 megawatts, establishes a renewable portfolio standard for microgrids, and prohibits rate increases resulting from public utilities purchasing power from microgrids.

Under the Microgrid Oversight Act, the PRC is given the authority to oversee approval and operation of microgrids that meet the requirements of the microgrid renewable portfolio standard. The PRC may collect fees from microgrid owners to cover oversight costs and shall establish rules for microgrid renewable portfolio standard compliance, accurate metering, auditing, recordkeeping, and reporting.

The microgrid renewable portfolio standard outlines renewable energy requirements verified through metering and audits. Microgrids must include renewable energy in their annual power generation:

- 40% for operations that begin on or after May 20, 2026 (or 2028 for existing microgrids)
- 50% by 2030
- 80% by 2040
- 100% zero carbon energy by 2045

Utilities cannot raise rates because of microgrid power purchases and microgrid owners may only buy energy from utilities if it does not increase customer rates.

Microgrid owners are required to report energy generation, renewable share, water use, and compliance status annually to the PRC.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

Vehicle electrification, advanced manufacturing, and advanced computing have created unprecedented demand for new energy generation in America and around the world.

Global data center power capacity is projected to more than triple, from 81 GW in 2024 to 277 GW by 2035, according to BloombergNEF. (see link in Other Substantive Issues section below)

To compete for high energy intensive industries like advanced manufacturing and data centers, fast energy deployment is essential. Unfortunately, most New Mexico utilities do not have the capacity to deploy new generation or infrastructure quickly. New Mexico's current microgrid policy framework creates the opportunity for *fast* deployment of electrical microgrids serving load greater than 20 Megawatts so long as the developer is willing to pay for the infrastructure.

Microgrids, because they can be deployed quickly, are attractive to companies looking to become operational under short time horizons, making New Mexico competitive for energy intensive industries like advanced manufacturing and data centers.

Mandating PRC oversight and approval as contemplated in SB39 would likely add years to energy infrastructure deployment while also increasing regulatory risk, making New Mexico less competitive for investment.

Enacting a law of this magnitude one year after enactment of the previous micro-grid legislation in 2025 sends a negative market signal that New Mexico's regulatory and legal environment is both unpredictable and not stable enough for large capital infrastructure investments.

Developer financed micro-grids create unique opportunities to test next generation energy technologies without a risk to rate payers. However, the portfolio requirements based on the definition of "renewable energy" contained in SB39 would, for all practical purposes, eliminate the deployment of next generation base or firm load technologies like nuclear, fusion, or small modular reactors within microgrids. Because only 20% of the overall portfolio can be from non-renewable sources, using privately financed microgrids as an innovation test bed for next generation carbon free energy would no longer be practicable.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB39 relates to HB93-Advanced Grid Technology Plans enabled in 2025

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

<https://about.bnef.com/insights/commodities/the-barrel-of-tomorrow-in-the-age-of-ai/>

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS