LFC Requester:	Julisa Rodriguez

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
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(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

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

Date Prepared: 1/28/2025 *Check all that apply:*
Bill Number: HB 13 Original X Correction __
Amendment __ Substitute __

Sponsor: Rep. Hochman-Vigil
Short Title: Distribution System and Electrification Plans

Agency Name and Code Number: 430 – Public Regulation Commission
Person Writing Scott Cameron
Phone: (505)490-2696 **Email** jerri.mares@prc.nm.gov

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 Total Cost	Recurring or Nonrecurring	Fund Affected
Total		$55.4	$58.7	$114.1	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

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

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:
HB 13 would add a new section to Chapter 62 of the NMSA to require public utilities to draft triennial distribution system plans for Commission approval, add four new definitions and a new section for Beneficial Electrification Plans (BEPs") to the Efficient Use of Energy Act ("EUEA"), and add a new section to the Public Utility Act ("PUA") for Virtual Power Plant ("VPP") programs.

FISCAL IMPLICATIONS
HB 13 would have an additional financial impact on the PRC for the following additional resources: 1/16 of Office of General Counsel attorney ($9,450), 1/8 Legal attorney ($18,220), 1/16 public utilities economist ($7,530), 1/16 Utilities Division engineer ($8,900), 1/8 hearing examiner ($11,300). For a total of annual cost to PRC of $55,400 in FY26 and $58,700 in FY27.

SIGNIFICANT ISSUES
In Section 1 the commission is directed to finalize a rule "no later than December 1, 2025" to promulgate a rule that establishes a staggered filing schedule as determined by the commission. 183 days is not enough time to promulgate this rule, along with the other two required by the Bill (see below).

Section 1(A) and (F), when read in concert, appear to (a) require utilities to undertake distribution system planning upgrades, prepurchase equipment, and hire staff necessary to achieve certain standards and (b) require the Commission to allow cost recovery for these expenses. It is unclear whether these standards are intended to replace, modify, or supplement traditional cost recovery principles (e.g., reasonable and prudent; used and useful). This could lead to significant uncertainty for ratepayers, utilities, and other interested stakeholders.

Section 1(J) seems to require the Commission to enforce the statute, but without giving the Commission the explicit authority to do so.

In Section 3, "on or before January 30, 2026" for the Commission to direct utilities to file Beneficial Electrification Plans will require rulemaking in 213 days, which is too short of a timeframe.

In Section 3(B) the bill allows utilities to combine the new beneficial electrification plans with existing Efficient Use of Energy Act plans, which may cause confusion as to which elements of Beneficial Electrification Plans belong in a separate Beneficial Electrification Plan and which belong in an Efficient Use of Energy Act plan, as well as differing interpretations of the varying deadlines for plan filing and approval under each statutory section.

Section 3(E) would require the Commission to act within 180 days, which would add to the substantial number of short approval deadlines the Commission currently must meet.

In section 4, "No later than February 1, 2026" to promulgate a rule would only give the

Commission 214 days to complete the rulemaking process, and the mandatory language "requiring each qualifying retail utility to file an application to implement a virtual power plant program" leaves no room for opting out of the virtual power plant program application for any utility that doesn't have the ability to institute one, nor does the statute spell out the penalties should a utility not apply for a virtual power plant program.

Also in Section 4(E), the term "slate of programs" is used for the first time in this section, and it is unclear what the difference would be between a virtual power plant program and a slate of programs – it is unclear if a virtual power plant program would encompass a slate of programs, or if it refers to multiple virtual power plant programs.

PERFORMANCE IMPLICATIONS
None

ADMINISTRATIVE IMPLICATIONS
HB 13 would require at least three separate rulemakings that would be a significant burden on the PRC in the short time frames required. If a rulemaking were to be completed in exactly the time required by rule, it would take 150 days. With substantial new programs such as these three, the Commission will need to hold workshops to get stakeholder input and draft completely new rules, which adds significant time and resources to the timeline.

The bill would have significant staff resource implications for the PRC, across all divisions except Pipeline Safety:

1. The requirements for at least three rulemakings;
2. The requirement for electric public utility plan applications that will need to be reviewed, analyzed, and decided upon;
3. The requirement that the Commission take action on the submission of a plan within 180 days;
4. The allowance for the electric public utilities to recover costs through tariff riders, which riders will require analysis by Commission staff;
5. The requirement that the electric public utilities submit annual reports, which will require analysis and review;
6. The requirement that the Commission establish target energization time periods within 180 days of the effective date of the bill; and
7. Requiring the Commission to conduct enforcement proceedings.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP
None

TECHNICAL ISSUES
None

OTHER SUBSTANTIVE ISSUES
None

ALTERNATIVES
None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL
Status quo

AMENDMENTS
None