

LFC Requester: _____

**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}

Check all that apply:

Original Amendment _____
Correction _____ Substitute _____

Date Jan 15, 2025

Bill No: HB 93

Sponsor: Rep. Kristina Ortez
Short Title: Advanced Grid Technology Plans

Agency Name and Code EMNRD 521
Number: _____

Person Writing Samantha Kao
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SECTION II: FISCAL IMPACT

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Hb 93 would require investor-owned utilities (IOUs) in New Mexico to file with the New Mexico Public Regulation Commission (PRC) an “advanced grid technology plan” along with the integrated resource plan (IRP) that is already required to be filed every three years pursuant to

Section 62-17-10 NMSA 1978 and 17.7.3.8 NMAC. “Advanced grid technologies” are defined as “hardware or software that increases the efficiency, capacity, or reliability of existing or new electric transmission and distribution systems.” HB 93 also identifies advanced conductors and grid enhancing technologies¹ (GETs) as examples of advanced grid technology while enabling the PRC to identify other appropriate technology.

The bill also allows IOUs to file advanced grid technology plans in advance of their forthcoming IRPs. The advanced grid technologies plan is required to include:

1. A discussion of transmission-line congestion frequency and identification of congestion points;
2. An implementation plan for using advanced grid technologies to alleviate congestion points, including a cost-effectiveness analysis;
3. Identification of specific projects that the utility intends to implement during the three-year plan period;
4. Utility cost estimates for each project;
5. Any other information requested by the PRC.

HB 93 directs the PRC to review the reasonableness of projects proposed in the advanced grid technology plan and whether the investments, programs, and expenditures of the plan would:

1. Reduce costs to ratepayers by avoiding or deferring the need for investment in new generation or transmission, including new rights of way;
2. Assist with ensuring grid reliability, including transmission and distribution system stability, while integrating sources of renewable energy into the grid;
3. Support diversification of energy resources and enhance grid security;
4. Reduce greenhouse gas emissions and other air pollutants from power generation;
5. Be reasonably expected to increase the use of renewable energy, with consideration given for increasing low-income/ underserved community access;
6. Be consistent with the state’s grid modernization planning and priorities;
7. Be the most cost effective among feasible alternatives.

HB 93 provides for cost recovery associated with advanced grid technology plans or projects (via tariff riders, base rates, or a combination of the two) to the extent that the items in question are not subject to Federal Energy Regulatory Commission jurisdiction. The proposed bill also requires that costs incurred by IOUs in completing PRC-approved plans shall be presumed “reasonable” by the PRC.

HB 93 also amends Section 62-17-10 NMSA 1978 to direct investor-owned utilities to include advanced grid technologies in IRPs. Finally, the bill amends 62-17-11 NMSA 1978 to direct distribution cooperative utilities to include the deployment of advanced grid technologies in a programs report filed concurrently with their annual reports to the PRC.

FISCAL IMPLICATIONS

None for EMNRD

¹ Including but not limited to dynamic line rating, advanced conductors, advanced power flow controllers, and topology optimization

SIGNIFICANT ISSUES

HB 93 supports the affordability, sustainability, reliability, and resiliency of New Mexico's electricity grid by directing utilities to incorporate advanced grid technologies (including GETs) into system planning processes. Advanced grid technologies are particularly useful for unlocking greater system efficiencies that will help maintain ratepayer affordability in an era of unprecedented load growth².

Dynamic line rating (DLR) is one example of an advanced grid technology that can increase electricity system efficiency. By adjusting transmission line capacity ratings for real-time ambient conditions, DLR increases existing transmission capacity by +10-30%³ versus the static rating methodologies currently used to determine safe transmission ampacity⁴. Ratepayers benefit from the additional capacity unlocked by DLR, as the technology optimizes the use of infrastructure that is already built and already amortized. This results in significant cost savings by avoiding the need for potentially costly and slow new grid buildout while also minimizing the curtailment of low-cost renewable energy generation. DLR also provides reliability and resiliency benefits by reducing transmission capacity *below* the static methodology during periods of extreme heat and high winds, a helpful feature when considering ways to mitigate wildfire risk⁵. Existing pilots and deployments of DLR have already saved electricity customers millions of dollars in avoided/deferred upgrades across the United States and Europe⁶. Other advanced grid technologies are discussed at length starting on page 45 of the New Mexico Energy Conservation and Management Division's 2025 Electricity Grid Update [discussion draft](#) – different grid technologies offer similar efficiency benefits that serve key energy policy objectives like reliability, affordability, and sustainability.

