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Energy, Minerals and Natural Resources Department

New Mexico Comprehensive Energy Transition Strategy

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT – NOVEMBER 2026

EFI FOUNDATION

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Table of Contents

Contributors i

Letter From The Secretary ii

Executive Summary iii

Introduction 1

Strategic Levers 18

Lever 1: Build & Modernize the Grid to Deliver Clean Power 20

Lever 2: Ensure Adequate Electricity Supply 32

Lever 3: Manage Electricity Demand and Improve Efficiency 43

Lever 4: Support the Workforce for New Mexico's Energy Transition 58

Lever 5: Expand New Mexico's Energy Data Infrastructure: The DETECT Platform 74

Conclusion: Executing the Transition Already Underway 91

Appendix 1: Summary of Opportunities 92

List of Acronyms 95

Sources 97



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New Mexico Indian Affairs Department | New Mexico Higher Education Department | New Mexico Public Regulation Commission | New Mexico Economic Development Department | New Mexico Department of Transportation | New Mexico State Land Office | New Mexico Environment Department | New Mexico Renewable Energy Transmission Authority | New Mexico Department of Agriculture | New Mexico Department of Workforce Solutions

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Letter from the Secretary

I am proud to present New Mexico's first Comprehensive Energy Transition Strategy, a significant achievement made possible through the leadership of Governor Michelle Lujan Grisham, and the support of so many New Mexicans who contributed their expertise, ideas, and time to this effort. I extend my sincere gratitude to the Legislature for providing the resources necessary to undertake this important work, and to the many state agencies, researchers, local leaders, Tribal representatives, industry stakeholders, community organizations, and residents who helped shape this strategy. Together, we have created something truly unique: a comprehensive roadmap for delivering reliable, affordable, safe, and sustainable energy that reflects the needs, values, and aspirations of communities across our state.

New Mexico has positioned itself as a national energy leader through its policies, its legislation, and its output. Through this strategy, we are once again showing the nation what is possible when bold vision is paired with collaboration and practical problem-solving. From Hobbs to Farmington, Española to Sunland Park, Albuquerque to Gallup, and here in Santa Fe, hundreds of participants came together through public policy forums to examine the opportunities and challenges presented by our state's energy future. The result is a forward-thinking strategy that recognizes that reliability, economic development, affordability, workforce opportunity, and emissions reductions are not competing priorities. They are mutually reinforcing goals that position New Mexico to remain an energy leader while building a stronger, more resilient future for generations to come.

This report is not the end of the conversation – it is the beginning of the next chapter. The recommendations contained here provide a menu of options for future legislative action, agency initiatives, public-private partnerships, and continued collaboration across sectors. By building on the momentum created through this process and advancing these carefully developed recommendations, we can continue to lead the nation in shaping a policy future that is proactively taking on the challenges of a rapidly changing energy landscape. This strategy lays out a path forward, and together, New Mexicans can continue to set the standard for energy innovation and leadership for decades to come.



E. Taylor

Erin Taylor
Acting Secretary
New Mexico Energy, Minerals and Natural Resources Department



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.



Introduction

Delivering on New Mexico's Clean Electricity Commitment

New Mexico's policymakers, regulators, and investors are making bold decisions that position the state as a national leader in energy and climate policy. The Energy Transition Act (ETA) of 2019 strengthened New Mexico's clean electricity standards by requiring 50% of retail electricity sales to come from qualifying renewable energy by 2030. For investor-owned utilities (IOUs), the standard increases to 80% of retail sales by 2040, followed by a requirement for zero-carbon resources to supply 100% of retail sales by 2045. Rural electric cooperatives are subject to a similar zero-carbon target for 2050.[1] In 2025, New Mexico's IOUs collectively retired enough renewable energy certificates (RECs) to account for approximately 50%–54% of their combined retail electricity sales.[2] Separately, as of 2024, approximately half of New Mexico's in-state electricity generation came from renewable sources, with wind representing the largest share[a,3]—though transmission constraints and limited storage capacity mean that not all of that generation reaches end users. Still, these figures show that New Mexico's clean electricity policies are producing measurable results.

The state has also advanced meaningful emissions regulation and reduction in the oil and gas sector. The Methane Waste Rule (19.15.27 and 19.15.28 NMAC) requires operators to reduce the annual volume of vented and flared natural gas in order to capture no less than 98% of natural gas produced from its wells. By 2025, 88% of operators had already reached that threshold, even as operators produced record volumes of oil and gas.[4] These outcomes have positioned New Mexico as a national model for balancing emissions reduction with continued energy production.

Transmission development has advanced through the New Mexico Renewable Energy Transmission Authority (RETA), which has supported major projects including SunZia and Western Spirit, unlocking gigawatts of renewable capacity and strengthening New Mexico's role in the Western Interconnection, one of North America's three primary power grids.[b] The state exports its surplus electricity generation to neighboring markets[5], where its high-capacity-factor wind resources play an important balancing role for solar-heavy systems in other states.

[a] The share of New Mexico's electricity generation derived from renewable resources should not be interpreted as equivalent to the share of electricity consumed in New Mexico or credited toward utility compliance obligations. According to the EIA, New Mexico generated approximately 50% more electricity than it consumed in 2023, with net exports representing roughly one-third of total generation. As a result, a substantial portion of renewable generation serves out-of-state customers, and generation statistics do not directly reflect progress toward in-state retail electricity requirements under the Energy Transition Act. Sources: U.S. Energy Information Administration, New Mexico State Profile and Energy Estimates (2024); New Mexico Public Regulation Commission, 2024 Report to the Legislature on the Renewable Portfolio Standard.

[b] The Western Interconnection is one of two major power grid networks in the contiguous United States, connecting utilities across more than a dozen western states and stretching from Canada to northern Mexico. This regional grid allows electricity to flow across state lines, enabling utilities to buy, sell, and share power to meet demand across a vast geographic area.

New Mexico's rules for connecting distributed energy to the grid now rank first in the nation. In May 2026, the Interstate Renewable Energy Council and Vote Solar awarded New Mexico the only "A" grade in the country for its statewide rules governing the interconnection of distributed energy resource (DER) up to 10 megawatts in capacity. These rules, codified in 17.9.568 NMAC, primarily govern distribution-connected generation resources, such as rooftop solar.[6] The New Mexico Public Regulation Commission's (NMPRC) procedures earned national recognition for clear standards governing how energy storage connects to the grid, public reporting on interconnection queue data, and adoption of the modern technical requirements for safely connecting distributed solar and storage to the distribution system.

