

HOUSE GOVERNMENT, ELECTIONS AND INDIAN AFFAIRS
COMMITTEE SUBSTITUTE FOR
HOUSE BILL 93

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

AN ACT

RELATING TO UTILITIES; PROVIDING FOR THE INCLUSION OF ADVANCED GRID TECHNOLOGY PLANS BY PUBLIC UTILITIES WHEN FILING AN APPLICATION FOR APPROVAL OF GRID MODERNIZATION PROJECTS TO THE PUBLIC REGULATION COMMISSION; ALLOWING UTILITIES TO RECOVER FROM CUSTOMERS COSTS FOR ADVANCED GRID TECHNOLOGY PROJECTS; INCLUDING ADVANCED GRID TECHNOLOGIES IN UTILITY INTEGRATED RESOURCE PLANS AND THE ANNUAL REPORTS OF DISTRIBUTION COOPERATIVE UTILITIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 62-8-13 NMSA 1978 (being Laws 2020, Chapter 15, Section 3, as amended) is amended to read:

"62-8-13. APPLICATION FOR GRID MODERNIZATION PROJECTS--
ADVANCED GRID TECHNOLOGY PLANS AND PROJECTS.--

A. A public utility may file an application with

1 the commission to approve grid modernization projects that are
2 needed by the utility, or upon request of the commission.
3 Applications may include requests for approval of investments
4 or incentives to facilitate grid modernization, rate designs or
5 programs that incorporate the use of technologies, equipment or
6 infrastructure associated with grid modernization and customer
7 education and outreach programs that increase awareness of grid
8 modernization programs and of the benefits of grid
9 modernization. Applications shall include the utility's
10 estimate of costs for grid modernization projects.

11 Applications may include requests for approval of advanced grid
12 technology plans pursuant to Subsection G of this section.

13 Applications for grid modernization projects shall be filed
14 pursuant to Sections 62-9-1 and 62-9-3 NMSA 1978, as
15 applicable.

16 B. When considering applications for approval, the
17 commission shall review the reasonableness of a proposed grid
18 modernization project and as part of that review shall consider
19 whether the requested investments, incentives, programs and
20 expenditures are:

21 (1) reasonably expected to improve the public
22 utility's electrical system efficiency, reliability, resilience
23 and security; maintain reasonable operations, maintenance and
24 ratepayer costs; and meet energy demands through a flexible,
25 diversified and distributed energy portfolio, including energy

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1 standards established in Section 62-16-4 NMSA 1978;

2 (2) designed to support connection of New
3 Mexico's electrical grid into regional energy markets and
4 increase New Mexico's capability to supply regional energy
5 needs through export of clean and renewable electricity;

6 (3) reasonably expected to increase access to
7 and use of clean and renewable energy, with consideration given
8 for increasing access to low-income users and users in
9 underserved communities;

10 (4) designed to contribute to the reduction of
11 air pollution, including greenhouse gases;

12 (5) reasonably expected to support increased
13 product and program offerings by utilities to their customers;
14 allow for private capital investments and skilled jobs in
15 related services; and provide customer protection, information
16 or education;

17 (6) transparent, incorporating public
18 reporting requirements to inform project design and commission
19 policy; and

20 (7) otherwise consistent with the state's grid
21 modernization planning process and priorities.

22 C. Except as provided in Subsection D of this
23 section, a public utility that undertakes grid modernization
24 projects approved by the commission may recover its reasonable
25 costs through an approved tariff rider or in base rates, or by

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1 a combination of the two. Costs that are no greater than the
2 amount approved by the commission for a utility grid
3 modernization project are presumed to be reasonable. A tariff
4 rider proposed by a public utility to fund approved grid
5 modernization projects shall go into effect thirty days after
6 filing, unless suspended by the commission for a period not to
7 exceed one hundred eighty days. If the tariff rider is not
8 approved or suspended within thirty days after filing, it shall
9 be deemed approved as a matter of law. If the commission has
10 not acted to approve or disapprove the tariff rider by the end
11 of the suspension period, it shall be deemed approved as a
12 matter of law.

13 D. Costs for a grid modernization project that only
14 benefits customers of an electric distribution system shall not
15 be recovered from customers served at a level of one hundred
16 ten thousand volts or higher from an electric transmission
17 system in New Mexico, except for advanced grid technology plans
18 pursuant to Subsection G of this section.

