

TITLE 17 PUBLIC UTILITIES AND UTILITY SERVICES
CHAPTER 9 ELECTRICITY SERVICES
PART 588 GRID MODERNIZATION GRANT PROGRAM

17.9.588.1 ISSUING AGENCY: Energy, Minerals and Natural Resources Department.
[17.9.588.1 NMAC – N, 4/11/2023]

17.9.588.2 SCOPE: 17.9.588 NMAC applies to all eligible entities applying for a grant from the grid modernization grant program.
[17.9.588.2 NMAC – N, 4/11/2023]

17.9.588.3 STATUTORY AUTHORITY: 17.9.588 NMAC is authorized pursuant to Subsection B through E of Section 71-11-1, and Section 71-11-2 NMSA 1978.
[17.9.588.3 NMAC – N, 4/11/2023]

17.9.588.4 DURATION: Permanent.
[17.9.588.4 NMAC – N, 4/11/2023]

17.9.588.5 EFFECTIVE DATE: April 11, 2023, unless a later date is cited at the end of a section.
[17.9.588.5 NMAC – N, 4/11/2023]

17.9.588.6 OBJECTIVE: The objective is to establish requirements and procedures for applying for a grid modernization grant program grant.
[17.9.588.6 NMAC – N, 4/11/2023]

17.9.588.7 DEFINITIONS:

A. “Applicant” means one or more representatives of an eligible entity making an application for a grid modernization grant.

B. “Applicant category” means, for the purposes of evaluating applications an Indian nation, tribe or pueblo, a rural community served by a rural electric cooperative, a rural community served by an investor-owned public utility, an urban or semi-urban municipality or county, or an institution of higher education.

C. “Department” means the energy, minerals and natural resources department.

D. “Division” means the energy conservation and management division of the department.

E. “Fund” means the grid modernization grant fund established by the legislature in Section 71-11-2, NMSA 1978.

F. “Eligible entity” means an organization that may apply for a grid modernization grant and includes only the following: municipalities and county governments, state agencies, state universities, public schools, post-secondary educational institutions and Indian nations, tribes and pueblos.

G. “In-kind” means non-monetary contributions to a project made by an applicant and demonstrated in the applicant’s budget justification.

H. “Non-responsive” means an application that does not meet all the application requirements for the specific project type.

I. “Program” means the grid modernization grant program of the department established by Section 71-11-1, NMSA 1978.

J. “Project” means an activity defined by the applicant that supports the goals of grid modernization and falls within the three specified types.

[17.9.588.7 NMAC – N, 4/11/2023]

17.9.588.8 ELIGIBILITY: Grid modernization grants shall only be awarded to eligible entities for projects that occur within the state of New Mexico.

[17.9.588.8 NMAC – N, 4/11/2023]

17.9.588.9 PROJECT TYPES: Grid modernization projects may be one of three project types.

A. Type 1. Original research that advances the state’s understanding and appreciation of grid function, reliability, resilience, security and operation as it relates to the integration of renewable and zero-carbon

resources, including impacts on customer behavior, operations and maintenance costs or the value of specific grid technologies.

B. Type 2. Pre-construction and design work to support grid modernization construction/installation projects.

C. Type 3. Construction, installation, operation and verification of a grid modernization technology at a project site.

[17.9.588.9 NMAC – N, 4/11/2023]

17.9.588.10 APPLICATION SUBMISSION CYCLE: The division will request applications on an annual cycle that aligns with the state’s fiscal year if funds are available. The division may elect to review draft applications submitted voluntarily by March 1 and provide feedback within 30 days. Review is provided as a courtesy and does not guarantee a place in the funding queue. All final applications will be due by June 1 of every year the department requests applications to be considered for funding in the following fiscal year. Application packages will be accepted by e-mail or by mail.

