

HOUSE BILL 243

56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023

INTRODUCED BY

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AN ACT

RELATING TO ENERGY; REQUIRING ELECTRIC PUBLIC UTILITIES TO FILE
A GRID MODERNIZATION PLAN WITH THE PUBLIC REGULATION
COMMISSION.

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.--

A. A public utility may file an application with
the commission to approve grid modernization projects that are
needed by the utility, or upon request of the commission.
Applications may include requests for approval of investments
or incentives to facilitate grid modernization, rate designs or
programs that incorporate the use of technologies, equipment or
infrastructure associated with grid modernization and customer

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1 education and outreach programs that increase awareness of grid
2 modernization programs and of the benefits of grid
3 modernization. Applications shall include the utility's
4 estimate of costs for grid modernization projects and
5 demonstrate that the grid modernization projects are cost-
6 effective pursuant to a least-cost, best-fit analysis and
7 minimize the net present value of revenue requirements.

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

11 B. When considering applications for approval, the
12 commission shall review the reasonableness of a proposed grid
13 modernization project and as part of that review shall consider
14 whether the requested investments, incentives, programs and
15 expenditures are:

16 (1) reasonably expected to improve the public
17 utility's electrical system efficiency, reliability, resilience
18 and security; maintain reasonable operations, maintenance and
19 ratepayer costs; and meet energy demands through a flexible,
20 diversified and distributed energy portfolio, including energy
21 standards established in Section 62-16-4 NMSA 1978;

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

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

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

7 (5) reasonably expected to support increased
8 product and program offerings by utilities to their customers;
9 allow for private capital investments and skilled jobs in
10 related services; and provide customer protection, information
11 or education;

12 (6) transparent, incorporating public
13 reporting requirements to inform project design and commission
14 policy; [~~and~~]

15 (7) reasonably expected to be favorable
16 pursuant to a least-cost, best-fit analysis; and

17 [~~(7)~~] (8) otherwise consistent with the
18 state's grid modernization planning process and priorities.

19 C. Except as provided in Subsection D of this
20 section, a public utility that undertakes grid modernization
21 projects approved by the commission may recover its reasonable
22 costs through an approved tariff rider or in base rates, or by
23 a combination of the two. Costs that are no greater than the
24 amount approved by the commission for a utility grid
25 modernization project are presumed to be reasonable. A tariff

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1 rider proposed by a public utility to fund approved grid
2 modernization projects shall go into effect thirty days after
3 filing, unless suspended by the commission for a period not to
4 exceed one hundred eighty days. If the tariff rider is not
5 approved or suspended within thirty days after filing, it shall
6 be deemed approved as a matter of law. If the commission has
7 not acted to approve or disapprove the tariff rider by the end
8 of the suspension period, it shall be deemed approved as a
9 matter of law.

10 D. Costs for a grid modernization project that only
11 benefits customers of an electric distribution system shall not
12 be recovered from customers served at a level of one hundred
13 ten thousand volts or higher from an electric transmission
14 system in New Mexico.

15 E. The provisions of this section do not apply to a
16 distribution cooperative organized pursuant to the Rural
17 Electric Cooperative Act.

18 F. As used in this section:

19 (1) "grid modernization" means improvements to
20 electric distribution or transmission infrastructure through
21 investments in assets, technologies or services that are
22 designed to modernize the electrical system by enhancing
23 electric distribution or transmission grid reliability,
24 resilience, interconnection of distributed energy resources,
25 distribution system efficiency, grid security against cyber and

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1 physical threats, customer service or energy efficiency and
2 conservation and includes:

3 ~~[(1)]~~ (a) advanced metering
4 infrastructure and associated communications networks;

5 ~~[(2)]~~ (b) intelligent grid devices for
6 real time or near-real time system and asset information;

7 ~~[(3)]~~ (c) automated control systems for
8 electric transmission and distribution circuits and
9 substations;

10 ~~[(4)]~~ (d) high-speed, low-latency
11 communications networks for grid device data exchange and
12 remote and automated control of devices;

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

18 ~~[(6)]~~ (f) physical security measures at
19 critical distribution substations;

20 ~~[(7)]~~ (g) cybersecurity measures;

21 ~~[(8)]~~ (h) systems or technologies that
22 enhance or improve distribution system planning capabilities by
23 the public utility;

24 ~~[(9)]~~ (i) technologies to enable demand
25 response;

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

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

9 [~~(12)~~] (l) new customer information
10 platforms designed to provide improved customer access, greater
11 service options and expanded access to energy usage
12 information;

13 (2) "least-cost, best-fit analysis" means an
14 analysis that identifies the options that minimize the net
15 present value of revenue requirements associated with the
16 electric public utility's distribution system and compares the
17 total costs of investment alternatives over a defined period of
18 time, including capital, operations and maintenance costs; and

19 (3) "net present value of revenue
20 requirements" means the current worth of the total expected
21 future revenue requirements associated with a particular
22 resource portfolio, expressed in dollars in the year the
23 application is submitted as discounted by the appropriate
24 discount rate."

25 SECTION 2. A new section of Chapter 62, Article 8 NMSA

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1 1978 is enacted to read:

2 "[NEW MATERIAL] GRID MODERNIZATION PLAN.--By March 31,
3 2025 and every four years thereafter on or before March 31, an
4 electric public utility that is subject to the ratemaking
5 jurisdiction of the commission shall file a grid modernization
6 plan with the commission. The plan shall include:

7 A. an assessment of the electric public utility's
8 planned expenditures for operations, maintenance and proposed
9 projects and how the planned expenditures are consistent with
10 the state's roadmap for grid modernization;

11 B. a statistical analysis of system reliability for
12 the electric public utility's distribution in the utility's
13 service area that uses standard utility industry measures for
14 service reliability and includes the reporting of incidents of
15 transmission, substation and distribution outages but excludes
16 planned outages for maintenance;

17 C. the following statistics for the electric public
18 utility's operations:

19 (1) a system average interruption duration
20 index that measures the duration in minutes of outages that
21 were more than five minutes for each customer per year;

22 (2) a system average interruption frequency
23 index that measures the number of outages of a duration of more
24 than five minutes for each customer per year;

25 (3) a momentary average interruption frequency

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1 index that measures the number of outages of a duration of less
2 than five minutes for each customer per year; and

3 (4) a customer average interruption duration
4 index that measures the average outage duration for a customer
5 served by the utility;

6 D. the identification of the top ten percent of
7 worst performing circuits in the electric public utility's
8 service area, including the number of customers served by each
9 circuit and an analysis of the factors that contributed to any
10 circuit outages, such as weather events, aging infrastructure,
11 constraints on circuit capacity due to customer load growth or
12 other factors; and

13 E. the electric public utility's plan for any
14 investments or maintenance necessary to improve the performance
15 of the utility's worst performing circuits."