

LFC Requester: _____

AGENCY BILL ANALYSIS

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment _____
 Correction _____ Substitute _____

Date 1/28/2025
 Bill No: SB 142

Sponsor: Sen. George Muñoz and Rep. Meredith Dixon
Short Title: Grid Modernization Roadmap
Agency Name and Code Number: EMNRD 521
Person Writing Phone: _____
Email: Samantha Kao
Samantha.kao@emnrn.dnm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$100		Nonrecurring	Grid Modernization Grant Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

SB 48 Community Benefit Fund
SB 49 Community Benefit Fund Transfers

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

SB142 Section 1 amends Section 71-11-1 NMSA 1978 by:

- instructing the Energy, Minerals and Natural Resources Department (EMNRD) to consult with the NM Public Regulation Commission (PRC) in developing a grid modernization roadmap;
- adding school districts and charter schools to the list of eligible entities for the grid modernization grant program;
- adding “speed of deployment” of grid modernization projects to the list of considerations to be factored into EMNRD’s rules for awarding grants, and
- adding requirements that grid modernization projects give notice to the electric service provider when no electric service connection exists at the location of a proposed project.

The bill also adds and amends the definition of grid modernization to include net-zero carbon resources as an improvement to electric distribution or transmission infrastructure, and defines “net-zero carbon resources” as “an electricity generation resource that emits no carbon dioxide into the atmosphere, or that reduces methane emitted into the atmosphere in an amount equal to no less than one-tenth of the tons of carbon emitted into the atmosphere, as a result of electricity production.” Moreover as part of the list of included grid modernization improvements, this bill replaces subsection (k) which formerly read “other new technologies that may be developed regarding the electric grid” with, “construction of increased electric grid distribution capacity and transmission grid infrastructure, including substations and the purchase of high-capacity transmission lines, transformers and other electrical equipment; and enabling the application of artificial intelligence to identify methane leaks and opportunities to reduce or eliminate methane leaks.” Last, the bill adds to the list of grid modernization definitions: “(l) enabling the application of artificial intelligence to identify methane leaks and opportunities to reduce or eliminate methane leaks.”

FISCAL IMPLICATIONS

To carry out the provisions proposed in Section 1, SB 142 appropriates one hundred thousand dollars (\$100,000.00) from the grid modernization grant fund to the Energy, Minerals and Natural Resources department for expenditures in fiscal years 2025 and 2026.

SIGNIFICANT ISSUES

SB142 directs EMNRD to develop a statewide grid modernization roadmap in consultation with the PRC. This is a departure from prior statutory requirements that delegated sole responsibility for grid modernization roadmap development to EMNRD.

After the New Mexico Legislature’s passage of the Energy Grid Modernization Roadmap Act in

2020,¹ EMNRD convened the Grid Modernization Advisory Group (GMAG), which consisted of industry stakeholders, researchers, and consumer/environmental advocates, for eight workshops to develop the [2021 New Mexico Grid Modernization Roadmap](#).² The roadmap and associated working papers outlined key objectives to guide the state and utilities in formulating grid modernization policies and plans through 2030. These insights also provided a basis for research and analysis produced in EMNRD's [2021 baseline report on the state's electricity sector](#).³ The baseline report outlines the legal, economic, and physical status of New Mexico's electricity grid before modernization and serves as a benchmarking document for future comparison. Since that drafting, in recent years EMNRD has built on these two documents, producing a causal [ratepayer impact analysis](#) of potential smart meter/time-of-use pricing deployment at Public Service Company of New Mexico⁴ and [a 2025 assessment update on the baseline report](#) following PRC decisions in three investor-owned utility grid modernization dockets⁵.

SB142's revisions to the state grid modernization program would support a broader range of projects eligible for funding, including the purchase of traditional grid equipment (such as high voltage transmission lines, transformers, and substations). These broader range of projects would support electricity affordability even more, by reducing utility spending for necessary grid upgrades that facilitate actions aimed at alleviating energy burden (including distributed resource interconnection). Additionally, by extending program eligibility to net-zero carbon resources, this bill could support the development and deployment of carbon capture and storage capacity as well as biodigesters to harness methane emissions from dairy production for renewable natural gas generation.