Recent legislative action has reinforced the state's commitment to clean firm resources.[c] In 2025 and 2026, New Mexico's annual budget bill (HB 2) appropriated $10 million each year to the Geothermal Projects Development Fund to advance geothermal projects and expand state-level investment in the sector.[7,8] The New Mexico State Investment Council (SIC), which manages approximately $67 billion across the state's permanent funds,[9] has channeled a portion of that capital into ventures targeting clean energy and advanced manufacturing within the State of New Mexico through its Strategic Venture Capital Program. Executive Order 2026-023, establishing New Mexico's Energy Affordability and Grid Reliability Council, further reinforced this direction, linking decarbonization to long-term economic diversification and job growth.[10]

The results of these combined efforts are measurable. Since the ETA's passage in 2019, wind generation has more than doubled,[11] solar capacity has grown nearly fivefold from roughly 900 MW to nearly 4,300 MW,[12] and renewables' combined share of in-state generation has risen from roughly 25%[13] to approximately 50% in 2025. Methane intensity in New Mexico's portions of the Permian has fallen to less than half that of neighboring Texas, even as oil and gas production more than doubled.[14] This rapid build-out has led to new transmission infrastructure, and the state's policy stability has drawn sustained interest from developers and investors as a result.

[c] Clean firm resources are "dispatchable, low-emission electricity generation sources that do not rely on the weather". https://www.catf.us/resource/clean-firm-electricity-technologies-why-what-how/



The Case for Action

Few states are better positioned to meet the next era of U.S. energy demand than New Mexico. Across the country, rising electricity demand, aging infrastructure, and a shifting federal landscape pose new challenges for state energy policy and planning—and New Mexico brings the scale, resources, and policy track record to lead. The state is the nation's second-largest oil producer and third-largest natural gas producer, is a substantial net exporter of surplus electricity, and hosts wind resources that help balance electricity systems across the Western Interconnection. At the same time, New Mexico has adopted some of the nation's most ambitious clean electricity targets, methane regulations, and policies designed to align emissions reductions with continued energy production and economic growth.

New Mexico's leadership reflects a commitment to continuous improvement. In New Mexico, "energy transition" is defined by the need to simultaneously support the state's existing energy industries, meet statutory targets, account for growing electricity demand, maintain affordability and reliability, reduce emissions, expand economic opportunity, and ensure the transition is just and equitable for all New Mexicans. Achieving those objectives will require investment across the energy system—including emissions reductions, electricity infrastructure, clean energy technologies, transportation, and energy efficiency.

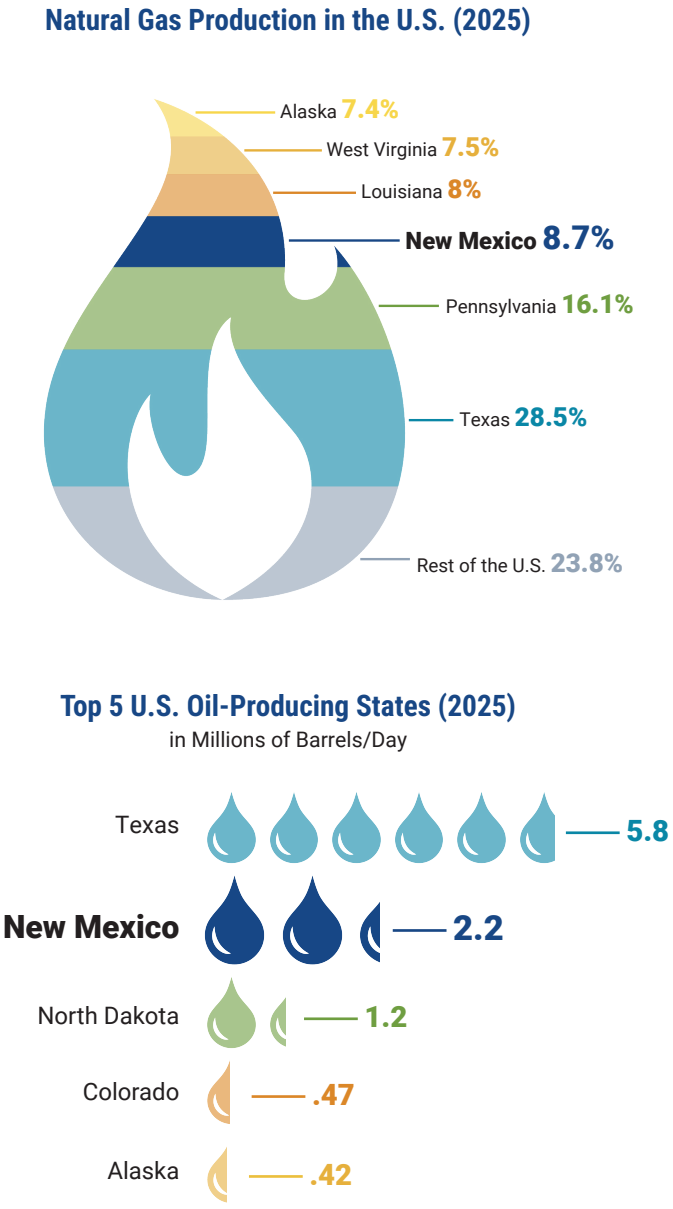


Figure 1: Top natural gas producing states as a percentage of total national production (2025), Figure 2: Top U.S. oil producing states (2025), Source: www.eia.gov

Despite real progress, the state faces material pressures that demand further action. Electricity demand is rising sharply. Electrification of oil and gas operations, transportation, buildings, and emerging industrial loads is creating load growth that is already outpacing available infrastructure. In the New Mexico portion of the Delaware Basin (a part of the Permian Basin), demand is expected to increase from roughly 816 MW in 2022 to 3.1 gigawatts (GW) by 2040. Indeed, the largest increases in oil and gas electricity demand are expected in this region.[15] Demand in the Permian Basin as a whole is projected to increase from approximately 4.2 GW in 2022 to more than 17 GW by 2032, a roughly fourfold increase within a decade.[16]

Meeting demand reliably with wind, solar, and today's short-duration batteries alone would be challenging. These resources can meet many grid needs, but multi-day periods of low generation, seasonal variation, and extended demand peaks remain difficult to cover. In addition, modeling suggests that meeting the state's clean energy and reliability goals with only wind, solar, and short-duration batteries would require more generation and transmission infrastructure—and could cost customers more—than using a diverse mix of low-carbon resources.[17] Advances in long-duration and seasonal storage could reduce these constraints and merit state support. In parallel, grid planning should maintain a diverse portfolio that can provide electricity whenever and for as long as it is needed, including next-generation geothermal, long-duration storage, advanced nuclear, and carbon management.[d]

Transmission capacity has emerged as a binding constraint. Interconnection timelines in parts of the region now exceed four years,[18] and distribution systems across much of the state are approaching operational limits, creating barriers for both large-scale resources and behind-the-meter technologies. New Mexico's ability to attract energy-intensive industries, electrify buildings and transportation, and expand economic opportunity depends on the availability of reliable, scalable, and affordable electricity. Without it, the state risks missing a narrow but significant opportunity to capture investment associated with the broader energy transition, especially as more commercial customers seek low-carbon energy supply.

