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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Sens. Stefanics and Wirth/Reps. Ortez, Romero, and Roybal Caballero</u>	<b>LAST UPDATED</b> <u>2/21/2025</u> <b>ORIGINAL DATE</b> <u>2/12/2025</u>
<b>SHORT TITLE</b> <u>Low-Income Utility Users</u>	<b>BILL NUMBER</b> <u>Senate Bill 156</u>
<b>ANALYST</b> <u>Rodriguez</u>	

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
PRC	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	General Fund
HCA	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	General Fund

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

Conflicts with Senate Bill 109  
 Relates with House Bill 91

### Sources of Information

LFC Files

Agency Analysis Received From  
 Public Regulation Commission (PRC)  
 Health Care Authority (HCA)  
 New Mexico Office of the Attorney General (NMAG)

## SUMMARY

### Synopsis of Senate Bill 156

Senate Bill 156 (SB156) defines low-income customer eligibility and qualifications, exempts low-income customers from the new interconnected customer definition, and revises definitions in the Public Utility Act.

SB156 defines the criteria for qualifying as a low-income customer. Acceptable proof to the utility may include a signed self-attestation, proof of residence in low-income or affordable housing facility, or proof of enrollment in low-income program facilitated by state or federal government. The bill mandates that electric public utilities inform customers of the requirements and instructions for qualifying as a low-income customer by December 31, 2025, and annually thereafter. Once qualified, customers do not need to reapply for low-income status for five years.

SB156 also amends the definition of a “new interconnected customer” in Section 62-13-13.2 NMSA 1978 to exclude low-income customers. Additionally, it alphabetizes definitions in the

Public Utility Act, adds a definition for low-income customers, and revises the definition of a public utility.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## FISCAL IMPLICATIONS

While difficult to determine, the changes in SB156 may cause utility companies to seek changes in existing rates from the PRC. Additional rate cases or adjustments may increase the agency’s workload.

The Health Care Authority (HCA) also notes that SB156 may cause an additional workload for the agency, as the agency may see an increase in calls or visits from customers requesting verification of enrollment in low-income program, as the agency administers SNAP, TANF, Medicaid, and LIHEAP, to qualify as a low-income customer. The agency notes that it might see an increase in phone calls as customers request verification.

## SIGNIFICANT ISSUES

**Low-Income Eligibility.** SB156 low-income customer as a residential customer of an electric public utility with an annual household income at or below eighty percent of the county area median income, as published by the United States Department of Housing and Urban Development (HUD).

As defined by HUD, below is a table of annual household incomes at eighty percent of the New Mexico median income.

80 Percent of New Mexico Median Income					
1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
\$44,200	\$50,500	\$56,800	\$63,100	\$68,150	\$73,200

For the purposes of this analysis, the LFC will use 80 percent of the median income of a four-person household—\$63.1 thousand. Based on the most recent U.S. Census data, approximately 40.6 percent, or 342.6 thousand, of New Mexico households make an income of at least \$50 thousand.

**Recovering Costs at Just and Reasonable Rates.** The Public Utility Act allows utilities to recover prudent and reasonable costs through PRC-approved tariff riders or base rates. Generally, utilities split costs among different customer classes, such as residential, commercial, and industrial. Typically, utility rates are assigned to different customer classes such that the rate each customer class pays reflects, as closely as possible, the costs they are responsible for creating. PRC uses this cost-causation principle to ensure rates are just and reasonable, as required by statute. Just and reasonable rates ensure, among other things, that the entity responsible for causing the cost pays for it. Reducing the number of customers in a class, such as exempting low-income residential customers from rates applied to the residential class for ancillary and standby services costs, could lead to higher costs and rates for the remaining customers in the class. However, as noted in “Ancillary and Standby Services,” determining the potential on ratepayers is hard because potential upgrades to the grid depend on a variety of factors.

As is, Section 62-13-13.2 NMSA 1978 allows utilities to recover costs of ancillary and standby services from customers who generate their own electricity and connect to the grid. It allows PRC to approve interconnected customer rate riders when requested by utility companies and specifies that interconnected customer rate riders can only apply to new interconnected customers, or customers who interconnected after 2010 or whose renewable energy certificate agreement is no longer in effect. SB156 proposes excluding low-income customers from “new interconnected customers”, which, as noted by PRC, aims to reduce costs for low-income electric utility customers by exempting them from future rate riders associated with ancillary and standby services costs when they install distributed generation, such as solar panels, in order to generate some or all of their own electricity on-site. However, PRC raises concerns that this change could increase costs for all other residential customers. PRC notes: “By exempting low-income residential customers from the costs of newly interconnected distribution generation, other residential customers within the same rate class may bear costs that benefit certain low-income customers in that class.”

**Ancillary and Standby Services.** Section 62-13-13.2 NMSA 1978 defines “ancillary and standby services” as services that are essential to maintain electric system reliability and allows utilities to recover those costs resulting from distributed generation that customers connected to the grid.<sup>1</sup> Distributed generation’s impact on ancillary services depends on capacity, location, and production patterns. In areas with low penetration of distributed energy resources, for example areas with low amounts of residential solar panels, may need less or no system upgrades to maintain reliability, while the opposite is true for areas with already high penetration of distributed energy resources. This analysis cannot predict how many additional low-income households will adopt distributed generation resources or where those households will be and, therefore, can’t assume how much SB143 could affect other ratepayers.

**Reducing Energy Costs for Low-Income Customers.** There are other options to help reduce energy costs to low-income households without increasing the bills of other customers. For example, the federally funded Low Income Home Energy Assistance Program (LIHEAP), administered by the New Mexico Health Care Authority, provides financial assistance to eligible individuals to cover heating and cooling costs. Utility companies also manage internal programs to help reduce costs, such as PNM’s Good Neighbor Fund that assists low-income families with electric bills during peak cold months.

