

LFC Requester:

Julisa Rodriquez

### AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

#### SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 2/11/25

Check all that apply:

Bill Number: HB 93

Original  Correction   
Amendment  Substitute

Sponsor: Rep. Kristina Ortez

Agency Name and Code Number: 305 – New Mexico Department of Justice

Person Writing

Short Title: Advanced Grid Technology Plans

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#### SECTION II: FISCAL IMPACT

##### APPROPRIATION (dollars in thousands)

| Appropriation |      | Recurring or Nonrecurring | Fund Affected |
|---------------|------|---------------------------|---------------|
| FY25          | FY26 |                           |               |
|               |      |                           |               |
|               |      |                           |               |

(Parenthesis ( ) indicate expenditure decreases)

##### REVENUE (dollars in thousands)

| Estimated Revenue |      |      | Recurring or Nonrecurring | Fund Affected |
|-------------------|------|------|---------------------------|---------------|
| FY25              | FY26 | FY27 |                           |               |
|                   |      |      |                           |               |
|                   |      |      |                           |               |

(Parenthesis ( ) indicate revenue decreases)

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

|              | FY25 | FY26 | FY27 | 3 Year<br>Total Cost | Recurring<br>or<br>Nonrecurring | Fund<br>Affected |
|--------------|------|------|------|----------------------|---------------------------------|------------------|
| <b>Total</b> |      |      |      |                      |                                 |                  |

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

*This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.*

**BILL SUMMARY**

Synopsis:

The House Government, Elections and Indian Affairs Committee Substitute for House Bill 93 amends Applications for Grid Modernization, Section 62-8-13 (2020, as amended through 2021), renaming the section “Applications for Grid Modernization Projects—Advanced Grid Technology Plans, creating a new subsections G-I that expands the scope, purpose and implementation of grid modernization projects and new definitions to the Efficient Use of Energy Act, Section 62-17-4 (2005, as amended through 2019).

Section 1. amends:

- 62-8-13(A) to allow utilities to request recovery for projects for Grid Technology Plans, set forth in Subsection G.
- 62-8-13(D) to allow utilities to seek recovery for such projects that benefit customers that take services at more than 110 volts.

Adds a new Subsection G that provides criteria for the Public Regulation Commission to apply when considering Advanced Grid Technology Plan for approval. Specifically, the Commission is to review the reasonableness of projects and whether they would:

- 1) Reduce the cost to customers through avoided or deferred expenditures on new generation or transmission, including rights of way;
- 2) Improve grid reliability while integrating sources of renewable energy;
- 3) Support diversification of grid technologies and enhance grid security;
- 4) Reduce emissions from power generation in compliance with the Renewable Energy Act’s Renewable Portfolio Standards, Section 62-16-4 (2004, as amended through 2019).
- 5) “Reasonably expected” to increase access and use to “clean and renewable energy,” with priority given to low-income customers and underserved communities.
- 6) Otherwise, consistent with the state’s grid modernization plans and priorities; And
- 7) Show that it’s the most “cost effective among feasible alternatives,” including advanced transmission technologies.

Subsection H limits a utility’s recovery for Grid Technology Projects to costs that are not already included for recovery under Federal Energy Regulatory Commission jurisdictional rates.

Subsection I defines a Grid Technology Project as one that is included in the utility’s most recent Integrated Resource Plan and makes use of such technology to increase “efficiency, capacity or reliability of existing transmission facility.”

Section 2 of the bill adds a new section to Duties and Restrictions Imposed Upon Public Utilities, NMSA 1978, §§ 62-8-1 to -13 (1941, as amended 2020). Subsections A-F provide definitions for: advanced grid technology, advanced power flow controllers, dynamic line ratings, grid enhancing technology, and topology optimization.

Section 3 amends the Efficient Use of Energy Act, § 62-17-4 (2005, as amended through 2019) to add the definitions identified in Section 2.

Section 4 amends Section 62-17-10 to require utilities to include Advanced Grid Technology Plans in their Integrated Resource Plans.

Section 5 amends 62-17-11 to require Distribution Cooperatives to also include deployment of advanced grid technologies in their annual report to the PRC detailing their programs to promote energy efficiency.

Section 6 makes the effective date July 1, 2025.

## **FISCAL IMPLICATIONS**

N/A

## **SIGNIFICANT ISSUES**

The distinction between Grid Modernization Projects and Advanced Grid Technology Plans is not clear and may lead to disputes over cost allocation.

62-8-13(F) defines Grid Modernization Projects as improvements to distribution or transmission systems. However, the proposed Subsection I defines an “advanced grid technology project” to mean one that’s been “identified by a utility in its most recent integrated resource plan that makes use of advanced grid technologies to increase the efficiency, capacity or reliability of an existing or new transmission facility.” In addition, Subsection G(2) directs the Commission to consider, when deciding to approve an Advanced Grid Technology Plan, whether it “assist with ensuring grid reliability, including *transmission and distribution* system stability, while integrating sources of renewable energy into the grid.”

Thus, it is unclear whether a Grid Modernization Projects with transmission components could encompass an Advanced Grid Technology Plan.

This may result in disputes over cost allocation for projects the Commission approves. Under the existing version of 62-8-13(D) grid modernization project costs that only benefit distribution system customers are not to be recovered from large customers that receive service at 110k volts or more. The bill adds a sentence to D that would create an exception for Advanced Grid Technology Plans submitted pursuant to Subsection G. As written, this could imply an analysis is required to determine whether the costs of an Advanced Grid Technology Plans should be allocated to distribution customers, as well as a determination of whether a Grid Modernization Plan has technology components that could customers that receive service at 110k volts or more.

## **PERFORMANCE IMPLICATIONS**

None noted.

**ADMINISTRATIVE IMPLICATIONS**

None noted.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Related:

HB 13 DISTRIBUTION SYSTEM AND ELECTRIFICATION PLANS

SB142 GRID MODERNIZATION ROADMAP

**TECHNICAL ISSUES**

None noted.

**OTHER SUBSTANTIVE ISSUES**

None noted.

**ALTERNATIVES**

N/A

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status quo.

**AMENDMENTS**

N/A