The economic consequences of delay compound over time.[19] Reactive investment builds infrastructure only after constraints emerge and is often more expensive than proactive planning.[20] Approaches that pair emissions reductions with infrastructure investment, local supply chain development, workforce alignment, and technology deployment are more likely to strengthen long-term economic development while maintaining progress toward the state's climate goals.[21] Economic modeling conducted for this strategy found that projected economic impacts vary depending on policy design, implementation timing, and the extent to which New Mexico captures supply-chain and workforce benefits.

While electricity infrastructure is a central focus of this strategy, the energy transition extends beyond generation and transmission. Energy efficiency, building performance, clean transportation, and industrial decarbonization all play important roles in lowering emissions, improving reliability, and expanding economic opportunity. Many of the lowest-cost opportunities to meet future energy needs come from reducing demand through efficiency improvements and deploying technologies that use energy more productively. Likewise, transportation and building investments can improve household affordability while supporting broader state climate and economic development goals. New Mexico's CETS addresses the electricity system—from grid infrastructure and clean firm resources to workforce and data—as the foundation for a broader transition that will ultimately require progress in buildings, transportation, and industry as well.



[d] Carbon management refers to the strategies and practices used to reduce, capture, and store carbon dioxide and other greenhouse gas emissions, spanning source reduction, carbon capture and storage, and the enhancement of natural carbon sinks.

The Cost of Inaction

The economic analysis prepared by New Mexico State University (NMSU) as part of CETS concludes that the cost of inaction is not only avoiding investment in New Mexico's electricity system but losing the opportunity to direct investments that will be required regardless. Generation resources, transmission infrastructure, substations, and other grid assets will require replacement and/or modernization as they age, and electricity demand continues to grow. Modernization can include technologies that allow existing assets to be used more efficiently, potentially deferring some near-term upgrades. The analysis further notes that delaying infrastructure modernization can increase future adjustment costs while reducing the state's flexibility to respond to changing technologies, electricity demand, and market conditions.

The NMSU report also concludes that proactive investment in the electricity system creates significant economic opportunity. Investments in transmission expansion, renewable generation, energy storage, geothermal energy, and grid modernization can attract private capital, leverage federal funding, stimulate technological innovation, and solidify New Mexico as a regional energy leader. At the same time, delaying modernization leaves the electric system more vulnerable to rising electricity demand, extreme heat, wildfire, and other climate-related stresses that place increasing pressure on reliability and infrastructure resilience.

These conclusions are reflected in the report's quantitative findings. Among all sectors evaluated, electricity generation measures produced the largest projected economic benefits, contributing approximately $11.6 billion in net GDP growth under the primary implementation scenario and $12.7 billion under the report's recommended implementation approach. Across all sectors, projected net economic growth increased from $3.5 billion to $24 billion with the implementation of New Mexico's Climate Action Plan, which emphasizes infrastructure investment, stronger in-state supply chains, and policies designed to reduce economic leakage. The analysis identifies transmission expansion, renewable generation, energy storage, and geothermal development as the principal drivers of these long-term economic gains, underscoring that the benefits of New Mexico's electricity transition depend not only on what infrastructure is built, but on how effectively it is planned and implemented.





From Commitment to Delivery

Over the past decade, New Mexico has enacted one of the nation's most ambitious and comprehensive energy policy agendas. These policies have driven meaningful progress but have not yet been fully integrated into a single, coordinated system capable of delivering the state's renewable-energy and zero-carbon electricity commitment at the required scale and pace.

This strategy offers a path toward coordinated implementation. While primarily focused on translating existing commitments into action, it also identifies targeted areas where updated or new policy goals may be warranted, particularly where conditions have shifted since those original commitments were made. Surging load growth, rising affordability pressures, and a changing federal policy environment require that implementation be adaptive.

The actions identified here are calibrated to what is achievable. Some can be initiated immediately through existing agency and regulatory authorities, including those of the NMPRC, while others are appropriate for the 2027 legislative session or require broader interagency coordination. Together, they are designed to provide a durable implementation agenda that can be taken up by the next administration on day one and sustained over time. The ETA has already laid the groundwork to define what a clean, secure, affordable, and equitable energy future could look like for New Mexico. The task now is to organize, prioritize, and sequence the actions required to deliver it.

Resourcing the Transition

Successful implementation of the actions described in this strategy requires adequate staffing, sustained operational funding, institutional support, and coordination across agencies, utilities, and local governments. Ambitious policy targets that outpace agency capacity tend to produce delays that erode momentum and increase costs, or implementation that is technically compliant but substantively inadequate. Where this strategy calls for new programs, expanded permitting activity, or accelerated project review, the associated resourcing requirements should be understood as part of the policy itself, not as a separate budget question to be resolved later.

What This Strategy Covers, and What It Does Not

Although CETS was initially conceived to examine New Mexico's energy system broadly, analysis throughout this strategy's development consistently pointed to the electricity sector as the lead system through which the state's transition will ultimately be delivered. Electrification is one of the primary pathways for reducing emissions across transportation, buildings, and industry. This electricity-focused scope reflects three considerations.



First, it is anchored in the state's clearest statutory mandate. The ETA establishes a binding requirement for IOUs to achieve a carbon-free electricity system by 2045, with enforceable interim targets demonstrated through the retirement of renewable energy certificates matched to retail electricity sales. Rural electric cooperatives are subject to a comparable zero-carbon standard by 2050, contingent on the target remaining technically feasible and achievable without compromising affordability or reliability. Both IOUs and rural cooperatives may seek exceptions to their respective requirements on affordability or reliability grounds. No other part of New Mexico's energy system is governed by a comparable, legislatively mandated zero-carbon requirement.



Second, it is designed to be additive to rather than duplicative of parallel efforts already underway, including the Water Data Act (NMSA 1978, §§ 72-4B-1 through 72-4B-4) and integrated water platform; the 2019 Executive Order that directed state agencies to develop a climate strategy; New Mexico Environment Department (NMED) and EMNRD's subsequent Climate Action Plan; NMED's Clean Transportation Fuel Program (NMSA 1978, § 74-1-18; 20.2.92 NMAC); and the Governor's Energy Affordability and Grid Reliability Council.[22,23,24,25]



Third, it aligns with stakeholder feedback to the CETS team where New Mexicans consistently pointed to electricity infrastructure, system reliability, lack of resources and expertise and implementation capacity as the most immediate constraints on progress.

The suggestions throughout this strategy report take New Mexico's existing statutory commitments under the ETA as given and are framed as ways to strengthen compliance pathways and improve the state's position relative to those goals. This strategy focuses on how New Mexico can make the most effective use of its existing authority, funding, and institutional capacity in pursuit of the commitments the Legislature has already made.

