

New Mexico's gas system just changed hands. The capital plan is where the next decade gets decided.

One utility carries almost the entire state, it was just sold for more than a billion dollars, and it has to replace aging pipe, build winter storage, and hedge decarbonization at the same time — all in front of a newly appointed commission. Each of those pressures reshuffles the projects on the list. Invizion helps gas utilities re-sequence a capital portfolio in a click and defend every decision.

550,000+¹	\$1.25B²	12,000+ mi¹	\$180M³
Homes and businesses New Mexico Gas Company serves — the state's dominant natural gas distributor.	Enterprise value of NMGC's 2026 sale by Emera to Bernhard Capital Partners — new owner, same capital pressures.	Miles of NMGC distribution and transmission pipeline to inspect, maintain, and replace.	Proposed Rio Rancho LNG storage facility, ordered up after Winter Storm Uri — one line item competing for capital.

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THE NEW MEXICO LANDSCAPE

Four forces are moving your project list at once

None of these waits for your next budget cycle, and a change of ownership doesn't pause any of them. Together they mean the capital plan approved last year may already be the wrong plan.

SAFETY & SYSTEM INTEGRITY

Aging pipe, and a system you have to keep proving is safe

NMGC operates more than 12,000 miles of distribution and transmission pipeline across the state. Projects like the 2025 Rio Bravo replacement in Albuquerque — moving a main off a bridge and back underground — are the visible edge of a continuous integrity program.⁴

The PRC's Pipeline Safety Bureau inspects more than 48,000 miles of intrastate pipeline against federal standards,⁵ and its federal 60105 program reaches private and municipal distribution, master-meter, and LPG systems alike.⁶ Every replacement mile competes for the same capital and the same crews.

DECARBONIZATION & ELECTRIFICATION

A growing customer base, inside a decarbonizing state

New Mexico's residential gas customers rose to about 619,000 in 2024, up from roughly 606,000 in 2020⁷ — a still-growing base, unlike the gas systems retrenching in some coastal states. But New Mexico is a national clean-energy leader, and building-electrification and emissions pressure put long-horizon throughput and stranded-asset risk squarely on the table.

NMGC has hedged with a hydrogen-blending pilot begun in 2021 — up to 5% hydrogen by volume, targeting as much as a 10% cut in greenhouse-gas intensity.⁸ Which of those long bets earns capital, and when, is a portfolio question, not a one-off.

SUPPLY, PRICE & RELIABILITY

Abundant gas, volatile bills, brutal cold snaps

New Mexico sits on the San Juan and Permian basins and produced about 3.6 trillion cubic feet of natural gas in 2024, among the largest of any state.⁹ Supply is not the worry; delivery on the coldest design day is.

Winter Storm Uri drove February 2021 gas costs to extraordinary levels, and residential prices still peaked near \$12.51 per thousand cubic feet in 2022 before easing.¹⁰ In response the PRC directed NMGC to pursue storage; the utility's answer is a \$180 million, 1-Bcf LNG facility in Rio Rancho targeted for late 2026.³

CAPITAL RECOVERY & REGULATION

Every dollar goes in front of an appointed commission

New Mexico's Public Regulation Commission is now a three-member body appointed by the governor and screened by a nominating committee, a very different forum from the elected commission it replaced.⁵

In NMGC's most recent rate case the utility asked for roughly \$49 million and the PRC approved about \$30 million, lifting the average residential bill about 7.1% effective October 2024.¹¹ With the utility freshly sold for about \$1.25 billion,² affordability and the return earned on new capital will be scrutinized closely.

WHO RUNS NEW MEXICO'S GAS

A one-company market, and a short list around it

New Mexico's gas distribution is overwhelmingly investor-owned and PRC-regulated, dominated by New Mexico Gas Company. Municipal and master-meter systems exist, but they are small and few.

Investor-owned LDCs

Rates & capital recovery set by the PRC

New Mexico Gas Company	550,000+ customers · 12,000+ miles · statewide
Zia Natural Gas Company	PRC-regulated LDC serving southern New Mexico
Raton Natural Gas Company	Small PRC-regulated LDC in the Raton area

NMGC is the dominant distributor; its 2024 rate case alone moved roughly \$30 million of annual revenue.

