

Grid Modernization Grant Program

Briefing Presentation to the Water and Natural Resources
Legislative Interim Committee

- 
- 1) Grant Program Parameters**
 - 2) Historical Projects and Funding Sources**
 - 3) Current Projects**
 - 4) Next Steps**
 - 5) Challenges**



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Grid Modernization Grant Program Parameters

2020 Grid Modernization Roadmap and Grant Act (71-11-1 NMSA 1978) and associated rule (17.9.588 NMAC)

- Establishes the non-reverting Grid Modernization Grant Fund
- Includes a broad definition of grid modernization (could encompass distribution and transmission aspects of the grid) tied to key objectives
- Establishes eligible entities: municipalities and county governments; state agencies; state universities; public schools, post-secondary educational institutions; Indian nations, Tribes and Pueblos.
- Establishes additional project evaluation criteria such as innovation, economic impact and educational value

Grid Modernization Grant Program – Project Types



TYPE 1:

RESEARCH PROJECTS INTENDED TO PROVIDE VALUABLE INFORMATION ABOUT THE FUNCTIONING OF THE GRID AND PILOT PROGRAM FEASIBILITY



TYPE 2:

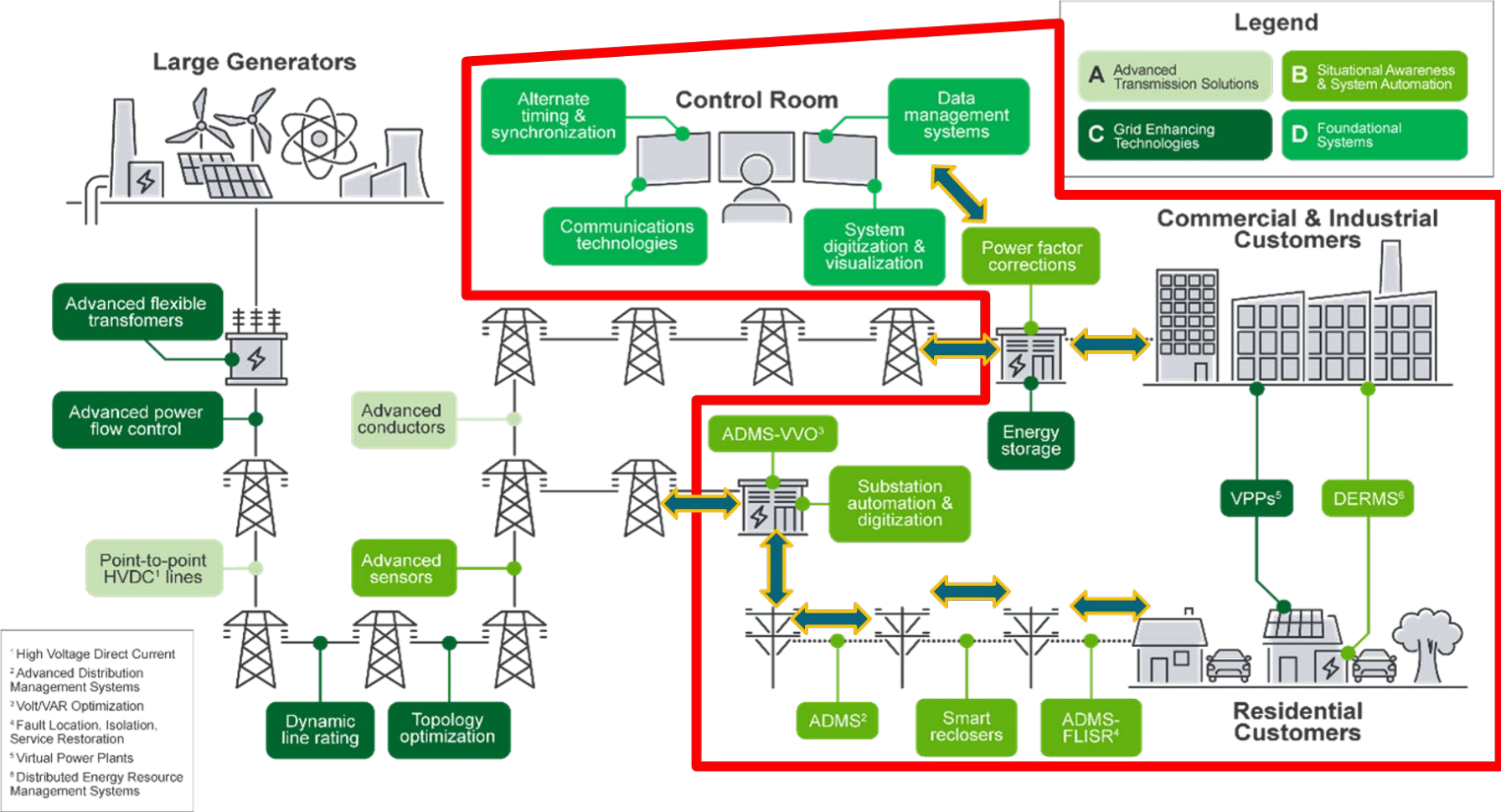
PRE-CONSTRUCTION AND DESIGN ACTIVITIES THAT ARE EXPECTED TO LEAD TO THE CONSTRUCTION OR INSTALLATION OF GRID MODERNIZATION TECHNOLOGIES