Within that scope, this strategy addresses:

- **Transmission and distribution infrastructure**
- **Electricity generation, including renewable and clean firm resources**
- **Demand-side management and improved efficiency**
- **Workforce development**
- **The data needs required to deliver**

Several related areas fall outside this report's primary focus. Oil and gas sector operations are addressed only where electrification of field operations creates new electricity demand, as emissions reduction in that sector is already governed through the Methane Waste Rule, the Ozone Precursor Rule (20.2.50 NMAC), and other programs led by EMNRD and NMED. Critical minerals and supply chains are being advanced through separate state and federal economic development strategies. Carbon management outside the power sector and statewide climate planning across sectors are each being addressed through dedicated agency-led processes, including NMED's ongoing rulemakings. Water policy is guided by the Water Data Act and the New Mexico 50-Year Water Action Plan, though water is treated throughout this report as a cross-cutting constraint. This report is designed to complement rather than duplicate these efforts.

Tribal Acknowledgment

New Mexico's energy transition will take place on lands that are home to sovereign Nations, Pueblos and Tribes, including the 23 federally recognized Tribes within the state. These sovereign governments are not only rights holders but central participants in the state's energy system, holding significant renewable and subsurface resources, occupying lands critical to transmission corridors, and representing regions where infrastructure investment and energy access remain uneven.

This report recognizes the enduring presence and sovereignty of these Nations, Pueblos and Tribes, and acknowledges the history of extractive development on their lands. Energy production, including uranium mining, oil and gas development, and other resource extraction, has in many cases delivered limited long-term economic benefit while leaving lasting environmental and public health impacts.

A successful, just, and equitable transition will require sustained, government-to-government engagement that reflects the sovereignty and decision-making authority of each Nation, Pueblo, and Tribe, and ensures that energy development aligns with their priorities. This strategy is grounded in the principle that New Mexico's energy future must be built in partnership with Nations, Pueblos and Tribes as co-developers of the policies, investments, and systems that will define the next generation of the state's energy economy.

How This Strategy Was Developed

This strategy was built through a phased process, beginning with rigorous technical and policy analysis in Phase 1, deepening through direct engagement with communities across New Mexico in Phase 2, and culminating in the synthesis of that analysis and input into this unified strategy during Phase 3.

PHASE 1 Technical and Policy Analysis

CETS began with a rigorous assessment of New Mexico's energy policy landscape and the structural conditions shaping its energy future. Launched by EMNRD in May 2025 with work led by New Mexico Institute of Mining and Technology (NM Tech), Phase 1 brought together more than 30 stakeholders from the outset, including legislators, state officials, industry and trade associations, Tribal members, and research institutions, to set priorities and surface the questions that technical analysis would need to answer.

Alongside NM Tech, the EFI Foundation and the Climate Equity Foundation conducted three interrelated research activities: dozens of semi-structured interviews with state agencies, legislators, industry representatives, advocacy groups and non-profits, labor organizations, Tribal members, and community groups; a statewide survey that received more than 60 responses from across government, industry, nonprofits, and research institutions; and a review of 14 statutes, regulations, and policy reports central to New Mexico's energy transition.

Together, these methods produced a detailed picture of where policy frameworks are strong, where they fall short, and where implementation barriers are most acute. The analysis was organized around nine system-level areas. Key findings, which Phases 2 and 3 analyses have further developed, are summarized below.

Phase 1 Survey Respondents

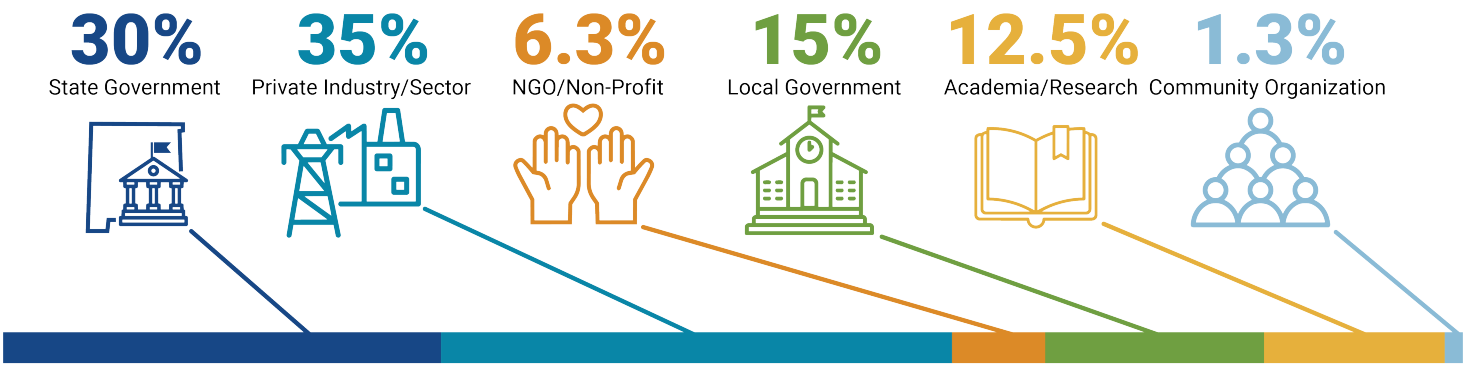


Figure 3: Phase 1 Survey Respondents breakdown

Clean Firm Electricity Supply

New Mexico's path to a reliable, carbon-free system depends on developing dispatchable, zero-carbon resources, including next-generation geothermal, advanced nuclear, and carbon capture, to complement wind and solar. Equally important is the role of long-duration energy storage in enhancing the dispatchability of otherwise intermittent renewables, enabling excess generation to be captured and discharged when the grid needs it most. The state benefits from a strong resource base, with continued opportunity to address cost, regulatory clarity, and policy alignment to support deployment at scale.

Grid Infrastructure and Modernization

The state's grid is evolving in response to load growth, electrification, and the integration of variable resources. Building on recent modernization initiatives and regulatory reforms, there is an opportunity to further align planning approaches, update infrastructure, and ensure regulatory tools fully support a more dynamic, two-way system.

Energy Delivery Expansion

Transmission development and upgrading New Mexico's distribution systems will play a central role in supporting both in-state reliability and regional energy markets. With strong institutional foundations such as RETA, continued progress will depend on streamlining permitting, improving coordination across jurisdictions, and providing greater visibility into future capacity needs to support investment and economic development.

Workforce and Economic Opportunity

The state's energy transition presents an opportunity to strengthen the state's workforce, particularly by leveraging existing oil and gas skillsets. Expanding the connection between training programs and employment outcomes can help ensure these opportunities translate into sustained economic benefits for communities.