19 E. The provisions of this section do not apply to a
20 distribution cooperative organized pursuant to the Rural
21 Electric Cooperative Act.

22 F. As used in this section, "grid modernization"
23 means improvements to electric distribution or transmission
24 infrastructure through investments in assets, technologies or
25 services that are designed to modernize the electrical system

1 by enhancing electric distribution or transmission grid
2 reliability, resilience, interconnection of distributed energy
3 resources, distribution system efficiency, grid security
4 against cyber and physical threats, customer service or energy
5 efficiency and conservation and includes:

6 (1) advanced metering infrastructure and
7 associated communications networks;

8 (2) intelligent grid devices for real time or
9 near-real time system and asset information;

10 (3) automated control systems for electric
11 transmission and distribution circuits and substations;

12 (4) high-speed, low-latency communications
13 networks for grid device data exchange and remote and automated
14 control of devices;

15 (5) distribution system hardening projects for
16 circuits and substations designed to reduce service outages or
17 service restoration times, but does not include the conversion
18 of overhead tap lines to underground service;

19 (6) physical security measures at critical
20 distribution substations;

21 (7) cybersecurity measures;

22 (8) systems or technologies that enhance or
23 improve distribution system planning capabilities by the public
24 utility;

25 (9) technologies to enable demand response;

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1 (10) energy storage systems and microgrids
2 that support circuit-level grid stability, power quality,
3 reliability or resiliency or provide temporary backup energy
4 supply;

5 (11) infrastructure and equipment necessary to
6 support electric vehicle charging or the electrification of
7 community infrastructure or industrial production, processing
8 or transportation; and

9 (12) new customer information platforms
10 designed to provide improved customer access, greater service
11 options and expanded access to energy usage information.

12 G. When considering advanced grid technology plans
13 for approval, the commission shall review the reasonableness of
14 the projects proposed and whether the investments, programs and
15 expenditures of the plan would:

16 (1) reduce costs to ratepayers by avoiding or
17 deferring the need for investment in new generation or
18 transmission, including new rights of way;

19 (2) assist with ensuring grid reliability,
20 including transmission and distribution system stability, while
21 integrating sources of renewable energy into the grid;

22 (3) support the diversification of energy
23 resources and enhance grid security;

24 (4) reduce greenhouse gases and other air
25 pollutants resulting from power generation, as required by the

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1 energy standards established pursuant to Section 62-16-4 NMSA
2 1978;

3 (5) be reasonably expected to increase access
4 to and the use of clean and renewable energy, with
5 consideration given for increasing access for low-income users
6 and users in underserved communities;

7 (6) be consistent with the state's grid
8 modernization planning and priorities; and

9 (7) be the most cost effective among feasible
10 alternatives, including any proposed applications of advanced
11 transmission technologies that deliver large net benefits to
12 ratepayers over their anticipated service life that
13 significantly exceed marginally higher initial costs.

14 H. The commission shall only allow a utility to
15 recover costs associated with an advanced grid technology plan
16 or project to the extent that the cost recovery is not under
17 the jurisdiction of the federal energy regulatory commission.

18 I. As used in this section, "advanced grid
19 technology project" means a project identified by a utility in
20 its most recent integrated resource plan that makes use of
21 advanced grid technologies to increase the efficiency, capacity
22 or reliability of an existing or new transmission facility."

23 **SECTION 2.** A new section of Chapter 62, Article 8 NMSA
24 1978 is enacted to read:

25 "[NEW MATERIAL] DEFINITIONS.--As used in Chapter 62,

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1 Article 8 NMSA 1978:

2 A. "advanced conductor" means a conductor that has
3 a direct current electrical resistance at least ten percent
4 lower than existing conductors of a similar diameter while
5 simultaneously increasing the energy carrying capacity of an
6 electric system by at least seventy-five percent;

7 B. "advanced grid technology" means hardware or
8 software technology that increases the efficiency, capacity or
9 reliability of existing or new electric transmission and
10 distribution systems, facilities and equipment and includes
11 advanced conductors, thermal ratings, grid enhancing technology
12 and technology determined by the commission or the federal
13 energy regulation commission to increase the efficiency,
14 capacity or reliability of an existing or new transmission
15 facility;