TYPE 3:

CONSTRUCTION OR INSTALLATION AND VERIFICATION OF GRID TECHNOLOGIES

Elements of a Modern Grid



Source: DOE (2023) Innovative Grid Deployment - Pathways to Commercial Liftoff



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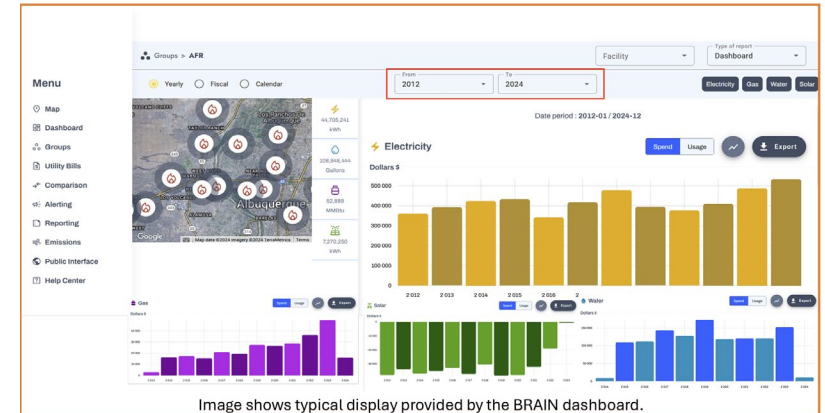
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Grid Modernization Grant Program Funding Sources

- Historically, grid modernization projects were funded with relatively small amounts of federal funding through the Department of Energy
 - 2022 – Albuquerque BRAIN Project (State Energy Program funding)
 - 2023 – 2024 – Northern New Mexico College, El Rito Microgrid Engineering Study (State Energy Program funding)
 - 2025 – June 2026 – City of Santa Fe BRAIN project and Santa Fe County BRAIN project (State Energy Program IIJA Supplemental funding)
- **2025 Legislative Session – Legislature appropriated \$70,000,000 to the Grid Modernization Grant Fund through the Community Benefits Fund Act, which was a game-changer in terms of the potential impacts of the program (see next slide for projects)**





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Grid Modernization Grant Program Current Projects

Entity	Status	Amount	Project Description	Expected Benefits
City of Socorro	Under contract	\$610,000	Type 2: Energy storage & substation readiness/design/permitting	Goals are peak demand relief, future microgrid, flexibility; resilience for Industrial Park
Luna County	Under contract	\$9,171,966	Type 3: Substation upgrade; grid protection and control measures	Supports community solar project(s) leading to bill savings and local tax revenue
NMSU/Peñasco	Spending	\$3,281,585	Type 3: Microgrid	Energy reliability and resilience for remote community
NMSU	Under contract	\$31,125,585	Type 3: Construction of test grid/laboratory	Hands on learning for students; testing and derisking of grid technologies
NMSU	Under contract	\$290,563	Type 1: Research on smart grid communications protocols	Improved energy security
New Mexico Tech	Under contract	\$3,340,419	Type 3: Deployment of fiber optic infrastructure at the Playas demonstration microgrid	Teaching and learning for statewide grid security and workforce preparation
Northern New Mexico College	Spending	\$1,639,489	Type 3: Final construction of microgrid at El Rito	Resilience and energy reliability for remote community and historic campus
Picuris Pueblo	Spending	\$273,000	Type 2: Microgrid design study	Energy sovereignty, resilience and economic growth
Socorro County Emergency Management	Under contract	\$200,000	Type 3: Substation upgrade with storage and SCADA	Peak demand reduction; ability to scale infrastructure to meet population growth; outage detection and response
UNM	Awarded	\$9,627,174	Type 3: Geothermal heating and storage	Moves campus toward district heating and cooling; demand response benefits
UNM	Awarded	\$788,186	Type 1: Storage optimization study	Architecture and framework for deploying storage to lower capital costs, increase efficiency; teaching and learning
Village of Taos Ski Valley	Spending	\$2,763,607	Type 3: Microgrid	Energy reliability and resilience for key regional economic engine and tourist attraction
Valencia County	Under contract	\$1,713,464	Type 3: Feeder and substation upgrades	Supports community solar projects