Revenue Diversification and Economic Resilience

New Mexico's transition creates an opportunity to build a more diversified economic base. Strengthening policy frameworks to capture emerging revenue streams and support long-term fiscal stability is a near-term priority.

Policy Implementation and Institutional Capacity

New Mexico has established an ambitious policy framework for its energy transition, and continued progress will depend on ensuring agencies have the tools, staffing, budget, and clarity needed for effective implementation. Strengthening coordination, modernizing systems, and clarifying roles can help translate policy goals into consistent, on-the-ground outcomes.

Energy Systems Data and Emissions Reporting

The state has made progress in developing energy and emissions data, with opportunities to further integrate and standardize these systems across agencies to support more effective planning, decision-making, and progress tracking. Collecting state-level data where agencies currently rely on national-level data is another opportunity to support New Mexico's energy transition.

Subsurface Resources and Regulatory Clarity

New Mexico's subsurface resources, including geothermal, carbon storage, and geologic hydrogen, represent substantial clean energy potential. Continued progress will depend on refining statutory definitions, clarifying regulatory authority, and providing greater certainty to support investment.

End-Use Energy Demand

Reducing energy use in residences and buildings remains a key pathway for lowering emissions and managing system costs. Building on existing programs, there is an opportunity to strengthen program design, expand access, and enhance performance verification, particularly for renters and underserved communities.



PHASE 2 Statewide Engagement

While Phase 1 provided the analytical frame for the strategy, Phase 2 filled it with the knowledge, experience, and priorities of New Mexicans across the state. Between January and April 2026, a team led by NMSU's Arrowhead Center and its College of Engineering convened seven public policy forums in communities reflecting the state's geographic and economic diversity and where local expertise and lived experience were essential to developing workable solutions. Each forum focused on a topic framed by subject matter experts followed by open dialogue to answer priority questions and surface other issues. Workforce concerns were threaded through every forum in recognition of their cross-cutting nature.

The forums were held in Hobbs (Regional Reliable Energy Delivery and Emissions Reduction), Farmington (Grid Resilience and Buildout), Española (Rural and Tribal Land Electrification), Sunland Park (The Future of Transportation), Albuquerque (Energy Efficiency and Incentives), Gallup (Geothermal Energy Through Innovation), and Santa Fe (Critical Data Needed for the Energy Transition).

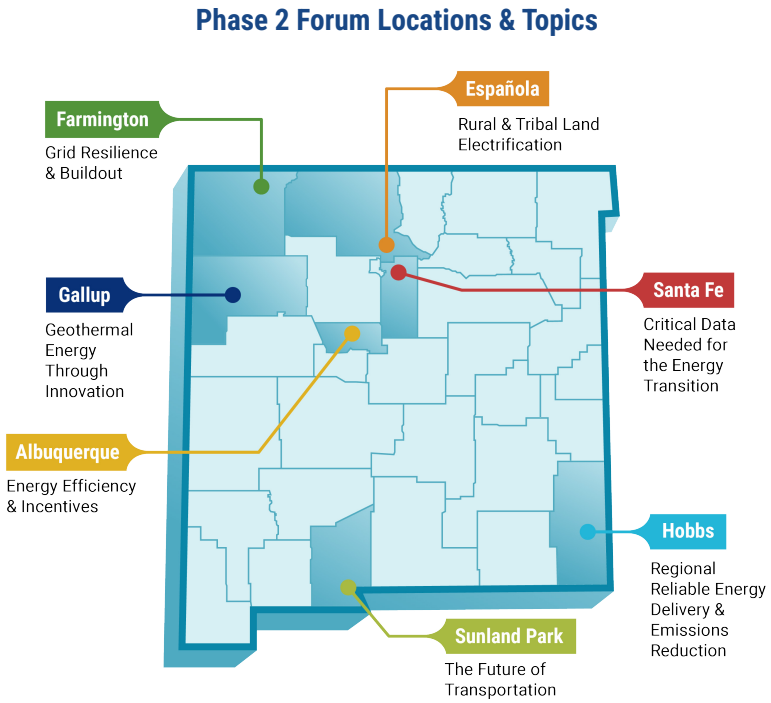


Figure 4: Phase 2 public policy forums locations

Participants reflected the breadth of stakeholders the strategy needs to reach, including industry representatives, developers, electric cooperatives, IOUs, municipal utilities, Nations, Pueblos, and Tribes, local elected officials, state agency staff, community organizations, non-profit organizations, researchers, and university faculty. Pre- and post-event surveys supplemented the in-room discussion, and summary reports from each session were shared publicly.[26]

The engagement captured the lived experience of system constraints and the political and social conditions within which any policy must operate, a function that technical analysis alone cannot perform. For example, a program designed around the regulatory structure of an investor-owned utility serving Albuquerque may be a poor fit for Gallup, a community served by a municipally owned electric utility operating under a fundamentally different governance model. A workforce training pathway that makes sense for an oil and gas engineer in Hobbs may not apply to a rural electric cooperative lineworker in Española. The forums brought these distinctions into the analysis and ensured that the opportunities for action in this strategy are grounded in the realities of communities across New Mexico.

Several consistent themes emerged from the Phase 2 engagement. Reliability and affordability surfaced at virtually every forum, with participants emphasizing that the transition cannot succeed if it compromises either, particularly for rural and Tribal households already facing high energy burdens. Infrastructure constraints were a recurring concern, with participants pointing to limited transmission and distribution capacity as a barrier to both economic development and new project deployment. Workforce transition also remained a priority across the state. Stakeholders called for clearer pathways linking training programs to actual jobs. Finally, participants consistently noted that fragmented and difficult-to-access data continues to constrain effective planning and decision-making.

