

1 HOUSE BILL 245

2 **55TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2021**

3 INTRODUCED BY

4 Georgene Louis

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10 AN ACT

11 RELATING TO PUBLIC UTILITIES; CLARIFYING THAT A GRID
12 MODERNIZATION PROJECT MAY INCLUDE DISTRIBUTION SYSTEM HARDENING
13 PROJECTS FOR SUBSTATIONS DESIGNED TO REDUCE SERVICE OUTAGES OR
14 SERVICE RESTORATION TIMES; DECLARING AN EMERGENCY.

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

17 SECTION 1. Section 62-8-13 NMSA 1978 (being Laws 2020,
18 Chapter 15, Section 3) is amended to read:

19 "62-8-13. APPLICATION FOR GRID MODERNIZATION PROJECTS.--

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

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1 infrastructure associated with grid modernization and customer
2 education and outreach programs that increase awareness of grid
3 modernization programs and of the benefits of grid
4 modernization. Applications shall include the utility's
5 estimate of costs for grid modernization projects.

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

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

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

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

24 (3) reasonably expected to increase access to
25 and use of clean and renewable energy, with consideration given

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1 for increasing access to low-income users and users in
2 underserved communities;

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

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

10 (6) transparent, incorporating public
11 reporting requirements to inform project design and commission
12 policy; and

13 (7) otherwise consistent with the state's grid
14 modernization planning process and priorities.

15 C. Except as provided in Subsection D of this
16 section, a public utility that undertakes grid modernization
17 projects approved by the commission may recover its reasonable
18 costs through an approved tariff rider or in base rates, or by
19 a combination of the two. Costs that are no greater than the
20 amount approved by the commission for a utility grid
21 modernization project are presumed to be reasonable. A tariff
22 rider proposed by a public utility to fund approved grid
23 modernization projects shall go into effect thirty days after
24 filing, unless suspended by the commission for a period not to
25 exceed one hundred eighty days. If the tariff rider is not

1 approved or suspended within thirty days after filing, it shall
2 be deemed approved as a matter of law. If the commission has
3 not acted to approve or disapprove the tariff rider by the end
4 of the suspension period, it shall be deemed approved as a
5 matter of law.

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

11 E. The provisions of this section do not apply to a
12 distribution cooperative organized pursuant to the Rural
13 Electric Cooperative Act.

14 F. As used in this section, "grid modernization"
15 means improvements to electric distribution or transmission
16 infrastructure through investments in assets, technologies or
17 services that are designed to modernize the electrical system
18 by enhancing electric distribution or transmission grid
19 reliability, resilience, interconnection of distributed energy
20 resources, distribution system efficiency, grid security
21 against cyber and physical threats, customer service or energy
22 efficiency and conservation and includes:

23 (1) advanced metering infrastructure and
24 associated communications networks;

25 (2) intelligent grid devices for real time or

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1 near-real time system and asset information;

2 (3) automated control systems for electric
3 transmission and distribution circuits and substations;

4 (4) high-speed, low-latency communications
5 networks for grid device data exchange and remote and automated
6 control of devices;

7 (5) distribution system hardening projects for
8 circuits [~~not including the conversion of overhead tap lines to~~
9 ~~underground service~~] and substations designed to reduce service
10 outages or service restoration times, but does not include the
11 conversion of overhead tap lines to underground service;

12 (6) physical security measures at critical
13 distribution substations;

14 (7) cybersecurity measures;

15 (8) systems or technologies that enhance or
16 improve distribution system planning capabilities by the public
17 utility;

18 (9) technologies to enable demand response;

19 (10) energy storage systems and microgrids
20 that support circuit-level grid stability, power quality,
21 reliability or resiliency or provide temporary backup energy
22 supply;

23 (11) infrastructure and equipment necessary to
24 support electric vehicle charging or the electrification of
25 community infrastructure or industrial production, processing,

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or transportation; and

(12) new customer information platforms designed to provide improved customer access, greater service options and expanded access to energy usage information."

SECTION 2. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.