



Energy Conservation and Management Newsletter

Winter | December, 2022

Tax credits

For energy efficient products:
In 2021 the state legislature passed the Sustainable Building Tax Credit (SBTC), which will allow taxpayers to apply for tax credits when they build or renovate using energy efficient materials or products. The Energy Conservation and Management Division (ECMD) is currently working on the application process for construction projects, but we are ready to receive applications for tax credits for [energy efficient products](#). These include heat pumps, windows and doors, insulation, water heaters, and electrical upgrades for electric vehicle (EV) charging. For more information, please visit the [SBTC page](#).

For solar panels:
The legislature also made some changes to the Solar Market Development Tax Credit (SMDTC), increasing the total amount available to \$12 million each year and making it a rebate. This means that everyone can get up to 10% of the cost of their solar panels back- even people who don't owe taxes! This rebate covers both parts and labor for the system. If you are thinking about installing a system, you can learn more about the rules and requirements for securing a tax credit on our [SMDTC page](#). If you already installed a system this year, we highly recommend you apply for your credit now, instead of waiting until tax season. For information about how many tax credit eligible systems have been installed since 2020 and the remaining balance for credits in tax year 2022, check out [this dashboard!](#)

Free building code classes

We have partnered with several New Mexico community colleges to offer free classes for construction industry professionals to review all aspects of the 2018 New Mexico Energy Conservation Code. This program is supported by a grant from the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy. ECMD is offering these classes because the statewide codes for both residential and commercial buildings were updated in 2020. These classes cover the new code and other energy conservation topics and are offered both online and in person. Read more about our [Sustainable Education for Advanced Buildings \(SEAB\) program here](#).

Geothermal news

Construction of the deepest well, of any kind, continues at the Lightning Dock Geothermal Facility in Hidalgo County. The well, which was permitted by ECMD earlier this year under the Geothermal Resources Development Act rules, is planned to reach a maximum depth of 23,000 ft. where the geothermally heated rock temperature is estimated to exceed 700 degrees Fahrenheit. After 90 days of drilling the rig has reached 16,000 ft. and is continuing into the hot unknown of the geothermal resource, providing valuable geologic information and paving the way for a new form of geothermal energy production that differs from tradition. The well was designed and funded by the Canadian firm Eavor. See their website for [more information on the project and photos from the drilling site](#).

New federal legislation

The infrastructure bill (Infrastructure and Investment Jobs Act, or IIJA) and the Inflation Reduction Act (IRA) have several provisions related to green energy. The federal government is still working on many of these details, and they are the best source for information. Currently, you can find information about programs related to manufacturing solar panels, wind turbines, and batteries, carbon capture, orphan well remediation, improving the electrical grid, and many others at the [Department of Energy website](#).

One of the immediate benefits for consumers is that the federal government extended the federal tax credit for solar panels. Installations made between 2022 through 2032 may be eligible for a tax credit worth 30% of the total cost of the system. Please see this [page for details](#). Many New Mexicans qualify for both federal and state incentives, which can significantly reduce the overall cost of solar power systems.

As we develop state-level programs related to the IIJA and IRA, we will post information to our website. ECMD, also known as the New Mexico State Energy Office, has or will be submitting applications for the following IIJA formula funding opportunities:

1. [Energy Efficiency Revolving Loan Fund](#) (IIJA section 40502)

New Mexico is eligible for up to \$5.4 million to be used for loans for energy efficiency projects. ECMD is looking to design and implement this program with the New Mexico Finance Authority. Applications are due in 2023 and the funding is expected to be disbursed to state energy offices in summer 2023.

2. [Energy Efficiency and Conservation Block Grants](#) (EECBG, IIJA section 40552)

Through the EECBG, New Mexico will be eligible for funding (amount TBD) for a large variety of energy efficiency improvements, including municipal projects, building code improvements, and renewable energy generation. We expect to receive more information from the Department of Energy about this program before the end of 2022.

3. [State Energy Program](#) (IIJA section 40109)

ECMD is expected to receive \$4.3 million for spending over 5 years in additional funds on top of the annual State Energy Program allocation. Funding will be used to expand our programs as well as hire additional term staff. Our application was submitted on December 3, 2022, and funding will be disbursed to the state in spring 2023.

4. [Grid Resilience Formula Funding for States and Tribes](#) (IIJA section 40101 (d))

New Mexico is expected to receive \$36 million over 5 years to update and modernize the grid in the face of extreme weather exacerbated by climate change, as we continue to transition to 100 percent carbon-free resources. Our initial application was submitted in October 2022. ECMD is now awaiting a requested state match commitment by the Legislature.

Grid Modernization

ECMD's Grid Modernization Grant Program supports pilot projects that facilitate the adoption of renewable resources on the grid and increase grid reliability, grid security, demand response capability, customer service or energy efficiency or conservation. In 2022, the program completed its first round of funding and issued an award to the City of Albuquerque for a [Balanced Resource Acquisition and Information Network \(BRAIN\)](#) data center and computer platform. The BRAIN's primary benefits to the grid currently are capturing energy usage data and enabling real-time demand response. By activating the BRAIN, the city can gain real-time insight and control over energy consumption and asset performance. ECMD is currently funding an engineering study to gauge the feasibility of a microgrid at Northern New Mexico College's El Rito campus. The microgrid would give the historic college campus and the community more reliable and resilient electricity service.

Updates

There are a few new faces at ECMD! Check out our updated [org chart here](#).

If you have any comments or questions about these programs, please [contact us here](#), or send us an email at emnrd.ecmd@emnrd.nm.gov. We will also request official comments on our website for some of these programs throughout the year as we get closer to implementing them.

Energy security plan

Earlier in the year, ECMD updated the New Mexico State [Energy Security Plan](#) to guide the state's response to a disruption in energy supply. This plan includes specific agency roles during an energy emergency (like a widespread power outage), a detailed list of energy assets (including power plants), and a summary of energy infrastructure (like power lines) and interdependencies. ECMD will update this plan with additional details by September 2023, engaging stakeholders throughout the process.

Climate action

ECMD received a [Building Resilient Infrastructure and Communities](#) (BRIC) grant for coordinating climate adaptation and resilience initiatives. The Federal Emergency Management Agency's (FEMA) BRIC grant program, through the NM Department of Homeland Security and Emergency Management, gives states, local communities, tribes, and territories funding to address future risks from natural disasters. In fiscal year 2022, the Energy, Minerals, and Natural Resources Department received about \$400,000 to coordinate state agencies in the development of a plan to prioritize climate change in operations, pursuant to Governor Michelle Lujan Grisham's Executive Order on Climate Change and Waste Prevention (EO 2019-003). The funding will also support a similar effort to increase climate literacy and technical capacity for developing climate action plans by local and tribal governments. Under the BRIC Climate Partnerships sub-grant scope of work, in addition to training stakeholders in local and tribal governments we will reach out to community-based organizations, academia, and industry to identify vulnerabilities, risks, and mitigation options related to natural hazards likely to be exacerbated by projected climatic shifts. The remainder of the funding will be used to update the [New Mexico Climate Risk Map](#).