

LFC Requester:

Austin Davidson

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
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(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: 2/06/2026

Check all that apply:

Bill Number: SB 308Original Correction Amendment Substitute Sponsor: Sen. William E. SharerAgency Name
and Code430 – Public Regulation
CommissionShort UTILITY & ENERGY

Number:

Title: CHANGES

Person Writing

Ed RilkoffPhone: (505)490-2696Email 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
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: SB 308 has three main components:

1. Renewable Portfolio Standard waiver at the PRC
 - Amends Section 62-16-4 NMSA 1978 to allow a public utility to petition the PRC for a waiver of the renewable portfolio standard and “zero carbon emission requirements” if compliance would require residential rate increases greater than 0.5% to maintain the same level of reliability.
 - If granted, the waiver may allow the utility to acquire, construct, or operate carbon-based generation for the facility’s useful life, or to purchase out of state carbon-based energy for the term of a contract.
 - Any waiver granted must be reported to the Governor and Legislature in the PRC annual report.
2. Certified New Mexico low emission gas program
 - Establishes a voluntary “Certified New Mexico Natural Gas Program” administered by the Environment Department, with implementing rules adopted by the Environmental Improvement Board.
 - Participating operators must meet program monitoring and reporting requirements, and operators may not market gas as “certified” unless enrolled.
 - After at least one year of program data collection, requires the board to adopt a carbon intensity standard for New Mexico natural gas production and to consider specified inputs, including PRC procurement and reliability considerations.
 - For electricity use, provides that a public utility, generation resource, or qualified microgrid may procure certified low emission gas for electricity generation and reliability or resilience purposes, and directs the PRC to allow certified gas procurement in utility portfolios and fuel plans if otherwise reasonable and prudent.
3. Corporate income tax credit for GHG reducing natural gas technology
 - Creates a corporate income tax credit equal to 15% of the purchase price of qualified greenhouse gas reducing natural gas technology purchased and installed in the taxable year, subject to Environment Department certification.
 - Credit is not refundable and may not be carried forward.
 - Applies to taxable years beginning on or after January 1, 2026.

The Act takes effect July 1, 2026.

FISCAL IMPLICATIONS

PRC workload and related costs could increase because the bill creates a new waiver petition process under Section 62-16-4 NMSA 1978, allowing a public utility to seek a waiver of RPS and “zero carbon emission requirements” based on a residential rate impact and reliability showing.

If waiver petitions are filed, PRC staff would likely need to support case management and analysis similar to other resource planning or procurement reviews, including review of the utility's rate impact assumptions and reliability claims, and evaluation of proposed compliance alternatives.

The bill also directs that the PRC must allow procurement of "certified" low emission gas in utility portfolios and fuel plans if otherwise reasonable and prudent. This could add incremental review issues in existing portfolio and fuel plan proceedings, depending on utility filings.

The magnitude of any additional operating budget impact is uncertain and depends on whether utilities file waiver petitions and the complexity of those proceedings. If no petitions are filed, fiscal impact on the PRC would be minimal.

SIGNIFICANT ISSUES

SB 308 authorizes the PRC to waive RPS and "zero carbon emission requirements" under specified conditions. Depending on the scope and duration of any waivers granted, this could limit a utility's ability to meet RPS and related emissions targets during the waiver period and could make those targets difficult to achieve within the statutory timeframes.

The bill ties a waiver to residential rate increases greater than 0.5% "to maintain the same level of reliability." Since "reliability" is not defined in the bill and is not easily defined as a single metric, the PRC may need to specify a reliability benchmark and the baseline comparison for the 0.5% test. This involves comparing estimated residential rates under compliance without a waiver to estimated rates under the waiver. Since actual costs may not be established until a later rate case, which could take years, the PRC may also need to clarify the rate impact methodology and how updates and uncertainty are handled over time.

If the PRC grants a waiver, SB 308 allows the waiver to extend for long periods, either through operation of a carbon-based generating facility for its useful life or through out-of-state carbon based energy purchases for the full contract term. Over that time, a waiver approved carbon resource may increase exposure to fuel price volatility, with cost impacts that could materialize years after the waiver is granted.

PERFORMANCE IMPLICATIONS

If waiver petitions are filed, PRC staff workload would increase to evaluate waiver requests and support the Commission's decision making. The bill's direction to allow certified gas procurement could also add analysis in portfolio and fuel plan reviews if utilities propose to rely on certified gas.

ADMINISTRATIVE IMPLICATIONS

If waiver petitions are filed, the PRC would have additional docket intake and case management duties, including scheduling and procedural coordination.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to SB 39 Microgrid Oversight Act & SB 235 Microgrid Oversight Act, addressing renewable portfolio standard requirements in the microgrid context. It is related in subject matter to SB 308 because both address renewable portfolio standard compliance, but SB 39 & SB 235 focuses on microgrids while SB 308 creates a waiver pathway for public utility RPS requirements.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

SB 308 creates a voluntary certified gas program administered by NMED and implemented by EIB rulemaking and then links PRC proceedings by directing PRC allowance of certified gas procurement if otherwise reasonable and prudent. Because certification details are set by NMED and EIB rulemaking, the PRC's ability to implement the bill's certified gas procurement direction will depend on the timing and content of those rules and program outputs.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

N/A