[17.9.588.10 NMAC – N, 4/11/2023]

17.9.588.11 APPLICATION REQUIREMENTS FOR TYPE 1 PROJECTS: Applications for type 1 research projects made for grid modernization grant program funding shall describe a scope of work that includes:

- A.** the proposed research question and methodology;
- B.** a deliverables-based summary of the overall plan for the research; and
- C.** results of any previous or preliminary research or expected results.

[17.9.588.11 NMAC – N, 4/11/2023]

17.9.588.12 APPLICATION REQUIREMENTS FOR TYPE 2 PROJECTS: Applications for type 2 pre-construction design projects shall describe a scope of work that includes:

- A.** a deliverables-based summary of the plan for the design project, including proposed operational goals for the project;
- B.** the proposed site with maps, diagrams or images;
- C.** plans for achieving compliance with federal, state and local construction requirements; and
- D.** plan to obtaining funding to complete project construction and installation.

[17.9.588.12 NMAC – N, 4/11/2023]

17.9.588.13 APPLICATION REQUIREMENTS FOR TYPE 3 PROJECTS: Applications for type 3 construction projects shall describe a scope of work that includes

- A.** a deliverables-based summary of the plan for the grid modernization installation project;
- B.** a description of the grid modernization technology being deployed;
- C.** a completed engineering/design study; and
- D.** proof of compliance with applicable federal, state and local construction requirements.

[17.9.588.13 NMAC – N, 4/11/2023]

17.9.588.14 ADDITIONAL APPLICATION REQUIREMENTS FOR ALL PROJECTS:

A. Applicant contact information. Applicants shall include the name, title, telephone number and e-mail address for the person or persons authorized to negotiate a contract on applicant’s behalf in the application. Applicants shall also include the names, titles, telephone numbers and e-mail addresses of persons to be contacted for clarification related to the contents of an application.

B. Alignment with the state’s goals. Applicants shall describe in their application how the research will advance grid modernization in New Mexico by

(1) helping to improve electrical system efficiency, reliability, resilience and security; lowering operations and maintenance costs; and meeting energy demands through a flexible, diversified and distributed energy portfolio consistent with New Mexico’s energy goals;

(2) incorporating a new technology or a new or innovative application of an existing technology that will provide useful information to the state, utilities, and the general public related to grid modernization

(3) having broad applicability to the state or other utility service territories within New Mexico;

(4) fostering the public's, students', industry's or a specific government or industry sector's overall understanding and appreciation of grid modernization;

(5) demonstrating the ability to stimulate in-state economic development, including the creation of jobs and apprenticeships and

(6) the extent to which the project complements or coordinates with the resource planning of a public utility as required by the Public Utility Act, Section 62-13-1, NMSA 1978.

C. Utility support. Applicants shall include a letter of support from the utility or utilities providing service to the area(s) in which the project will take place. Applicants shall coordinate with the electric provider to ensure that the program does not adversely impact electrical system efficiency, reliability, resilience and security.

D. Ability to complete project. Applications shall include

(1) a deliverables-based budget showing how work will be compensated, including a list of non-program funding or in-kind resources, and how these resources will be applied to the project, if applicable;

(2) a deliverables-based timeline showing how the project will be completed, including major milestones; and

(3) resumes/curriculum vitae and other documentation showing that the applicants and designated sub-contractors are qualified to complete the project.

[17.9.588.14 NMAC – N, 4/11/2023]

17.9.588.15 APPLICATION EVALUATION CRITERIA: The department will score all applications based on the following criteria.

A. Application completeness. The department will review the entire application to see that it satisfies all application requirements for the specific project type. The department will deny and deem non-responsive an incomplete application without further review.

B. Capability to meet the scope of work described. The department will consider the project timeline, appropriateness of deliverables, qualifications of project team members including subcontractors and the ability to complete the project financially if the total budget exceeds the grant amount requested.

C. Alignment with state grid modernization goals. The department will consider the extent to which a proposed project will advance grid reliability, resilience, security and cost effectiveness, and enable a flexible, diversified and distributed energy portfolio, through the adoption of a new technology or innovative application of an existing technology.

