

NEW MEXICO COMPREHENSIVE ENERGY TRANSITION STRATEGY

Executive Summary

New Mexico's priorities for the coming decades share a common foundation: a well-run electricity system. Affordable power, compliance with the Energy Transition Act's (ETA) clean electricity standards, and a more competitive, diverse economy all depend on it. From May 2025 through August 2026, EMNRD worked with New Mexicans statewide to develop this strategy. It began with dozens of Phase 1 stakeholder interviews and continued through Phase 2 with seven public forums in Hobbs, Farmington, Española, Sunland Park, Albuquerque, Santa Fe, and Gallup. Participants described the grid as "infrastructure's infrastructure"—the system on which nearly every other service depends, a view that came through consistently across the forums.

The state enters this next phase with a strong energy policy foundation. The ETA established ambitious clean electricity standards. Renewable sources now produce about half of the state's electricity, and 88% of oil and gas operators met their annual gas-capture targets under the Methane Waste Rule, which requires operators to capture at least 98% of the natural gas produced from their wells by December 31, 2026. Natural gas production also reached record levels. New Mexico's Renewable Energy Transmission Authority (RETA) has helped bring major transmission projects, including SunZia and Western Spirit, into operation. In May 2026, New Mexico received the country's only "A" grade from Vote Solar and the Interstate Renewable Energy Council for rules governing how smaller energy resources, such as rooftop solar and battery systems, connect to the grid. These policies are producing measurable results, including record renewable generation and high gas-capture performance across most operators. This strategy builds on that broad foundation, focusing on the electricity system, the part of the state's energy economy with a legislatively mandated zero-carbon target.

New Mexico has an opportunity to turn these accomplishments into practical benefits: lower energy bills, a more reliable grid, and lasting economic growth. Electrifying transportation, buildings, and industry is central to the state's emissions goals, but it will increase electricity demand. Aging infrastructure needs replacement, while economic development is raising demand. In the Permian Basin, electricity use is projected to roughly quadruple by 2032, from 4.2 gigawatts to more than 17 gigawatts. The immediate challenge is the grid's ability to carry and deliver that power. In parts of the region, new energy projects can wait more than four years to connect to the grid, while local power lines and substations near their limits. New Mexico must expand the system and use it more efficiently—by encouraging people and businesses to reduce or shift electricity use, easing strain on the grid, and getting the most value from new and existing infrastructure. Done well, these investments can create lasting economic benefits for the state.

Building ahead of demand costs less than building afterward. An economic analysis of New Mexico's Comprehensive Energy Transition Strategy (CETS) estimates that carrying out New Mexico's Climate Action Plan could produce up to roughly $24 billion in new economic growth across the state's economy. Electricity-related measures account for the largest share, driven mainly by new transmission, renewable energy, and geothermal development. Because higher energy bills fall hardest on households that already spend a large share of their income on energy, affordability must shape both the resources New Mexico pursues and how it pays for them.

An Implementation Strategy — Not a New Direction

LEVER 1 Build and Modernize the Grid to Deliver Clean Power

Coordinate planning, permitting, and investment so the grid meets growing demand reliably, affordably, and safely.

Permitting Coordination: The Legislature should establish a New Mexico Clean Energy Development Coordinating Office in the Governor's Office to coordinate clean energy permitting across agencies and jurisdictions, starting with transmission.

Large-Load Rules: The New Mexico Public Regulation Commission (NMPRC) should establish standardized rules for connecting large new electricity users, protecting existing customers while using flexible demand to improve grid use and fund upgrades.

Grid Modernization: The Legislature should fund technical assistance for rural electric cooperatives and direct the NMPRC to require integrated system planning and modernize utility rules, so utilities are rewarded for reliable, affordable service and efficient use of the grid, including wildfire mitigation and resilience, not just for building more.

LEVER 2 Ensure Adequate Electricity Supply

Ensure enough clean, reliable electricity to meet rising demand as clean electricity deadlines approach.

