

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the Legislature. LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

FISCAL IMPACT REPORT

BILL NUMBER: House Bill 329

SHORT TITLE: Energy Affordability & Grid Reliability

SPONSOR: Dixon

LAST ORIGINAL
UPDATE: _____ **DATE:** 2/09/2026 **ANALYST:** Rodriguez

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$2,000.0	Nonrecurring	General Fund

*Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
PRC	No fiscal impact	No fiscal impact	At least \$50.0	At least \$50.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Appropriation and Finance Committee substitute for House Bills 2 and 3

Sources of Information

LFC Files

Agency or Agencies Providing Analysis

Public Regulation Commission
 Energy, Minerals, and Natural Resources Department

Agency or Agencies That Were Asked for Analysis but did not Respond

New Mexico Attorney General

SUMMARY

Synopsis of House Bill 329

House Bill 329 (HB329) appropriates \$2 million from the general fund to the Public Regulation Commission (PRC) to pay costs associated with a to-be-created Energy Affordability and Grid Reliability Council. HB329 establishes the council to evaluate and recommend strategies, policies, and best practices to keep electric and natural gas rates affordable while supporting grid modernization and growing electric demands. The council would evaluate regulatory and financing mechanisms that balance reliability and long-term sustainability, with consideration of

impacts on various types of customers and consistency with the Energy Transition Act.

The council would consist of seven members with a variety of expertise on ratepayer advocate, utility operations, regulatory processes, economic development impacts, and representation from the investor-owned utilities.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY27 shall revert to the general fund. Although HB329 does not specify future appropriations, the bill does not specify a date when the council's work would be complete, implying the council would continue to meet and operate past FY27. The LFC analysis assumes PRC would be responsible for covering the per diem and mileage costs and would require staff capacity to support the efforts of the council past FY27 and the reversion of the initial \$2 million appropriation.

SIGNIFICANT ISSUES

Electricity Costs. As noted by the Energy, Minerals and Natural Resources Department (EMNRD), electricity costs in New Mexico, while among the lowest in the nation, are on the rise. EMNRD notes the average residential consumer with the state's largest investor-owned utility paid 30 percent to 35 percent more per kilowatt hour in 2025 compared to 2015. The increase in electricity costs is expected to continue to increase as utilities invest in new infrastructure to meet growing demand from industrial, building, and transportation electrification and general upgrades to the distribution system. Energy demands are also increasing while the state is also trying to comply with the renewable portfolio standards, mandating those electric public utilities source 100 percent of their electricity from zero-carbon sources by 2045.

Energy Burdened Households. As noted by EMNRD, electricity inflation will exacerbate cost-of-living issues for New Mexicans, most acutely for the state's low-income population. Approximately 30 percent of New Mexican households earn between zero percent to 60 percent of the statewide area median income, and, on average, these low-income households spend more than 6 percent of their annual income on energy costs, meaning they are already energy burdened.

Energy Demands. On separate legislation introduced this session related to energy demands, the Economic Development Department (EDD) noted how vehicle electrification, advanced manufacturing, and advanced computing have created unprecedented demand for new energy generation in the country and around the world. According to BloombergNEF, global data center power capacity is projected to more than triple, from 81 gigawatts in 2024 to 277 gigawatts by 2035. EDD noted that in order for the state to compete for high energy intensive industries like advanced manufacturing and data centers, fast energy deployment is essential.

Possible Duplication of Efforts but Opportunity for Alignment. The state already funds a variety of bureaus, offices, and staff that manage and oversee a wide range of topics related to energy efficiency, grid modernization, and balancing energy demands. However, HB329 provides an avenue for various organizations to collaborate on creating a uniform set of recommendations addressing increased energy demands and the state’s renewable energy goals.

Concerning increased energy demand, the Legislature has created a mechanism that gives public utility companies certainty about recovering costs from pre-deployed infrastructure for economic development sites, therefore reducing customer waiting time for new infrastructure. Laws 2025, Chapter 71, allows utilities to recover the costs of economic development projects through rate riders, base rates, or both once the infrastructure serves new demand or if the utility can show the projects benefit existing customers. Additionally, Laws 2025, Chapter 93, allows public utilities regulated by PRC to acquire microgrid resources or energy. EDD notes the state’s microgrid policy framework creates the opportunity for fast deployment of energy plants as long as the development is willing to pay for the infrastructure. EDD notes microgrids, because they can be deployed quickly, are attractive to companies looking to become operational in a short time, making New Mexico competitive for energy intensive industries like advanced manufacturing and data centers. To support infrastructure development, EDD recently hired staff to oversee its site readiness initiative and its other infrastructure programs.

To support clean energy adoption, the Legislature funds EMRND’s Energy and Conservation and Management Division (ECAM), responsible for developing and implementing effective clean energy programs that promote economic growth and environmental sustainability. To support both deployment of clean energy resources and use of state lands, the state also funds the Office of Renewable Energy at the State Land Office, which partners with renewable energy companies to lease state land for related projects. And although the Renewable Energy Transition Authority (RETA) is not funded through general fund revenue, the Legislature created RETA to support planning, licenses, financing, and development of transmission lines and storage projects to support the development of renewable energy resources in New Mexico.

ADMINISTRATIVE IMPLICATIONS

The council would be administratively attached to PRC, and PRC will staff the council.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB329 could relate to a \$100 thousand appropriation in the House Appropriation and Finance Committee substitute for House Bills 2 and 3 for the Bureau of Business and Economic Research (BBER) at the University of New Mexico to study utility affordability. While it is not entirely clear if the two are related, the council’s work could overlap with BBER’s study, causing duplication of efforts.

JR/hg/sgs