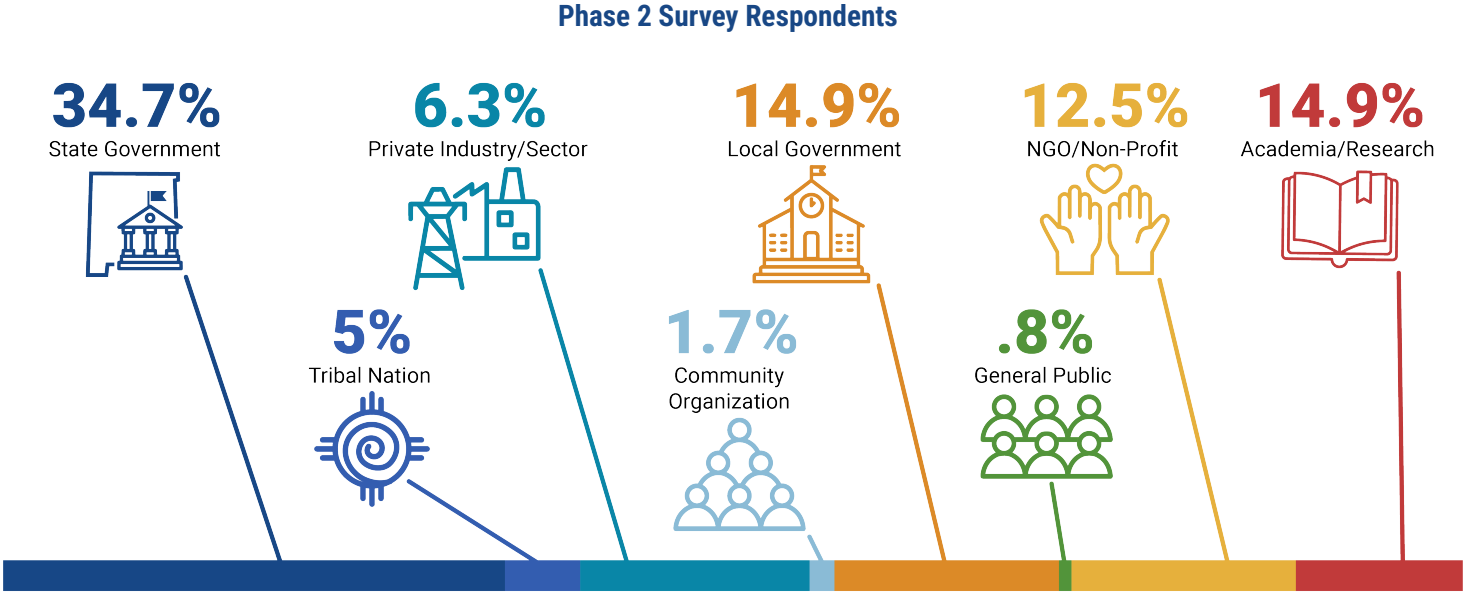


Figure 5: Phase 2 Survey Respondents

CETS Phase 1: Technical & Policy Analysis

Targeted Surveys and Interviews

Critical issues pertaining to the state's energy policy landscape were surfaced through surveys and interviews with state agencies, legislators, industry representatives, research institutions, advocacy groups and non-profits, labor organizations, Tribal members, and community groups.

Technical Analysis and Baseline Reports

Statutes, regulations, and policy reports were reviewed to deliver nine baseline reports on issues central to New Mexico's energy transition.

CETS Phase 2: Statewide Engagement

Public Policy Forum

Seven public policy forums were held in diverse communities around the state, which included expert presentations and facilitated dialogue with stakeholders drawn from very broad lists of invitees to drive at concrete, policy-based solutions. High-level educational material on each forum's topic were provided publicly to tee up important issues and topics for discussion. Reports on each forum, including solutions surfaced and resources discussed, were shared publicly.

Surveys

Pre- and post-forum surveys were provided to all forum attendees and invitees with results reflected in each forum's report. These provided additional insight and guidance on solutions to key questions raised in the forums.

Advisory Committee

Representatives from ten state agencies participated in monthly Advisory Committee meetings from January 2026 to June 2026 to add insight and context to the development of the CETS project from their agency's unique viewpoint. Advisory Committee members also attended forums.

CETS Phase 3: Strategic Report Development

Analysis of Phases 1 & 2

All qualitative and quantitative data from Phases 1 & 2 were synthesized into the final strategy.

Advisory Committee

Drafts of the strategy were shared with the ten partner agencies to solicit feedback on the development of long-lasting solutions. Agency participation was key in aligning each agency's mandates, vision, and authorities into a comprehensive plan for New Mexico's energy future.

Figure 6: Description of Phases 1, 2, and 3 development strategy and assessments for CETS

Role of Data and the Data for the Energy Transition, Economy, Climate, and Technologies (DETECT) System

Running alongside the policy analysis and public engagement has been a sustained effort to build the data foundation New Mexico needs to plan, implement, and evaluate its energy transition. This work was carried out by NM Tech's DETECT team and evolved in parallel with Phases 1 and 2 of CETS.

PHASE 1

In Phase 1, the DETECT team conducted an assessment of New Mexico's energy- and emissions-related data landscape, cataloging available datasets across agencies and evaluating their quality, coverage, and accessibility. The resulting Data Management Strategy report documented the extent to which critical information on energy production, consumption, infrastructure, and emissions remains fragmented across state and federal sources. Existing data systems were found to be distributed across multiple agencies with overlapping jurisdictions, inconsistent definitions, and different reporting formats.

PHASE 2

In Phase 2, the work shifted from assessment to initial implementation. The DETECT team developed a prototype platform using existing public datasets, demonstrating how disparate sources could be integrated into a single, accessible system.[27] Drawing on precedents such as New Mexico's Water Data Act, the team also defined the governance structure required to sustain such a platform, emphasizing that a centralized data system requires clear institutional ownership, interagency coordination, and durable governance mechanisms to ensure data quality and continuity. Forum participants reinforced this priority, pointing to data limitations as a barrier to effective decision-making. Across the first two phases, DETECT moved from cataloging the problem to building a prototype solution. The next step is giving it a legal home and the governance structure to sustain it—that work begins in Lever 5.

Cross-Cutting Considerations

The opportunities for action in this report are organized around a set of strategic levers, discrete areas where policy action can accelerate New Mexico's energy transition. Several considerations, however, do not fit neatly within any single lever. They cut across all of them, shaping what is feasible, what is equitable, and what will work in the context of this state. These considerations are lenses through which every takeaway in this strategy should be read.

Affordability and Energy Burden

The costs of the energy transition cannot fall disproportionately on New Mexicans who can least afford them. Nearly 18% of New Mexicans live below the poverty line, well above the national average,[28] and more than 90,000 households already allocate over 20% of their income to electricity costs, compared to a national average of 16% for Americans below the federal poverty line.[29] Indigenous communities face average energy burdens of 10.7%.[30] The average age of PNM's (Public Service Company of New Mexico) transmission infrastructure is over 50 years, and nearing the end of planned life cycles.[31] That replacement burden falls on ratepayers whether or not New Mexico pursues clean energy.