D. Replicability and broader impact. For type 1 projects, the department will consider the extent to which research findings are broadly applicable to statewide grid modernization or energy distribution or diversification goals. For type 2 and 3 projects, the department will consider the extent to which the project will lead to widespread adoption of a grid modernization technology.

E. Economic impact. The department will consider the extent to which the project will stimulate in-state economic development, workforce development or further development of a commercial market for grid modernization technology services.

F. Educational value. The department will consider the extent to which the project will foster the public's, students' or the industry's overall understanding of a new technology or an innovative application of an existing technology and will provide useful information to the state, utilities, and the general public related to grid modernization.

G. Competitive awards.

(1) **Funding match.** The department will prioritize projects for which the applicant has committed non-state resources to the project, including in-kind contributions.

(2) **Priority applicant categories.** The department will seek to fund applicants in each of these categories in any given year to the extent there are available funds and project proposals:

(a) an Indian nation, tribe or pueblo;

(b) a rural community served by a rural electric cooperative;

(c) a rural community served by an investor-owned public utility;

(d) an urban or semi-urban municipality or county; and

(e) an institution of higher education.

H. Request relative to available funding. The department will consider available funding at the time of review.

[17.9.588.15 NMAC – N, 4/11/2023]

17.9.588.16 FUNDING QUEUE: After scoring the applications received for a given fiscal year based on the application criteria, the department will rank the applications from highest to lowest score in the funding queue. The department will then pursue agreements with the highest scoring applicants first until funding for the applicable fiscal year have been depleted.

[17.9.588.16 NMAC – N, 4/11/2023]

17.9.588.17 FUNDING SOURCES: The department may apply, at its sole discretion and subject to applicable requirements, a mix of federal and state funding to support grid modernization projects depending on available balances in the fund. The department will notify applicants of the funding source or sources applied to their projects and the associated reporting and compliance requirements.

[17.9.588.17 NMAC – N, 4/11/2023]

17.9.588.18 FUNDING USES AND LIMITATIONS:

A. Eligible project costs for reimbursement may include:

- (1) project development,
- (2) engineering design,
- (3) environmental and regulatory assessments,
- (4) equipment and supplies,
- (5) construction, and
- (6) inspection.

B. Ineligible project costs for reimbursement include:

- (1) water rights,
- (2) land easements,
- (3) right-of-way acquisition, and
- (4) legal fees.

[17.9.588.18 NMAC – N, 4/11/2023]

17.9.588.19 RECORD KEEPING AND REPORTING: Successful applicants receiving grid modernization grant funding shall submit progress and expenditure reports, including a final report, in accordance with the requirements of their respective agreement. The department reserves the right to structure reporting requirements on a project-specific basis.

[17.9.588.19 NMAC – N, 4/11/2023]

17.9.588.20 ENVIRONMENTAL AND CULTURAL RESOURCES COMPLIANCE FOR PROJECTS ANTICIPATING GROUND DISTURBANCE: Successful applicants receiving grid modernization grant funding shall provide a statement to demonstrate acknowledgement of compliance with all applicable federal, state and local environmental and cultural resources compliance laws.

[17.9.588.20 NMAC – N, 4/11/2023]

17.9.588.21 MAINTENANCE AND INSPECTION OF PUBLIC RECORDS ACT; CONFIDENTIAL INFORMATION: All information obtained regarding the project, including pre-applications, applications for funding and reports are subject to disclosure, in response to requests received under provisions of the Inspection of Public Records Act, Sections 14-2-1 to 14-2-12, NMSA 1978. Information that could reasonably be considered proprietary, privileged or confidential commercial or financial information must be identified as such. The department will maintain the confidentiality of that information only to the extent permitted by law.

[17.9.588.21 NMAC – N, 4/11/2023]

History of 17.9.588 NMAC: [RESERVED]