EMNRD has identified several specific concerns regarding HB93:

1. Unspecified filing timelines may fail to take full advantage of holistic system planning benefits.

EMNRD supports HB 93's amendment to Section 62-17-10 NMSA 1978 requiring utilities to incorporate advanced grid technologies into integrated resource planning but notes that current bill text does not require advanced grid technology plans to be filed with the PRC *ahead* of IRPs. Because one objective of the advanced grid technology plan is to optimize utility asset portfolios for least cost, advanced grid technology plans must be filed before the IRP in order to guide the utility in selecting the appropriate amount of additional grid buildout required to support new load plus a reserve margin. For example, if the advanced grid technology plan determines that DLR can increase the capacity of an existing transmission line, this insight directly impacts the utility's assessment whether to request that transmission buildout in the IRP.

² New Mexico's Energy Conservation Division expects annual electricity demand to grow +42% by 20240, thanks to building, transportation, and industrial electrification.

³ White et. al. (April 2024). U.S. Department of Energy Loan Programs Office. "Pathways to Commercial Liftoff: Innovative Grid Deployment". Pg. 10

⁴ Carrying capacity of a conductor

⁵ Federal Energy Regulatory Commission. (2024). Docket No. RM24-6-000. "Implementation of Dynamic Line Ratings". Advance Notice of Proposed Rulemaking Section I. A. Transmission Line Rating Proceedings 3. Comments Supporting DLRs.

⁶ New Mexico Energy Conservation and Management Division (January 2025). [Electric Grid Modernization Update Discussion Draft](#). Dynamic Line Rating Examples, Pg. 46.

2. Siloed planning processes obscure benefits that would be otherwise derived in a holistic system planning process.

62-8-13 NMSA 1978 already authorizes utility applications for grid modernization projects (defined as improvements to existing distribution and transmission infrastructure). In addition to 62-17-10 NMSA 1978 which requires IRP filings, HB 93 would create an additional utility filing that effectively *separates* planning for generation, transmission, and distribution systems into three different processes. Yet, holistic grid planning provides the greatest opportunity for utilities to exploit linkages *among* these three different bulk power system components to maximize total system efficiency – and can thus also provide a place to plan for storage, a new component on the bulk power system. Consolidating the advanced grid technologies plan with the applications for grid modernization statute and requiring utilities to complete both plans before filing an IRP⁷ would better target utility efforts to minimize costs via advanced grid technologies. One solution would be to amend 62-8-13 NMSA 1978 in Section 1 of HB93 instead of creating a new section of Chapter 62, Article 9 NMSA 1978.

3. Incentive issues remain unaddressed, threatening the efficacy of this bill.

While HB 93 outlines methods for recovering costs associated with the deployment advanced grid technology, these methods do not address incentive issues that currently prevent utilities from taking full advantage of the efficiencies that GETs provide. To allow utilities to earn fair compensation from advanced grid technologies, legislators may wish to direct the PRC to allow utilities to earn the same rates of return on GETs as they currently earn on capital expenditure (capex) projects. Authorizing utilities and/or the PRC to propose mechanisms to address incentive issues in addition to cost recovery could improve the efficacy of HB 93 in facilitating utility buy-in for GETs adoption. One example of an incentive mechanism that has been proposed to facilitate GETs adoption at the federal level⁸ is “shared savings,” which returns a defined portion of GETs’ avoided cost benefits to infrastructure owners.

PERFORMANCE IMPLICATIONS

None directly for EMNRD

ADMINISTRATIVE IMPLICATIONS

None directly for EMNRD

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

As noted in Significant Issues, HB93 may duplicate some of what 62-8-13 NMSA 1978 intends to address related to the modernization of existing grid infrastructure.

HB93 should complement grid plans from 62-8-13 NMSA 1978 and IRPs from 62-17-10 NMSA 1978.

⁷ See NMPRC Docket 22-00089-UT for EMNRD’s comment on NMPRC’s draft grid modernization Rule regarding the requirement for grid plans.

⁸ See U.S. Senate Bill 3918: Advancing GETs Act of 2024 on “requiring the Federal Energy Regulatory Commission to establish a shared savings incentive to return a portion of the savings attributable to an investment in grid-enhancing technology to the developer of that grid-enhancing technology, and for other purposes.”

Additionally, Section 1 and Section 2 of HB93 create new sections of Chapter 62, Article 9 NMSA 1978, The Utility Franchise; however, the new sections would most fittingly be added to Chapter 62, Article 8, Duties and Restrictions Imposed Upon Public Utilities.

TECHNICAL ISSUES

Section 5 of HB93 amends 62-17-11 NMSA relating to distribution cooperative utilities, yet most of the defined advanced grid technologies impact transmission systems, which distribution cooperatives do not own or operate. Most distribution cooperatives in New Mexico are members of larger, interstate generation and transmission cooperatives that fall under federal regulatory jurisdiction.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Utilities will not be required to submit triannual advanced grid technology plans. Cost recovery associated with advanced grid technology plans would not be authorized. Utility IRPs will not be required to include advanced grid technologies. Ratepayers may not see their electricity bills drop.

AMENDMENTS