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HOUSE BILL

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

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO ELECTRIC PUBLIC UTILITIES; ESTABLISHING GRID  
PLANNING REQUIREMENTS; REQUIRING ENERGIZATION REPORTS;  
AUTHORIZING THE PUBLIC REGULATION COMMISSION TO ADOPT RULES  
REGARDING INTERCONNECTING NEW DISTRIBUTED GENERATION, FLEXIBLE  
INTERCONNECTION OR ENERGIZATION TARIFFS, MAPPING OF  
DISTRIBUTION CAPACITIES AND BENEFICIAL ELECTRIFICATION TARGETS  
AND PLANS; REQUIRING BENEFICIAL ELECTRIFICATION PLANS; ALLOWING  
ELECTRIC PUBLIC UTILITIES TO OFFER INCENTIVES TO CUSTOMERS  
INSTALLING HIGH-EFFICIENCY ELECTRIC APPLIANCES; PROVIDING FOR  
ELECTRIC PUBLIC UTILITIES TO RECOVER COSTS FOR BENEFICIAL  
ELECTRIFICATION PROGRAMS; REQUIRING ANNUAL REPORTS ON  
BENEFICIAL ELECTRIFICATION.

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

**SECTION 1.** A new Section 62-8-12.1 NMSA 1978 is enacted

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1 to read:

2 "62-8-12.1. [NEW MATERIAL] GRID PLANNING--ENERGIZATION  
3 REPORTS--RULES.--

4 A. In accordance with furnishing adequate,  
5 efficient and reasonable service, an electric public utility  
6 shall:

7 (1) conduct sufficient advanced planning,  
8 engineering and construction of distribution system hosting and  
9 load capacity and preorder transformers and other needed  
10 equipment so that customers can be energized and interconnected  
11 without substantial delay; and

12 (2) recruit, train and retain an adequately  
13 sized and qualified workforce to carry out the planning,  
14 engineering and construction of electrical distribution systems  
15 needed to promptly serve customers seeking energization.

16 B. An electric public utility shall have adequate  
17 qualified staffing to achieve the policies and requirements of  
18 this section and the provisions of Section 62-18-12 NMSA 1978  
19 regarding the expansion of transportation electrification. In  
20 an application for a general rate case, an electric public  
21 utility shall include a detailed analysis of its current  
22 qualified staffing levels and future required qualified  
23 staffing levels for each job classification needed to achieve  
24 the policies and requirements of this section. For job  
25 classifications that have apprentice training requirements, the

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1 commission shall require an electric public utility to maintain  
2 a pipeline of apprentices sufficient to meet future qualified  
3 staffing needs, subject to any limitations based on safe  
4 staffing ratios.

5 C. By January 1, 2026, the commission shall  
6 establish average and maximum target energization time periods  
7 based on the amount and nature of the work required and taking  
8 into consideration factors beyond the electric public utility's  
9 control. The commission shall periodically update the  
10 energization time periods and energization report requirements  
11 to reflect changed circumstances and new information.

12 D. An electric public utility shall provide an  
13 energization report to the commission at least annually that  
14 contains the following:

15 (1) the average, median and standard deviation  
16 time periods between receiving an application for energizing an  
17 electrical service and achieving energization;

18 (2) explanations for energization time periods  
19 that exceed the most recent maximum target energization time  
20 periods set by the commission;

21 (3) an analysis of its current staffing levels  
22 and future staffing needs for each job classification,  
23 including apprenticeships, to meet the requirements of the  
24 Public Utility Act, the Renewable Energy Act and the Efficient  
25 Use of Energy Act; and

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1 (4) a strategy for meeting any missed targets  
2 in the future.

3 E. The commission shall require an electric public  
4 utility to take remedial actions to achieve the most recent  
5 energization time periods established pursuant to Subsection C  
6 of this section.

7 F. The commission shall adopt rules that:

8 (1) replace the current practice whereby an  
9 individual customer installing distributed generation is held  
10 responsible for the costs of upgrading shared distribution  
11 equipment with a reasonable dollar-per-kilowatt interconnection  
12 fee that new distributed generation customers pay to help  
13 defray the costs of interconnecting new distributed generation  
14 systems to the grid; provided that the fee is sufficient for an  
15 electric public utility to sufficiently and timely recover  
16 costs. Residential customers energizing transportation  
17 electrification or beneficial electrification shall not be  
18 subject to the interconnection fee;

19 (2) provide requirements for a flexible  
20 interconnection or energization tariff and allow a customer to  
21 use the optional flexible interconnection or energization  
22 tariff as an alternative to a system upgrade that would  
23 otherwise be required by an electric public utility in response  
24 to the customer's request to interconnect or energize a  
25 distributed energy resource; and

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1 (3) require an electric public utility to  
2 publish detailed mapping of distribution hosting capacity and  
3 available load capacity and underlying data with appropriate  
4 safeguards to protect confidentiality and critical  
5 infrastructure, as determined by the commission. An electric  
6 public utility shall make the information accessible to  
7 customers, stakeholders and verified third parties to  
8 facilitate effective planning, program development and  
9 community engagement.