The ETA's renewable targets, combined with investments in grid upgrades, electrification, and clean firm capacity, will require substantial investment. Well-designed investments can improve grid flexibility, make more efficient use of existing resources, and defer or avoid other system costs. However, poorly targeted expenditures—or investments encouraged by rate structures without commensurate customer benefits—can increase pressure on electricity rates and tip already-burdened households into hardship. The central affordability challenge is ensuring that necessary investments deliver long-term value while reducing household energy burdens. While this strategy does not model the cost implications of the resources discussed, those implications are central to every recommendation that follows. This strategy also treats workforce displacement in areas like the Four Corners region, which have experienced real economic disruption from coal facility closures, as an affordability issue alongside rate impacts.[32]

Rural and Urban Contexts

New Mexico is not one energy market. The challenges facing a rural electric cooperative in the northeast corner of the state, a border community along the Rio Grande, a Permian Basin operator in the southeast, and a dense urban utility customer in Albuquerque are genuinely different, and strategies that work in one context may fail in another. Rural communities face infrastructure gaps that urban areas do not, program delivery in remote areas is more expensive and requires different partnerships, and the economic conditions that shape what households and businesses can absorb vary enormously across the state's 33 counties. Rural electric cooperatives, municipal utilities, and Tribal communities often lack the institutional capacity to absorb the early-stage costs of project development, including feasibility studies, grid interconnection navigation, and contract structuring, and that gap recurred as a consistent barrier across the Phase 2 public policy forums. The recommendations that follow pair statewide goals with strategies that reflect geographic differences in infrastructure, institutional capacity, and economic conditions.





Tribal Sovereignty and Partnership

As noted above, New Mexico's energy transition will not succeed without the meaningful participation of the state's Nations, Pueblos, and Tribes. Tribal communities hold significant energy resources, occupy lands central to transmission corridors, and include some of the state's most energy-burdened households. They also carry the legacies of extractive industries, including uranium mining on Navajo lands, which promised unfulfilled economic benefit and delivered human and environmental harm.[33] This history shapes how Tribal communities approach new energy development, and it demands an approach to partnership that is substantive rather than procedural. This strategy is grounded in the principle that Tribal sovereignty means Tribal communities must be empowered to lead their own energy futures, not simply consulted about decisions made elsewhere. Where inter-Tribal coordination occurs, it will be on terms that Tribal governments themselves define. The report therefore centers Tribal-led decision-making and government-to-government partnership in energy planning and development.

Economic Dependence and Revenue Diversification

Oil and gas revenues currently supply between 38 and 45% of New Mexico's General Fund income and the overwhelming majority of inflows to the Land Grant Permanent Fund and the Severance Tax Permanent Fund, which together fund education, early childhood programs, and public services for current and future New Mexicans.[34] These revenues remain essential in the near term. But they also expose the state to commodity price volatility and long-term depletion risks that are difficult to manage within a single-resource fiscal model. The global energy transition is already beginning to reshape demand for fossil fuels, and New Mexico's budget planning must account for a future in which oil and gas revenues are less certain. This strategy treats diversification not as a distant aspiration but as a near-term fiscal imperative.



National Laboratories and The State's Innovation Ecosystem

Sandia National Laboratories and Los Alamos National Laboratory together employ over 30,000 people in New Mexico (staff and contractors) and contribute more than $9 billion annually in federal spending, making them the largest concentration of high-tech employment in the state.[35,36] Both laboratories have capabilities applicable to New Mexico's energy transition, including battery storage, geothermal, microreactors, and carbon monitoring. Although several examples of ad hoc collaboration between labs and state agencies exist, neither has been formally integrated into the state's planning or deployment work. For example, Sandia has pioneered geothermal drilling techniques and advanced closed-loop system designs, and Los Alamos is developing advanced microreactors and novel carbon monitoring tools. Stakeholder input throughout the CETS process indicates that stronger pathways to move innovation from the laboratories into private-sector deployment remain a consistent need.[37]

Water as a System Constraint

New Mexico is an arid state, and water availability is a binding constraint on energy development in ways that do not apply in many other parts of the country. Virtually every technology discussed in this strategy has a water dimension. Geothermal development raises questions about subsurface water use. Data centers, semiconductor fabrication, and other energy-intensive industries compete with agriculture and municipal systems for limited freshwater supplies. Produced water from oil and gas operations, with appropriate processing, offers one potential path to reducing freshwater demand, but acceptance of the pathway has not been a given. Although water is not a separate lever in this strategy, it is a constraint that runs through every lever and must be taken seriously in the design and implementation of every subsequent opportunity for action.



Strategic Levers

The opportunities for action in this strategy are organized around five strategic levers, each addressing a distinct dimension of New Mexico's energy transition. They are designed to work as a system. A more capable grid creates conditions for deeper renewable penetration and clean firm resources. A stronger supply mix reduces the risk of grid stress as load increases. Better demand management reduces the infrastructure investment the state must make in the first place. A trained, in-state workforce captures the economic benefit of those investments for New Mexico communities. And a shared data infrastructure makes all of it legible, accountable, and adaptable over time.

