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## FISCAL IMPACT REPORT

**BILL NUMBER:** Senate Memorial 26

**SHORT TITLE:** Utilities in Regional Transmission Organizations

**SPONSOR:** Wirth/Woods

**LAST ORIGINAL**  
**UPDATE: DATE:** 2/18/2026      **ANALYST:** Rodriguez

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact			

Parentheses ( ) indicate expenditure decreases.  
\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

## SUMMARY

### Synopsis of Senate Memorial 26

Senate Memorial 26 (SM26) notes the New Mexico Senate supports utilities’ participation in voluntary energy markets and requests copies of this memorial be transmitted to the governor, the Public Regulation Commission (PRC), and the Energy, Minerals and Natural Resources Department (EMNRD).

## FISCAL IMPLICATIONS

Memorials do not contain appropriations and are not enforceable as state law. The transmission of copies of this memorial, as requested by SM26, is within the normal operations of the agencies involved and is unlikely to result in significant costs.

## SIGNIFICANT ISSUES

**Regional Energy Markets.** Regional transmission organizations (RTOs) and independent system operators (ISOs) are nonprofits that operate the transmission system and administer wholesale energy markets in their service territories. RTOs and ISOs are federally regulated by the Federal Energy Regulatory Commission (FERC). Most of New Mexico is not part of an RTO or ISO, except for the southeast corner which is in Southwest Power Pool’s (SPP) service territory.

RTOs and ISOs operate wholesale electricity markets, which allow utilities and power generators to buy and sell electricity. There are two main types of markets—day-ahead markets, which allow electricity buyers and sellers to purchase and sell electricity for the following day at a set price,

and real-time markets. While the Public Service Company of New Mexico (PNM) and El Paso Electric (EPE) are not a part of an RTO and ISO, both companies conducted a study in 2024 studying the transfer capability under the two different scenarios for day-ahead markets from the California ISO and the Southwest Power Pool (SPP), which are open to utilities not a part of the RTO, such as New Mexico. The study helped determine which market New Mexico's investor-owned utilities should subscribe to and had larger implications for strengthen the state's grid and connectivity regionally. Transfer capability is the measure of the maximum amount of power that can be transferred over a transmission network under certain assumptions and conditions.

At the end of 2024, PNM announced it would join California Independent System Operator (CAISO) Extended Day-Ahead Market (EDAM). EDAM is scheduled to launch in 2026 and PNM hopes to begin participation as early as 2027. El Paso Electric (EPE) committed to joining the Southwest Power Pool's (SPP) Markets+ day-ahead market. The PRC is asking utility companies to submit quarterly reports for the first two years after they have joined day-ahead markets to effectively gauge benefit to New Mexico ratepayers.

JR/cf/hg