10 G. In its annual distribution planning process, an  
11 electric public utility shall consider laws, rules, policies,  
12 plans and standards concerning air quality, transportation,  
13 beneficial electrification and energization time periods and  
14 shall adopt and implement plans to satisfy the requirements of  
15 this section.

16 H. As used in this section:

17 (1) "beneficial electrification" means  
18 converting the energy source of a customer's end use from a  
19 non-electric fuel source to a high-efficiency electric source  
20 or avoiding the use of non-electric fuel sources in new  
21 construction or industrial applications;

22 (2) "distributed energy resource" means  
23 distributed generation, energy storage systems, electric  
24 vehicles, microgrids, fuel cells and demand-side management  
25 measures, including energy efficiency, demand response and

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1 demand flexibility that are deployed at the distribution grid  
2 level on either the customer or utility side of the meter;

3 (3) "electric public utility" means an  
4 electric public utility certified by the commission to provide  
5 retail electric service in New Mexico pursuant to the Public  
6 Utility Act that is not also a distribution cooperative  
7 utility;

8 (4) "energization" or "energize" means  
9 connecting new customers to the electric grid, establishing  
10 adequate load capacity to provide service for a new customer or  
11 upgrading electrical capacity to provide service to an existing  
12 customer. "Energization" or "energize" does not mean  
13 activities relating to interconnecting electricity supply  
14 resources;

15 (5) "energization time period" means the  
16 elapsed time beginning when the electric public utility  
17 receives a substantially complete energization project  
18 application and when the electric service is installed and  
19 energized;

20 (6) "flexible interconnection or energization  
21 tariff" means a way to energize a new load or interconnect a  
22 distributed energy resource to an electric public utility's  
23 distribution system that is governed by a set of rules and  
24 requirements and includes an agreement for curtailing the  
25 import or export of electricity from and to the distribution

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1 system at certain times or operation conditions by use of  
2 certified power control systems or other load management  
3 technologies;

4 (7) "future test period" means a twelve-month  
5 period beginning no later than the date a proposed rate change  
6 is expected to take effect;

7 (8) "hosting capacity" means the amount of  
8 generation that can be interconnected to the electric public  
9 utility's distribution system at a given time and at a given  
10 location under existing electrical grid conditions and  
11 operations without adversely impacting safety, power quality,  
12 reliability or other operational criteria and without requiring  
13 electric infrastructure upgrades; and

14 (9) "load capacity" means the amount of load  
15 that can be added to the distribution system at a given time  
16 and at a given location under existing grid conditions and  
17 operations without adversely impacting safety, power quality,  
18 reliability or other operational criteria and without requiring  
19 electric infrastructure upgrades."

20 SECTION 2. Section 62-17-4 NMSA 1978 (being Laws 2005,  
21 Chapter 341, Section 4, as amended) is amended to read:

22 "62-17-4. DEFINITIONS.--As used in the Efficient Use of  
23 Energy Act:

24 A. "achievable" means those energy efficiency or  
25 load management resources available to the utility using its

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1 best efforts;

2 B. "beneficial electrification" means converting  
3 the energy source of a customer's end use from a non-electric  
4 fuel source to a high-efficiency electric source or avoiding  
5 the use of non-electric fuel sources in new construction or  
6 industrial applications;

7 C. "beneficial electrification plan" means an  
8 electric public utility's plan to increase beneficial  
9 electrification in the residential, commercial or industrial  
10 sectors for purposes other than transportation;

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

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

16 [~~D-~~] F. "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-~~] G. "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 H. "electric public utility" means an electric  
25 public utility certified by the commission to provide retail

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1 electric service in New Mexico pursuant to the Public Utility  
2 Act that is not also a distribution cooperative utility;

3 ~~[F.]~~ I. "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 ~~[G.]~~ J. "large customer" means a customer with  
9 electricity consumption greater than seven thousand megawatt-  
10 hours per year or natural gas use greater than three hundred  
11 sixty thousand decatherms per year;

12 K. "low-income customer" means a residential  
13 customer of an electric public utility with an annual household  
14 income at or below eighty percent of area median income, as  
15 published by the United States department of housing and urban  
16 development, or who is enrolled in a low-income program  
17 facilitated by the state or a low-income energy program led by  
18 the qualifying utility or as determined by the commission;

19 ~~[H.]~~ L. "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.]~~ M. "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-]~~ N. "public utility" means a public utility  
4 that is not also a distribution cooperative utility; and

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

12 **SECTION 3.** A new section of the Efficient Use of Energy  
13 Act is enacted to read:

14 "[NEW MATERIAL] BENEFICIAL ELECTRIFICATION PLANS--  
15 PROGRAMS--APPLICATIONS--RULES--REPORTING--COST RECOVERY.--

16 A. On or before January 30, 2026, the commission  
17 shall direct electric public utilities to implement beneficial  
18 electrification plans for voluntary customer adoption of  
19 measures for beneficial electrification and adopt rules to  
20 establish beneficial electrification targets for 2032 that  
21 maximize greenhouse gas emissions reductions while maintaining  
22 fair and reasonable rates and system reliability. The  
23 commission shall establish targets for each electric public  
24 utility that align with achieving the state's proportional  
25 commitment to the United States climate alliance's target to

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1 collectively reach twenty million heat pump installations  
2 across the twenty-five member states by 2030 as pledged in  
3 September 2023. The commission shall consider the customer  
4 base within each electric public utility when determining heat  
5 pump installation targets. The commission shall establish a  
6 schedule by which beneficial electrification targets will be  
7 set for each subsequent six-year period.

