

SENATE CONSERVATION COMMITTEE SUBSTITUTE FOR  
SENATE BILL 456

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

This document may incorporate amendments proposed by a committee, but not yet adopted, as well as amendments that have been adopted during the current legislative session. The document is a tool to show amendments in context and cannot be used for the purpose of adding amendments to legislation.

AN ACT

RELATING TO PUBLIC UTILITIES; REQUIRING ELECTRIC PUBLIC UTILITIES TO FILE A GRID MODERNIZATION PLAN WITH THE PUBLIC REGULATION COMMISSION; AUTHORIZING THE PUBLIC REGULATION COMMISSION TO MAKE RULES REGARDING GRID MODERNIZATION PLANS; CREATING AN ENERGY STORAGE DEVELOPMENT TARGET; REQUIRING ENERGY STORAGE PROCUREMENT AND DEPLOYMENT TO BE ADDRESSED AS PART OF RESOURCE PLANS.

.225740.2AIC      March 10, 2023 (5:01pm)

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

SECTION 1. A new section of Chapter 62, Article 8 NMSA 1978 is enacted to read:

"[NEW MATERIAL] GRID MODERNIZATION PLAN.--

A. Pursuant to the commission's rulemaking authority, a qualifying utility shall periodically file a grid modernization plan with the commission. A grid modernization plan shall address evaluation metrics as determined by the commission, which may include measures of cost-effectiveness and reliability of the distribution grid and how the plans are consistent with the state's roadmap for grid modernization.

B. By October 1, 2024, the commission shall promulgate rules to implement the provisions of this section.

C. The provisions of this section do not apply to a cooperative organized pursuant to the Rural Electric Cooperative Act.

D. As used in this section, "qualifying utility" means an investor-owned electric public utility certified by the commission to provide retail electric service in New Mexico pursuant to the Public Utility Act."

SECTION 2. A new section of the Public Utility Act is enacted to read:

"[NEW MATERIAL] ENERGY STORAGE DEPLOYMENT TARGET.--

A. New Mexico shall adopt a target for energy storage deployment brought to commercial operation after

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December 31, 2022 in New Mexico as follows:

(1) by December 31, 2028, one thousand megawatts of new energy storage capacity capable of cumulatively delivering more than STBTC→~~four thousand~~←STBTC STBTC→**three thousand five hundred**←STBTC megawatt-hours of electricity; and

(2) by December 31, 2033, an additional one thousand megawatts for a total of two thousand megawatts of new energy storage capacity capable of cumulatively delivering more than STBTC→~~eight~~←STBTC STBTC→**seven**←STBTC thousand megawatt-hours of electricity.

B. The megawatt and megawatt-hour targets specified in Subsection A of this section may be STBTC→~~increased~~←STBTC STBTC→**adjusted**←STBTC based on analysis conducted by the commission. The commission may also establish additional energy storage deployment targets.

C. The amount of energy storage capacity that an individual qualifying utility may be required to procure or deploy by the commission, as part of the statewide energy storage target set forth in Subsection A of this section, shall be determined by the commission.

D. The commission shall require qualifying utilities to incorporate the amount of energy storage capacity that an individual qualifying utility may be required to procure or deploy by the commission into integrated resource

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plans pursuant to the Efficient Use of Energy Act, grid modernization plans pursuant to Section 1 of this 2023 act or renewable energy plans pursuant to the Renewable Energy Act, as determined by the commission and starting with planning cycles commencing after July 1, 2023.

E. Each qualifying utility shall petition the commission for necessary approvals to construct or acquire the energy storage systems to achieve its required procurement or deployment of energy storage capacity. STBTC→A qualifying utility that undertakes energy storage system projects approved by the commission may recover its reasonable costs through an approved tariff rider or in base rates, or through a combination of both.←STBTC

F. Any type of energy storage system installed and operational in New Mexico after December 31, STBTC→2023←STBTC STBTC→2022←STBTC shall qualify toward the targets set forth in this section.

G. As used in this section:

(1) "deploy" or "deployment" means to bring an energy storage system to commercial operation or to establish a contractual right to use the energy from, or the capacity of, an energy storage system;

(2) "energy storage capacity" means the nameplate capacity of an energy storage system or systems, measured as the maximum rate or amount of energy that can be

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stored or delivered, in megawatts or kilowatts;

(3) "energy storage system" means commercially available technology that is capable of retaining energy, storing the energy for a period of time and delivering the energy after storage by chemical, thermal, mechanical or other means;

(4) "procure" or "procurement" means to acquire by ownership or by a contractual right to use the energy from, or the capacity of, an energy storage system; and

(5) "qualifying utility" means an investor-owned electric public utility certified by the commission to provide retail electric service in New Mexico pursuant to the Public Utility Act."

SECTION 3. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2023.

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