16 C. "advanced power flow controllers" means hardware
17 or software technology used to push or pull electric power in a
18 manner that balances overloaded lines and underused corridors
19 within a distribution or transmission system;

20 D. "dynamic line ratings" means hardware or
21 software technology used to appropriately update the calculated
22 thermal limits of existing distribution or transmission lines
23 based on real-time and forecasted weather conditions;

24 E. "grid enhancing technology" means hardware or
25 software technology that reduces congestion or enhances the

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1 flexibility of electric transmission and distribution systems
2 by increasing the capacity of a line or rerouting electricity
3 from overloaded to uncongested lines while maintaining industry
4 safety standards and includes dynamic line ratings, advanced
5 power flow controllers and topology optimization; and

6 F. "topology optimization" means hardware or
7 software technology that identifies reconfigurations of the
8 distribution or transmission grid and can enable the routing of
9 power flows around congested or overloaded distribution or
10 transmission elements."

11 SECTION 3. Section 62-17-4 NMSA 1978 (being Laws 2005,
12 Chapter 341, Section 4, as amended) is amended to read:

13 "62-17-4. DEFINITIONS.--As used in the Efficient Use of
14 Energy Act:

15 A. "achievable" means those energy efficiency or
16 load management resources available to the utility using its
17 best efforts;

18 B. "advanced conductor" means a conductor that has
19 a direct current electrical resistance at least ten percent
20 lower than existing conductors of a similar diameter while
21 simultaneously increasing the energy carrying capacity of an
22 electric system by at least seventy-five percent;

23 C. "advanced grid technology" means hardware or
24 software technology that increases the efficiency, capacity or
25 reliability of existing or new electric transmission and

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1 distribution systems, facilities and equipment and includes
2 advanced conductors, thermal ratings, grid enhancing technology
3 and technology determined by the commission or the federal
4 energy regulation commission to increase the efficiency,
5 capacity or reliability of an existing or new transmission
6 facility;

7 D. "advanced power flow controllers" means hardware
8 or software technology used to push or pull electric power in a
9 manner that balances overloaded lines and underused corridors
10 within a distribution or transmission system;

11 ~~[B.]~~ E. "commission" means the public regulation
12 commission;

13 ~~[C.]~~ F. "cost-effective" means that the energy
14 efficiency or load management program meets the utility cost
15 test;

16 ~~[D.]~~ G. "customer" means a utility customer at a
17 single, contiguous field, location or facility, regardless of
18 the number of meters at that field, location or facility;

19 ~~[E.]~~ H. "distribution cooperative utility" means a
20 utility with distribution facilities organized as a rural
21 electric cooperative pursuant to Laws 1937, Chapter 100 or the
22 Rural Electric Cooperative Act or similarly organized in other
23 states;

24 I. "dynamic line ratings" means hardware or
25 software technology used to appropriately update the calculated

1 thermal limits of existing distribution or transmission lines
2 based on real-time and forecasted weather conditions;

3 [F.] J. "energy efficiency" means measures,
4 including energy conservation measures, or programs that target
5 consumer behavior, equipment or devices to result in a decrease
6 in consumption of electricity and natural gas without reducing
7 the amount or quality of energy services;

8 K. "grid enhancing technology" means hardware or
9 software technology that reduces congestion or enhances the
10 flexibility of electric transmission and distribution systems
11 by increasing the capacity of a line or rerouting electricity
12 from overloaded to uncongested lines while maintaining industry
13 safety standards and includes dynamic line ratings, advanced
14 power flow controllers and topology optimization;

15 [G.] L. "large customer" means a customer with
16 electricity consumption greater than seven thousand megawatt-
17 hours per year or natural gas use greater than three hundred
18 sixty thousand decatherms per year;

19 [H.] M. "load management" means measures or
20 programs that target equipment or devices to result in
21 decreased peak electricity demand or shift demand from peak to
22 off-peak periods;

23 [I.] N. "program costs" means the prudent and
24 reasonable costs of developing and implementing energy
25 efficiency and load management programs, but "program costs"

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1 does not include charges for incentives or the removal of
2 regulatory disincentives;

3 ~~[J-]~~ O. "public utility" means a public utility
4 that is not also a distribution cooperative utility; ~~[and]~~

5 P. "topology optimization" means hardware or
6 software technology that identifies reconfigurations of the
7 distribution or transmission grid and can enable the routing of
8 power flows around congested or overloaded distribution or
9 transmission elements; and

10 ~~[K-]~~ Q. "utility cost test" means a standard that
11 is met if the monetary costs that are borne by the public
12 utility and that are incurred to develop, acquire and operate
13 energy efficiency or load management resources on a life-cycle
14 basis are less than the avoided monetary costs associated with
15 developing, acquiring and operating the associated supply-side
16 resources."