8 B. On or before June 1, 2026, and at least every  
9 three years thereafter, or as directed by the commission, an  
10 electric public utility shall submit a beneficial  
11 electrification plan to the commission that consists of  
12 programs aimed at increasing beneficial electrification.  
13 Beneficial electrification programs shall be offered to  
14 residential and commercial customers and may also be available  
15 to industrial and agricultural customers. Beneficial  
16 electrification plans shall be combined with other plans filed  
17 with the commission pursuant to the Efficient Use of Energy  
18 Act. An electric public utility shall incorporate a public  
19 stakeholder process to inform the program design of a  
20 beneficial electrification plan.

21 C. An electric public utility shall submit to the  
22 commission a beneficial electrification plan that:

23 (1) demonstrates that the proposed beneficial  
24 electrification programs maximize electric public utility and  
25 customer benefits at the lowest reasonable cost;

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1 (2) provides every affected customer class  
2 with the opportunity to participate and benefit;

3 (3) offers incentives that complement  
4 applicable local, county, state and federal incentives or tax  
5 credits for similar measures; and

6 (4) is anticipated to achieve the beneficial  
7 electrification targets and maximize greenhouse gas emissions  
8 reductions.

9 D. When considering beneficial electrification plan  
10 applications for approval, the commission shall evaluate  
11 whether the plan includes:

12 (1) beneficial electrification programs  
13 targeted to low-income households with at least twenty percent  
14 of the electric public utility's total beneficial  
15 electrification program funding designated for programs that  
16 serve low-income households;

17 (2) the avoided costs of carbon dioxide,  
18 methane and other greenhouse gas emissions, using a discount  
19 rate of two and one-half percent or less, and projected  
20 reductions in greenhouse gas emissions;

21 (3) programs or rates reasonably expected to  
22 improve the electric public utility's electrical system  
23 efficiency, the integration of variable resources, operational  
24 flexibility or system utilization during off-peak hours, such  
25 as load management programs or dynamic rate designs, or other

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1 programs and policies, with appropriate documentation;

2 (4) budgets, projected number of installations  
3 and projected fuel savings including to natural gas, propane  
4 and other fuels; and

5 (5) incorporation of nonbinding  
6 recommendations from stakeholders on the potential design and  
7 implementation of beneficial electrification programs prior to  
8 filing the plan.

9 E. The commission may adopt rules to provide  
10 additional application criteria to ensure prompt  
11 determinations.

12 F. The commission shall allow an electric public  
13 utility to offer incentives to its customers to replace non-  
14 electric fuel-based appliances with high-efficiency electric  
15 appliances. The commission shall allow and consider a proposal  
16 by an electric public utility to stack incentives from  
17 beneficial electrification programs with energy efficiency  
18 incentives pursuant to the Efficient Use of Energy Act or that  
19 demonstrates how electric energy savings from beneficial  
20 electrification programs may count toward energy savings  
21 targets established for energy efficiency pursuant to the  
22 Efficient Use of Energy Act.

23 G. An electric public utility shall have the option  
24 of recovering its prudent and reasonable costs for beneficial  
25 electrification programs conducted pursuant to a beneficial

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1 electrification plan. An electric public utility may recover  
2 reasonable costs through a tariff rider or in base rates, or by  
3 a combination of the two, as approved by the commission.  
4 Program costs and incentives may be deferred for future  
5 recovery through the creation of a regulatory asset.

6 H. Funding levels for beneficial electrification  
7 program costs shall be no less than one-half percent of  
8 customer electric bills or electric public utility retail  
9 revenues of customers eligible for beneficial electrification  
10 programs, as determined by the commission. The utility may  
11 propose, and the commission may approve, higher levels of  
12 funding.

13 I. Unless otherwise ordered by the commission, a  
14 tariff rider approved by the commission shall require language  
15 on customer bills explaining program benefits upon establishing  
16 the tariff rider rate and as updated annually.

17 J. An electric public utility shall submit to the  
18 commission an annual report that provides information relating  
19 to the actions taken by the electric public utility to comply  
20 with this section. The report shall include:

- 21 (1) documentation of program expenditures;  
22 (2) customer participation levels, including  
23 the proportion of low-income households served;  
24 (3) estimated fuel savings;  
25 (4) improvements made to the electric public

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1 utility's electrical system efficiency and greenhouse gas  
2 emission reductions resulting from programs; and  
3 (5) any other information the commission may  
4 require."

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