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Next Steps - Timeline

Time	Event
June – August 2026	Notice of Funding Opportunity/Request for Applications for Grid Mod projects, which outlines the application process and expectations for applicants. This NOFO applies \$5 million appropriated by the Legislature in 2026, plus approx. \$5 million remaining from \$70 million.
August – December 2026	New contracts/grant agreements in place.
Ongoing	<p>Project management and monitoring of all projects; including collection of project milestones, successes and impacts.</p> <p>Continued updating of technical assistance resources and outreach to generate interest in the program and high-quality proposals.</p>
February 2027	Proposed timing for a 2-day summit bringing together grantees to share successes and lessons, combined with an energy security exercise facilitated by ECAM's energy security program manager.
June – August 2027	Additional funding opportunity announced, pending Legislature appropriation to Grid Modernization Grant Fund.



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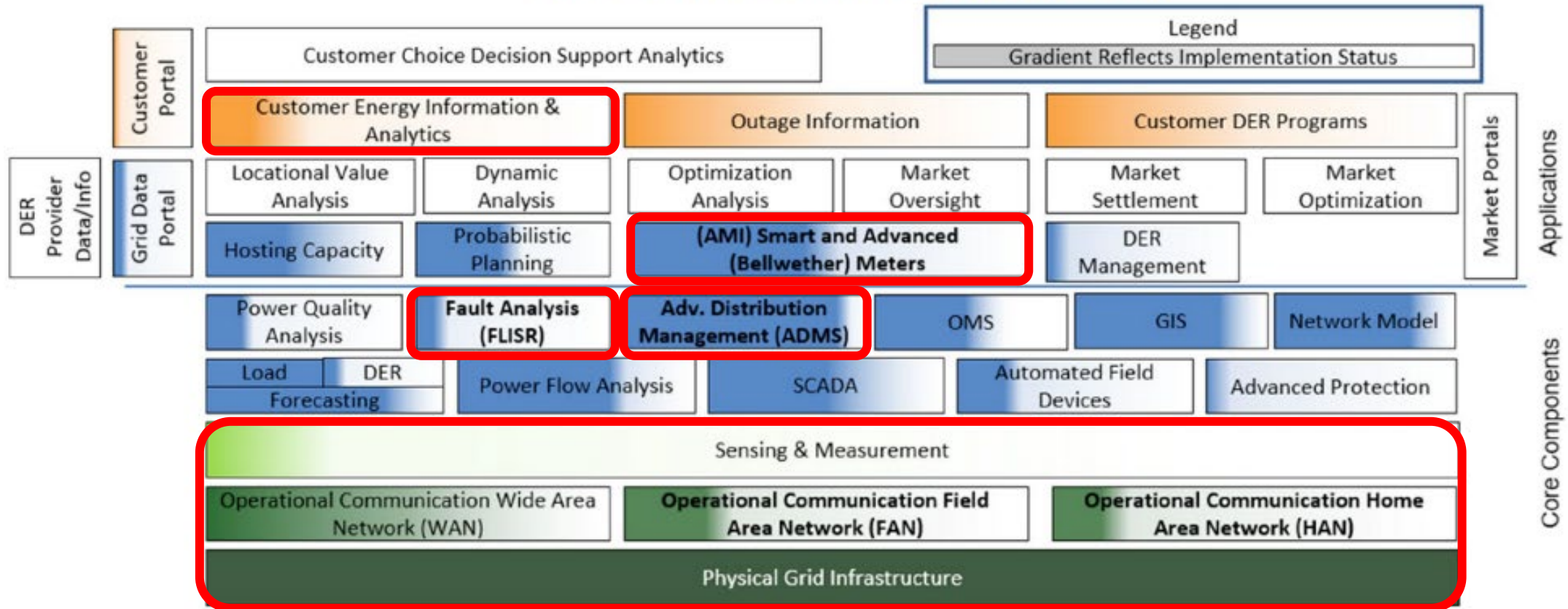
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The core grid modernization technologies are primarily owned and determined by the utility

Xcel Grid Modernization Status (2023)



Red = Technologies also found in PNM's Grid Modernization Plan 2024



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