17 **SECTION 4.** Section 62-17-10 NMSA 1978 (being Laws 2005,
18 Chapter 341, Section 10) is amended to read:

19 "62-17-10. INTEGRATED RESOURCE PLANNING.--Pursuant to the
20 commission's rulemaking authority, public utilities supplying
21 electric or natural gas service to customers shall periodically
22 file an integrated resource plan with the commission. Utility
23 integrated resource plans shall evaluate renewable energy,
24 energy efficiency, load management, distributed generation and
25 conventional supply-side resources on a consistent and

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1 comparable basis and take into consideration deployment of
2 advanced grid technologies, risk and uncertainty of fuel
3 supply, price volatility and costs of anticipated environmental
4 regulations in order to identify the most cost-effective
5 portfolio of resources to supply the energy needs of customers.
6 The preparation of resource plans shall incorporate a public
7 advisory process. Nothing in this section shall prohibit
8 public utilities from implementing cost-effective energy
9 efficiency and load management programs and the commission from
10 approving public utility expenditures on energy efficiency
11 programs and load management programs prior to the commission
12 establishing rules and guidelines for integrated resource
13 planning. The commission may exempt public utilities with
14 fewer than five thousand customers and distribution-only public
15 utilities from the requirements of this section. The
16 commission shall take into account a public utility's resource
17 planning requirements in other states and shall authorize
18 utilities that operate in multiple states to implement plans
19 that coordinate the applicable state resource planning
20 requirements. The requirements of this section shall take
21 effect one year following the commission's adoption of rules
22 implementing the provisions of this section."

23 SECTION 5. Section 62-17-11 NMSA 1978 (being Laws 2005,
24 Chapter 341, Section 11, as amended) is amended to read:

25 "62-17-11. DISTRIBUTION COOPERATIVE UTILITIES.--

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1 A. Distribution cooperative utilities shall
2 periodically examine the potential to assist their customers in
3 reducing energy consumption or peak electricity demand in a
4 cost-effective manner. Based on these studies, by January 1,
5 2009, distribution cooperative utilities shall establish energy
6 efficiency and load management targets and begin to implement
7 cost-effective energy efficiency and load management programs
8 that are economically feasible and practical for their members
9 and customers. Approval for such programs shall reside with
10 the governing body of each distribution cooperative utility and
11 not with the commission.

12 B. Each distribution cooperative utility shall file
13 with the commission, concurrently with its annual report, a
14 report that describes all of the distribution cooperative
15 utility's programs or measures that promote energy efficiency,
16 conservation or load management, including the deployment of
17 advanced grid technologies. The report shall set forth the
18 costs of each of the programs or measures for the previous
19 calendar year and the resulting effect on the consumption of
20 electricity. In offering or implementing energy efficiency,
21 conservation or load management programs, a distribution
22 cooperative utility shall attempt to minimize any cross-
23 subsidies between customer classes.

24 C. Each distribution cooperative utility shall
25 include in the report required by Subsection B of this section

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1 a description of all programs or measures to promote energy
2 efficiency, conservation or load management, including the
3 deployment of advanced grid technologies, that are planned and
4 the anticipated date for implementation.

5 D. Costs resulting from programs or measures to
6 promote energy efficiency, conservation or load management,
7 including the deployment of advanced grid technologies, may be
8 recovered by the distribution cooperative utility through its
9 general rates. In requesting approval to recover such costs in
10 general rates, the distribution cooperative utility may elect
11 to use the procedure set forth in Subsection [G] H of Section
12 62-8-7 NMSA 1978."

13 SECTION 6. EFFECTIVE DATE.--The effective date of the
14 provisions of this act is July 1, 2025.

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