Geothermal: The Legislature should remove three statutory barriers to commercial-scale next-generation geothermal: clarifying long-term reservoir management, updating the temperature threshold, and resolving ownership of subsurface heat.

Self-Supply: The Legislature should apply clean electricity requirements to large self-supply and microgrid configurations serving new load, so all large new demand counts toward the state's goals regardless of source.

Reliability and Continuity: NMPRC should strengthen planning for multi-day reliability risks to inform the roles of dispatchable clean power, storage, and resources that bridge supply gaps. The Legislature should confirm that clean energy standards continue beyond their 2045 and 2050 deadlines.

LEVER 3 Manage Electricity Demand and Improve Efficiency

Reduce demand pressures and energy costs through efficiency and flexible electricity use.

Virtual Power Plants: The Legislature should reintroduce a Virtual Power Plant Act directing the NMPRC to build a framework for utilities to use virtual power plants, with access for low-income households at its center. By aggregating home batteries, water heaters, and thermostats, grid operators can meet peak demand at a net cost 40 to 60% below new gas or utility-scale batteries.

On-Bill Financing: The NMPRC should authorize on-bill financing under its existing authority, so households without savings or credit can pay for upgrades through their utility bills, with the energy savings offsetting the costs.

Access for Renters: The Legislature should enhance the Sustainable Building Tax Credit for low-income rental housing and create a one-stop shop for low-income weatherization, efficiency, and electrification.

LEVER 4 Support the Workforce for New Mexico's Energy Transition

Connect New Mexicans to the training, information, and career pathways the energy transition will require.

Workforce Access: EMNRD, with the Department of Workforce Solutions, should build a centralized database of training programs with wage and placement outcomes, and the Higher Education Department should expand mobile and in-region training through Tribal governance structures and community institutions.

Journeyworker Mentorship: The Economic Development Department should authorize an incentive for experienced journeyworkers to mentor apprentices, modeled on the program that built New Mexico's permanent film crew. More qualified supervisors would let the state train more apprentices.

Community Benefits: The Legislature should create a voluntary pathway in which developers who commit to defined community benefits receive faster state review with clear deadlines, giving host communities a real role in nearby projects.

LEVER 5 Expand New Mexico's Energy Data Infrastructure

Build the shared data, governance, and reporting system needed for better energy planning and accountability.

Governance and Funding: The Legislature should establish EMNRD's energy data website, Data for the Energy Transition, Economy, Climate, and Technologies (DETECT) in statute, designate EMNRD as statutory steward and a state university as technical host, and provide a dedicated, non-reverting fund and adequate staffing.

Capacity Reporting: The NMPRC should require utilities to report grid-utilization and capacity metrics on a recurring, standardized basis, using tiered access that supports planning while protecting sensitive operational and location data.

Progress Reporting: The Legislature should require EMNRD to publish a biennial CETS progress report using DETECT metrics, including outcomes by geography, income, and community type.

Delivering the Strategy

Two conditions determine whether the agenda produces results. First, the capacity to deliver: every part of the agenda requires staffed institutions and sustained funding, including the coordinating office, rulemakings, workforce delivery, and the DETECT platform. That support is most durable when it is included in the policies themselves. Second, maximizing each public dollar: coordinating state appropriations, dedicated funds, federal grants, and private capital, and positioning projects to draw down federal money, extends the reach of every state dollar and reserves public funding for investments that cannot proceed without it.

Delivery requires partnership with the state's 23 federally recognized Tribes, Pueblos, and Nations; rural cooperatives and municipal utilities; Sandia and Los Alamos National laboratories; the state's universities; and private developers whose project pipelines set the pace of progress.

New Mexico has the laws, institutions, resources, and data tools to meet its commitments. The work now is to deliver. That will require leadership from the Legislature, the Governor's Office, and state agencies; investment from industry; and ongoing engagement from the New Mexicans this strategy is designed to serve. By acting together, the state can turn the foundation it has built into affordable power, a stronger grid, and lasting economic growth.