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SENATE BILL 235

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

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AN ACT

RELATING TO UTILITIES; ENACTING THE MICROGRID OVERSIGHT ACT;
REQUIRING THE PUBLIC REGULATION COMMISSION TO PROMULGATE A RULE
CREATING A RENEWABLE PORTFOLIO STANDARD FOR MICROGRIDS;
REQUIRING ANNUAL REPORTING FROM MICROGRIDS; PROHIBITING PUBLIC
UTILITY RATE INCREASES TO COVER THE COSTS ASSOCIATED WITH
MICROGRID INFRASTRUCTURE DEVELOPMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be
cited as the "Microgrid Oversight Act".

SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the
Microgrid Oversight Act:

A. "commission" means the public regulation
commission;

B. "electric public utility" means an electric

1 public utility regulated by the commission, pursuant to the
2 Public Utility Act, that is not also a cooperative nonprofit
3 membership corporation organized pursuant to the Rural Electric
4 Cooperative Act;

5 C. "microgrid" means a permanent or temporary
6 electric system that:

7 (1) includes a self-source generation
8 resource;

9 (2) is capable of generating not less than
10 twenty megawatts; and

11 (3) is capable of operating independently or
12 connected to the grid;

13 D. "self-source generation resource" means a
14 permanent or temporary electricity-generating resource that is
15 dedicated to primarily serving the persons connected either
16 directly or indirectly through business affiliates to a
17 microgrid; and

18 E. "zero carbon resource" means an electricity-
19 generating resource that emits no carbon dioxide into the
20 atmosphere.

21 SECTION 3. [NEW MATERIAL] OVERSIGHT AUTHORITY--POWERS AND
22 DUTIES OF COMMISSION.--

23 A. On or before July 1, 2027, the commission shall
24 begin promulgating a rule to create a microgrid renewable
25 portfolio standard that an owner or operator of a microgrid

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1 shall comply with that requires a microgrid to achieve
2 incremental benchmarks for electricity generation from
3 renewable and zero carbon resources, culminating in one hundred
4 percent electricity generation from zero carbon resources by
5 2045.

6 B. The commission may:

7 (1) require and collect fees that are used to
8 cover the cost of the commission's oversight of compliance with
9 the rule promulgated pursuant to Subsection A of this section;
10 and

11 (2) prohibit the operation of a microgrid that
12 fails to meet the requirements of the rule promulgated pursuant
13 to Subsection A of this section.

14 C. Beginning January 1, 2029 and January 1 every
15 year thereafter, an owner or operator of a microgrid shall
16 issue a report to the commission that includes:

17 (1) total annual energy generation measured in
18 megawatt-hours;

19 (2) total annual energy generation of
20 renewable energy measured in megawatt-hours, organized by
21 technology type;

22 (3) the status of compliance with the
23 microgrid renewable portfolio standard;

24 (4) total water use, including water used for
25 power generation and cooling of facilities directly served by

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1 the microgrid; and

2 (5) other information the commission may
3 require to verify compliance.

4 SECTION 4. Section 62-17-12 NMSA 1978 (being Laws 2025,
5 Chapter 93, Section 6) is recompiled in the Microgrid Oversight
6 Act and is amended to read:

7 "SELF-SOURCED POWER GENERATION.--

8 A. Persons located within the state may receive
9 electricity service using a [qualified] microgrid that may also
10 deliver electricity to equipment, lines and facilities operated
11 by an electric public utility; provided that the person and the
12 electric public utility enter into an electric service
13 agreement.

14 B. ~~[This section authorizes]~~ An electric public
15 utility, subject to approval by the ~~[public regulation]~~
16 commission, ~~[to]~~ may acquire self-source generation resources
17 or energy and dedicate those resources or energy to retail
18 services, wholesale services or self-generation services, or
19 any combination of those services ~~[and rates established for~~
20 ~~those services shall take into account the public interest and~~
21 ~~need, reliability and affordability]~~. The ~~[public regulation]~~
22 commission shall not approve an acquisition pursuant to this
23 section from a facility that does not qualify as a self-source
24 generation resource or if the acquisition would increase rates
25 to cover the costs associated with microgrid infrastructure

1 development.

2 ~~[G. Energy generated and sold from a self-source~~
3 ~~generation resource that is owned in whole or in part by a~~
4 ~~qualified microgrid shall not be considered retail sales or~~
5 ~~energy as contemplated under Sections 62-15-34, 62-16-4 and~~
6 ~~62-18-10 NMSA 1978 until 2035, whether serving the qualified~~
7 ~~microgrid or purchased in whole or in part by the electric~~
8 ~~public utility to provide service. By 2045, all of the energy~~
9 ~~that a qualified microgrid generates and sells shall be from~~
10 ~~net-zero carbon resources. An operator of a qualified~~
11 ~~microgrid shall file reports as required by the public~~
12 ~~regulation commission, certifying the qualified microgrid's~~
13 ~~progress toward and compliance with the net-zero carbon~~
14 ~~resource standard.]~~

15 C. The owner or operator of a microgrid may
16 purchase energy from an electric public utility; provided that
17 the purchase does not increase rates to cover the costs
18 associated with microgrid infrastructure development.

19 D. A person ~~[who]~~ that only provides ~~[self-source~~
20 ~~generation sales]~~ or sells electricity from a self-source
21 generation resource to that person's employees or tenants, when
22 the service or commodity is not resold to or used by others,
23 shall not be considered an electric public utility.

24 ~~[E. As used in this section:~~

25 ~~(1) "electric public utility" means an~~

1 ~~electric public utility certified by the public regulation~~
2 ~~commission to provide retail electric service in New Mexico~~
3 ~~pursuant to the Public Utility Act that is not also a~~
4 ~~distribution cooperative utility;~~

5 ~~(2) "net-zero carbon resource" means an~~
6 ~~electricity generation resource that emits no carbon dioxide~~
7 ~~into the atmosphere, or that reduces methane emitted into the~~
8 ~~atmosphere in an amount equal to no less than one-tenth of the~~
9 ~~tons of carbon dioxide emitted into the atmosphere, as a result~~
10 ~~of electricity production;~~

11 ~~(3) "qualified microgrid" means a permanent or~~
12 ~~temporary electrical system that:~~

13 ~~(a) incorporates a microgrid controller;~~

14 ~~(b) includes a self-source generation~~
15 ~~resource that is capable of generating not less than twenty~~
16 ~~megawatts; and~~

17 ~~(c) is capable of operating~~
18 ~~independently and disconnected from the grid;~~

19 ~~(4) "self-source generation resource" means a~~
20 ~~permanent or temporary electricity generating resource that is~~
21 ~~dedicated to primarily serving the persons connected either~~
22 ~~directly or indirectly through business affiliates to the~~
23 ~~construction and installation of a qualified microgrid; and~~

24 ~~(5) "self-source generation sales" means sales~~
25 ~~of electricity to persons or utilities generated from a self-~~

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