Municipal, master-meter & tribal systems

Small and few — New Mexico has no large city-owned gas utility

Municipal & master-meter systems	Small local gas systems fall under the PRC Pipeline Safety Bureau's federal 60105 inspection program.
Tribal & pueblo communities	Generally served through NMGC or by propane / direct supply rather than a dedicated LDC.
Propane-served rural areas	Many off-network New Mexicans heat with propane, outside any piped-gas rate base.

Unlike many states, New Mexico's gas sector is almost entirely investor-owned and PRC-regulated, which concentrates capital-planning pressure on one balance sheet.

Every capital dollar has to be defensible

New owner, same regulator. The question in front of the commission is unchanged: why this project, why now, why at this cost?

New Mexico Public Regulation Commission (PRC)— now a three-member commission appointed by the governor (Aguilera, Nibert, O’Connell) and screened by a nominating committee, setting gas rates and capital recovery.⁵

2024 rate case — NMGC requested roughly \$49 million; the PRC approved about \$30 million, raising the average residential bill about 7.1% effective October 1, 2024.¹¹

Ownership change — NMGC entered Emera’s portfolio through the July 2016 TECO Energy acquisition¹³ and was sold to Bernhard Capital Partners in an approximately \$1.25 billion deal that closed in August 2026.²

Pipeline safety — the PRC’s Pipeline Safety Bureau inspects more than 48,000 miles of intrastate pipelines⁵ and administers the federal 60105 program across gas distribution, master-meter, and LPG systems.⁶

Little federal gas money — recovery runs through rates

New Mexico’s gas capital is recovered mainly through base rates and case-by-case cost recovery, not a standing federal grant pipeline. That puts a premium on sequencing and on the record behind every dollar.

Base-rate recovery — NMGC’s primary path. Its 2024 case converted infrastructure and billing-system investment into roughly \$30 million of new annual revenue.¹¹

Rio Rancho LNG storage (~\$180M) — recovered only after it enters service, through a future rate case — a large, deferred capital commitment against winter reliability.³

Ongoing main replacement — projects such as the 2025 Rio Bravo relocation are folded into rate base as part of continuous system-integrity spending.⁴

Decarbonization R&D — NMGC’s hydrogen-blending pilot was funded from parent Emera’s research budget rather than from customer rates.⁸

NEW MEXICO'S GAS, IN BRIEF

Questions New Mexico gas leaders are asking

Short, sourced answers — the same facts we work through with utilities looking at their capital programs.

Who provides natural gas in New Mexico?

New Mexico Gas Company is the dominant distributor, serving more than 550,000 customers over 12,000-plus miles of pipeline statewide. Two much smaller PRC-regulated LDCs, Zia Natural Gas and Raton Natural Gas, round out the market.¹²

Who owns New Mexico Gas Company now?

Bernhard Capital Partners, which closed its roughly \$1.25 billion purchase from Emera in August 2020.²¹ NMGC had been in Emera's portfolio since Emera acquired TECO Energy in July 2016.¹³

How much are New Mexico gas rates rising?

In NMGC's most recent rate case the utility requested about \$49 million and the PRC approved roughly \$30 million, raising the average residential bill about 7.1% effective October 1, 2024.¹¹

What happened during Winter Storm Uri, and what's being done?

The February 2021 event drove gas costs to extraordinary levels, and residential prices still peaked near \$12.51 per thousand cubic feet in 2021.¹⁰ The PRC directed NMGC toward storage, and the utility has proposed a \$180 million, 1-Bcf LNG facility in Rio Rancho targeted for late 2026.⁸

Is New Mexico electrifying buildings away from gas?

Not yet in the aggregate — the residential gas base was still growing, reaching about 619,000 customers in 2024.⁷ But New Mexico's clean-energy leadership keeps electrification and emissions pressure on the horizon, and NMGC is piloting hydrogen blending as a hedge.⁸

How does Invizion help New Mexico gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how a winter-storage build, a main-replacement acceleration, a new owner's return target, or a decarbonization pilot reshuffles your whole project list, re-sequence the portfolio automatically, and keep a defensible record of every trade-off for the PRC.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

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