However, without any statutory requirement, EMNRD already works closely with the PRC to solicit feedback on grid modernization matters and to gain new perspectives for the development of future assessments, research, and recommendations. EMNRD also leverages findings from the grid modernization roadmap and associated research to intervene in relevant utility dockets at the PRC. Here, it is unclear what problem this bill is trying to solve. SB142 would simply codify an already-close relationship between EMNRD and PRC on grid modernization matters. This may or may not benefit research and plans produced. Although SB142 appropriates funds between the PRC and EMNRD on a 2:1 basis, the current bill text stops short of delineating duties between two agencies. Moreover, it is unclear whether this revision mandates the two agencies start work on a *new* grid modernization roadmap or continue to collaborate on assessments that build off the *2021* roadmap spearheaded by EMNRD.

The definition of "net-zero carbon resources" as "an electricity generation resource that emits no carbon dioxide into the atmosphere, or that reduces methane emitted into the atmosphere in an amount equal to no less than one-tenth of the tons of carbon emitted into the atmosphere, as a result

¹ Energy Grid Modernization Roadmap Act of 2020 (71-11-1 NMSA 1978)

² New Mexico Energy Conservation and Management Division. (2021). [NEW MEXICO GRID MODERNIZATION ROADMAP](#).

³ New Mexico Energy Conservation and Management Division. (2021). [GRID MODERNIZATION BASELINE REPORT OF NEW MEXICO'S ELECTRICITY SECTOR](#).

⁴ New Mexico Energy Conservation and Management Division. (2024). [Advanced Metering Infrastructure: a comparison of like utilities \(Discussion Draft\)](#).

⁵ New Mexico Energy Conservation and Management Division. (2025). [Grid Modernization Update \(Discussion Draft\)](#).

of electricity production.” may be used to qualify most gas power plants using 90%+ carbon capture. Defining gas power generation as a “net-zero carbon resource” is in conflict with the existing definitions and intention within the 2019 Energy Transition Act to define gas power generation as an energy transition element, but not a “net-zero carbon resource,” which implies gas power generation be considered clean energy and at parity with renewable, true zero-carbon power generation. Under the ETA, **net-zero carbon** resources were **not** intended to include natural gas, even with carbon capture. The ETA categorizes natural gas as a **transition fuel**, meant to phase out over time.

Whereas the rest of the bill text refers to the *electrical* grid, subsection K incongruously adds “artificial intelligence technology to identify methane leaks” as an eligible project for the grid modernization grant program. This item is more pertinent to the *natural gas pipeline* grid, or oil and gas production, although leak detection compliance is most jurisdictionally proper for the New Mexico Environment Department.

ADMINISTRATIVE IMPLICATIONS

SB142 would require EMNRD to complete a rulemaking to update the current [17.9.588 NMAC](#) with the proposed statutory changes to the criteria, eligible entities and types of projects covered.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB48 and SB49 are companion bills that establish the Community Benefit Fund and transfer funds totaling \$100M to the Grid Modernization Grant Fund, respectively. EMNRD notes that, as of the time of this writing, that grid modernization grant fund is empty. Thus, SB48 and SB49, or a separate appropriation, are necessary to fund the vision outlined in SB142.

SB109 is related to SB142 in that SB109 explicitly categorizes PRC staff as part of an agency that is distinguished from, but also in service of, the appointed commission. While the bill language is not explicit here, EMNRD presumes – but requests clarification – that SB142 likely intends EMNRD to consult with the *agency* rather than the *commission*.

SB142 would support the interconnection of projects eligible for the Local Solar Access Fund proposed in HB128.

SB142 includes a reference to and definition for “net-zero carbon resources” (“an electricity generation resource that emits no carbon dioxide into the atmosphere, or that reduces methane emitted into the atmosphere in an amount equal to no less than one-tenth of the tons of carbon emitted into the atmosphere, as a result of electricity production”) that duplicates the definition of “zero carbon resource” (“an electricity generation resource that emits no carbon dioxide into the atmosphere, or that reduces methane emitted into the atmosphere in an amount equal to no less than one-tenth of the tons of carbon dioxide emitted into the atmosphere, as a result of electricity production”) in the Renewable Energy Act at Section 62-16-3 (K) NMSA 1978.

TECHNICAL ISSUES

If this bill is enacted, it will update the definition of “grid modernization” in Section 71-11-1 NMSA 1978, establishing a different definition of the same term in state law. [Section 62-8-13](#)

[NMSA 1978](#) covers grid modernization projects that can be approved by the Public Regulation Commission for cost recovery.

OTHER SUBSTANTIVE ISSUES

EMNRD currently leverages the 2021 grid modernization roadmap and associated documents for intervention in regulatory dockets before the PRC. It is unclear if requiring collaboration with PRC on future grid modernization plans and research would undermine EMNRD's status as an independent intervenor in such cases.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Not enacting this bill will leave the grid modernization program as it is currently being implemented.

AMENDMENTS