New Mexico Climate Action Plan

Draft Emission Reduction Measures

Electricity Sector

Transmission & Generation:

- Deploy 6 GW of transmission capacity by 2030 to connect new renewable energy sources to New Mexicans and the Permian Basin.
- Promote the development of at least 10 GW of total renewable generation and at least 6 GW of energy storage, displacing fossil fuel energy in New Mexico and regional markets.
- Develop permitting processes that de-risk development to attract private investment. Support transmission projects that increase the resiliency of intrastate distribution systems. Facilitate outreach activities and technical support in communities with anti-transmission ordinances.

Demand Response:

- Incorporate the integration of distributed energy resources and distribution system updates in state and PRC energy planning. Unlock compensation for energy storage as a grid resource. Support efforts to enable distributed energy storage as a grid resource. Support efforts to enable distributed energy resource microgrids to be compensated for providing grid services, such as peak demand reduction or demand response.
- Incentivize behind-the-meter and smart-grid technologies. Use grants, revolving funds, and community awareness activities to deploy these technologies, focusing on LIDACs electrifying their energy consumption with smart technologies, allowing them to become prosumers.
- Setting goals via performance incentive mechanisms—i.e., the PRC would work with stakeholders to design a goal for distributed energy resource interconnection (like shorter timelines, MWs installed per month) where the utility can earn a bonus or malus depending on its compliance.

Grid Modernization:

- The state will support the development of a comprehensive plan to integrate advanced conductors and other grid-enhancing technologies on existing and new transmission routes

to expand transmission capacity and reduce the risk of failure. The state will prioritize the following elements: Understanding future transmission needs, evaluating the role of advanced conductors and other grid-enhancing technologies, establishing grid-enhancing technology standards, and requiring utilities to report hosting capacity maps to the PRC.

- Work with the PRC and utilities to establish virtual power plant programs. These can be modeled after existing programs like the Massachusetts Clean Peak Standard. Provide energy storage tax credits for consumers. Unlock compensation for energy storage as a grid resource.

Mine & Brownfield Incentive:

- Incentivize the implementation of clean energy hubs in former mine lands and brownfields. This includes offering grants and revolving funds to deploy renewable energy and address environmental justice concerns around the site. This can be achieved by developing project agreements that guarantee economic benefits, ensure accountability, and address environmental justice concerns.

Tribal Energy Sovereignty:

- Support Tribal energy sovereignty through Tribal clean energy grants. This measure supports continued funding for federally recognized Tribal governments and contracted service providers to promote energy sovereignty, advance resiliency, and contribute to New Mexico's climate, energy, and environmental justice goals. This may include projects that modernize the electric grid, promote innovation in renewable energy deployment, enhance community resilience, and support the siting and permitting of clean energy projects

Enhanced Geothermal:

- Incentivize enhanced geothermal through offering grants and revolving funds, amending renewable energy certificate accounting, investing in R&D to improve enhanced geothermal tech, and working with LIDAC and Tribal communities to develop projects that lower the energy burden and create workforce and economic development opportunities.

Zero- and One-Percent Loans:

- Scale zero- and one-percent interest loans to educational agencies, municipalities, and Tribal Nations for clean energy generation, energy storage, zero-emission vehicle infrastructure, and energy efficiency upgrades. This measure aims to ensure that loan repayments do not exceed the utility bill savings generated by these measures, thereby maintaining budget neutrality for applicants.

Microgrid

- Enable renewable generation and battery storage-fed microgrids for rural communities and Tribes through grants and tax credits.

Long Duration Energy Storage Pilot:

- Launch a pilot program to evaluate emerging long-duration energy storage technologies capable of providing storage for 10+ hours, suitable for New Mexico's climate and energy landscape. Technologies under consideration may include gravity-based storage, molten rock thermal storage, and hydrogen, among others. The pilot will consider site-specific factors, nominal duration, average round-trip efficiency, capacity, lifecycle emissions, cost, and community impacts.

Distributed Wind and Storage Tax Credit:

- Funding for distributed wind generation, offering incentives for wind projects with battery storage that yield enhanced community benefits. Incentives will vary in size based on the total installed capacity of the generation and storage systems.