Additionally, Section 62-8-6 NMSA 1978 already allows PRC to approve energy efficiency programs designed to reduce the burden of energy costs on low-income customers pursuant to the Efficient Use of Energy Act. Examples of such programs include weatherization assistance, such as insulation and air sealing; energy saving tools, such as LED light bulbs and advanced power strips; and rebates for energy-efficient appliances. An analysis by the National Renewable Energy Laboratory found that cost-effective energy efficiency measures can help reduce consumption of electricity and other fuels in low-income households by 13 percent to 31 percent. The report found that in New Mexico, the savings could be between 21 percent and 25 percent for low-income households.

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<sup>1</sup> Ancillary services and standby services are not interchangeable. Ancillary services typically include operating reserves, reactive supply and voltage control, frequency regulation, energy imbalance, and scheduling. Standby rates, or partial requirements services, have typically been levied on large industrial clients that have their own on-site generation, like solar panels, connected to the grid but may need to draw power from the grid when their own generation is insufficient.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB156 conflicts with Senate Bill 109, which cleans language in the Public Regulation Commission Act. The New Mexico Office of the Attorney General (NMAG) raises concerns with proposed definitions of “commission”. NMAG notes that the use of “commission” in SB156 conflict with the proposed changes in SB109.

SB156 relates to House Bill 91 (HB91), which amends the Public Utility Act to allow different rates for low-income customers. As noted by PRC, if both bills were signed into law, the new definition of low-income customers provided in SB156 would apply to HB91.

## **OTHER SUBSTANTIVE ISSUES**

NMAG and HCA note that SB156 could benefit from using similar definitions already provided in other sections of the Public Utilities Act. As noted by NMAG, the proposed definition of “low-income customer” in SB156 varies with definitions provided in other sections of the Public Utility Act. NMAG provides examples of low-income customers in Section 62-8-12 NMSA 1978, which relates applications to expand transportation electrification; the Community Energy Efficiency Development Block Grant Act; the Community Solar Program; and other energy efficiency programs.

The Health Care Authority suggests amending the definition of low-income customers to include financial requirements that correlate with the Low-Income Home Energy Assistance Program (LIHEAP), which provides home energy cost assistance to customers whose income is at or below 150 percent of the Federal Poverty Guidelines.

However, the low-income eligibility in SB156 matches the eligibility for the Solar for All program.

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	Median Family Income	80 Percent Median Family Income					
		Persons in Family					
		1	2	3	4	5	6
Bernalillo County	\$ 86,400	\$ 48,400	\$ 55,300	\$ 62,200	\$ 69,100	\$ 74,650	\$ 80,200
Catron County	\$ 58,700	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Chaves County	\$ 65,000	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Cibola County	\$ 65,400	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Colfax County	\$ 66,600	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Curry County	\$ 68,800	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
De Baca County	\$ 81,700	\$ 41,950	\$ 47,950	\$ 53,950	\$ 59,950	\$ 64,750	\$ 69,550
Dona Ana County	\$ 65,800	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Eddy County	\$ 101,800	\$ 53,150	\$ 60,750	\$ 68,350	\$ 75,900	\$ 82,000	\$ 88,050
Grant County	\$ 71,900	\$ 40,150	\$ 45,900	\$ 51,600	\$ 57,350	\$ 61,950	\$ 66,550
Guadalupe County	\$ 51,600	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Harding County	\$ 72,300	\$ 39,800	\$ 45,450	\$ 51,150	\$ 56,800	\$ 61,350	\$ 65,900
Hidalgo County	\$ 67,400	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Lea County	\$ 73,800	\$ 41,350	\$ 47,250	\$ 53,150	\$ 59,050	\$ 63,800	\$ 68,500
Lincoln County	\$ 63,600	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Los Alamos County	\$ 168,500	\$ 68,500	\$ 78,250	\$ 88,050	\$ 97,800	\$ 105,650	\$ 113,450
Luna County	\$ 54,800	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
McKinley County	\$ 49,800	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Mora County	\$ 54,100	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Otero County	\$ 78,600	\$ 39,800	\$ 45,450	\$ 51,150	\$ 56,800	\$ 61,350	\$ 65,900
Quay County	\$ 53,100	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Rio Arriba County	\$ 69,400	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Roosevelt County	\$ 73,000	\$ 40,350	\$ 46,100	\$ 51,850	\$ 57,600	\$ 62,250	\$ 66,850
Sandoval County	\$ 86,400	\$ 48,400	\$ 55,300	\$ 62,200	\$ 69,100	\$ 74,650	\$ 80,200
San Juan County	\$ 61,600	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
San Miguel County	\$ 56,500	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Santa Fe County	\$ 91,500	\$ 51,250	\$ 58,600	\$ 65,900	\$ 73,200	\$ 79,100	\$ 84,950
Sierra County	\$ 61,900	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Socorro County	\$ 55,000	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Taos County	\$ 74,300	\$ 39,800	\$ 45,450	\$ 51,150	\$ 56,800	\$ 61,350	\$ 65,900
Torrance County	\$ 86,400	\$ 48,400	\$ 55,300	\$ 62,200	\$ 69,100	\$ 74,650	\$ 80,200
Union County	\$ 55,200	\$ 39,550	\$ 45,200	\$ 50,850	\$ 56,500	\$ 61,050	\$ 65,550
Valencia County	\$ 86,400	\$ 48,400	\$ 55,300	\$ 62,200	\$ 69,100	\$ 74,650	\$ 80,200

Source: U.S. Department of Housing and Urban Development (HUD)