

LFC Requester:

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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: 2/6/2026

Check all that apply:

Bill Number: SB 235

Original Correction
Amendment Substitute

Sponsor: Sens. Jeff Steinborn and Antoinette Sedillo Lopez

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

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
Total						

(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: SB 235 adds clarifying language to NMSA 1978, Section 62-17-12 about how costs for microgrid infrastructure are allocated and adds new material that provides greater microgrid oversight powers to the Public Regulation Commission (“Commission”). NMSA 1978, Section 62-17-12 was introduced via 2025’s HB 93, Advanced Grid Technology Plans, which, in part, allowed regulated utilities to purchase microgrids constructed by entities that self-provisioned their own electricity.

SECTION 1: Bill title.

SECTION 2: Definitions.

Adds a definition clarifying that “Commission” means the New Mexico Public Regulation Commission. Removes the word “qualifying,” which had originally modified the word “microgrid.” “Microgrid” is amended to incorporate self-source generation instead of a “microgrid controller.”

Deletes the definition of “self-source generation sales.”

SECTION 3: Directs the Commission to promulgate a rule requiring all microgrids to be zero-carbon resources by 2045. Authorizes (but does not require) the Commission to collect fees to cover the cost of oversight of the above rule, and to shut down any microgrid that fails to comply with the zero-carbon 2045 requirement. Imposes reporting requirements on microgrid operators concerning total megawatt-hours generated as organized by technology used; “status of compliance with the microgrid renewable portfolio standard”; total water used, including cooling; and “other information the commission may require to verify compliance.”

SECTION 4: Deletes the word “qualified” from NMSA 62-7-12(A). Amends sub-section (B) to prohibit the Commission from approving a public utility acquisition of a microgrid if said acquisition would increase rates to cover the cost of infrastructure development. Deletes existing sub-section (C), and adds a new sub-section (C) that authorizes microgrid operators to purchase electricity from an electric public utility so long as the purchase does not increase rates. Includes stylistic changes to subsection (D) that change “who” to “that” and that substitutes “sells electricity” for existing language “self-source generation sales.” Deletes subsection (E).

FISCAL IMPLICATIONS

None.

SIGNIFICANT ISSUES

None.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 39, the “Microgrid Oversight Act,” appears to be a duplicate bill and provides similar language. However, SB 235 also requires PRC to promulgate rules for more detailed governance of microgrids. SB 235 additionally does not include the specific, yearly requirements on the percentage of renewables required in a microgrid’s energy mix.

HB 337, “Consideration of Grid Modernization,” appears to be a companion bill to SB 235, and directs the Energy Minerals and Natural Resource Department to expand criteria when evaluating applications for grid modernization grants.

SB 308, “Utility and Energy Changes,” allows the PRC to grant exemptions to renewable portfolio standards, which, if passed alongside SB 235, could affect the renewable portfolio standards discussed in the bill for microgrids.

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

None.