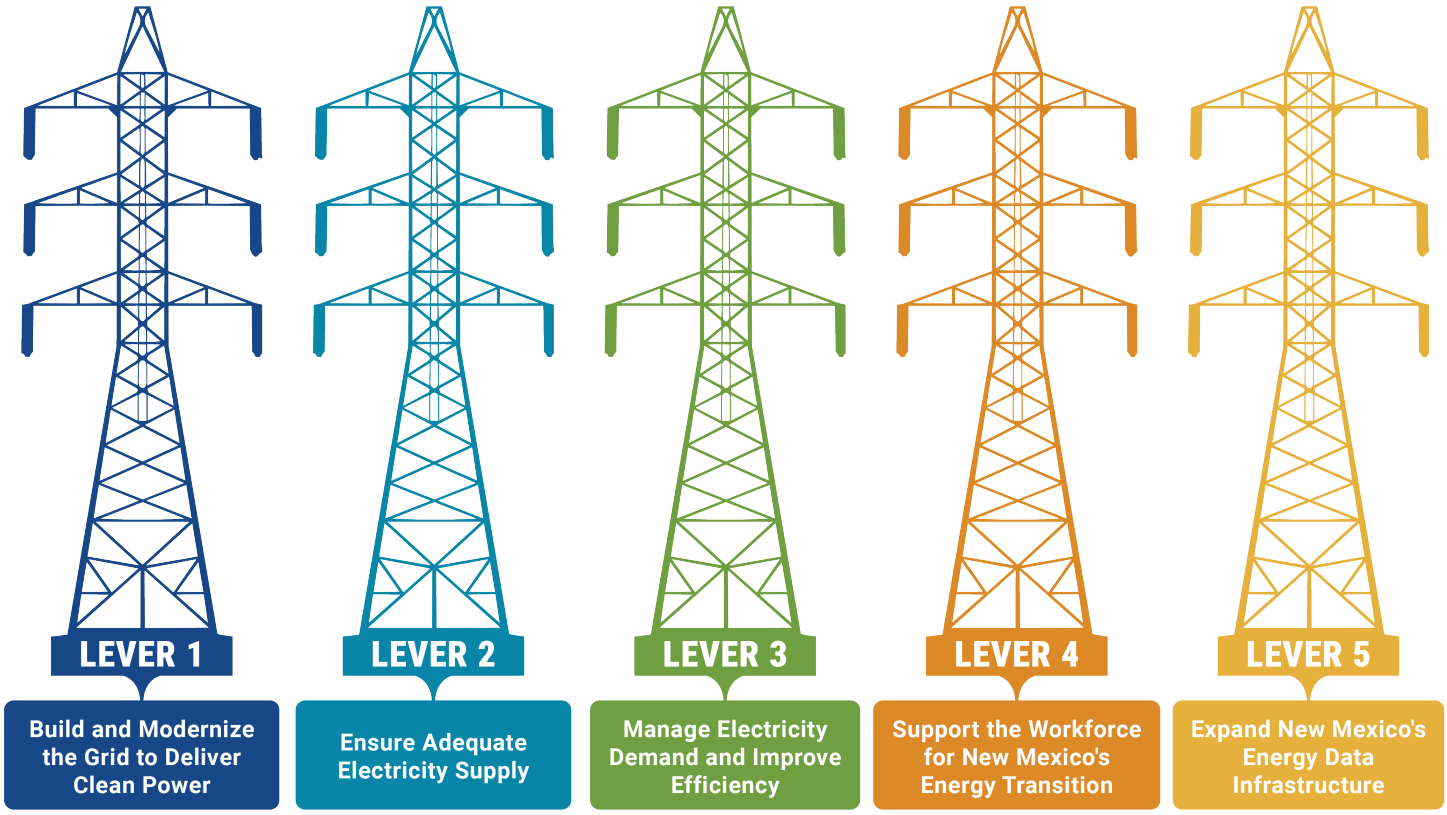


Figure 7: The five levers defined by the CETS final report

The Five Levers Are:

LEVER 1 **Build and Modernize the Grid to Deliver Clean Power** addresses the planning, regulatory, and infrastructure coordination gaps that constrain what New Mexico's electricity system can deliver today, including transmission permitting, large-load tariff design, cooperative modernization, integrated system planning, and utility incentive structures.

LEVER 2 **Ensure Adequate Electricity Supply** addresses the clean energy standards, clean firm resources, and planning tools New Mexico needs to meet rising demand with reliable, zero-carbon electricity as the ETA's deadlines approach.

LEVER 3 **Manage Electricity Demand and Improve Efficiency** addresses how the state can reduce load growth pressures, lower energy costs for households and businesses, and accelerate transportation electrification, with particular attention to rural, Tribal, and low-income communities that current programs are least equipped to serve.

LEVER 4 **Support the Workforce for New Mexico's Energy Transition** focuses on closing the gap between training infrastructure and employment outcomes, improving information and access for workers in underserved areas, and building the youth-to-career pipeline the state's energy economy will depend on over the coming decade.

LEVER 5 **Expand New Mexico's Energy Data Infrastructure** addresses the governance, statutory authority, and technical architecture required for the DETECT platform to serve as the state's shared system of record for energy planning and decision-making.

How to Read This Strategy

Opportunities within each lever are organized by time horizon. Two things affect how to use that structure: sequencing and timing.

Sequencing

Most opportunities can proceed in parallel, across and within levers. For example, the permitting office (1.1), large-load tariff framework (1.2), and rural cooperative modernization (1.3) are independent workstreams.

A few depend on sequencing:

- DETECT should be built in phases. DETECT 1.0 (5.1–5.7) establishes governance, statutory grounding, and foundational data systems. DETECT 2.0 (5.8–5.11) adds automated pipelines and advanced modeling and should follow once that foundation is in place.
- The low-income energy assistance portal (3.5) and the VPP procurement framework (3.3) need joint design, since the portal is how low-income households would access VPP participation.
- Integrated system planning (1.4) should be developed alongside the VPP procurement framework (3.3), as it is the mechanism by which VPPs are evaluated alongside supply options.
- The enhanced Community Benefits Agreement pathway (4.4) requires the permitting office (1.1) to be in place first, since it operates as an advanced track within that process.

Timing

Near- and longer-term opportunities can both start now. The difference is when results appear: near-term within one or two legislative cycles; longer-term over several years. This reflects timing, not priority.



Build and Modernize the Grid to Deliver Clean Power

New Mexico's electricity system is being asked to accommodate rapid industrial growth, transportation electrification, DERs, and large-scale renewable deployment, all of which require expanded and more efficient regional transmission and modernized distribution systems. Balancing electricity supply and demand has always been the grid's basic function, but doing so today requires far greater operational flexibility to orchestrate a much larger and more varied set of resources, including distributed generation, storage, flexible loads, and variable renewables, spread across many more locations in real time.

Stakeholders across Phase 1 interviews and Phase 2 convenings consistently emphasized that the state's planning, regulatory, and infrastructure coordination systems were not built for the pace and scale of change the state now faces.

Utilities, regulators, developers, and large energy users repeatedly identified fragmented planning, limited grid capacity, limited visibility into that capacity, interconnection delays and facility upgrade costs, and uncertainty around infrastructure cost allocation and/or cost recovery as growing barriers to reliability, affordability, and economic development.

These barriers already carry economic consequences: one Phase 1 interviewee warned that New Mexico will "miss the curve of economic development if they can't expand load capacity,"[38] and EMNRD's Grid Modernization Roadmap 2025 Update found that nearly a third of new businesses interested in relocating to New Mexico ultimately chose not to locate in the state due to uncertainty about prompt grid connection and available transmission capacity.[39] Without better planning coordination and infrastructure utilization, New Mexico risks increasingly expensive and inefficient grid expansion.[e]

The near-term opportunities focus on permitting coordination, large-load tariff frameworks, and cooperative modernization support needed to address current infrastructure constraints and protect existing customers as load increases. The longer-term opportunities build a layered planning and regulatory framework. This includes integrated system planning at the utility and cooperative level as the foundation, and a regulatory model that maximizes the alignment of utility incentives with priority electricity system outcomes. The data infrastructure that underpins this framework, including standardized utility reporting on grid capacity, hosting capacity, and DER and Virtual Power Plant (VPP) participation, is developed in Lever 5.

Near-Term Opportunities

1.1 Establish a New Mexico Clean Energy Development Coordinating Office with an initial focus on accelerating the deployment of transmission projects.

Developers, utilities, and economic development organizations consistently identified fragmented permitting, inconsistent timelines, overlapping review processes, and poor coordination across agencies and jurisdictions as primary barriers to building the transmission infrastructure New Mexico needs to harness its clean energy resources. One interviewee estimated that a line currently under development required coordination with dozens of entities across federal, state, county, and Tribal governments. The challenge is the absence of predictable coordination, sequencing, and communication across the many agencies and jurisdictions involved.

The Federal Permitting Improvement Steering Council (FPISC), created by FAST-41 in 2015, offers the most instructive model to coordinate cross-agency review of clean energy infrastructure: its staff works with agencies to develop shared project schedules that all involved federal agencies must either meet or publicly explain why they cannot; a publicly accessible dashboard identifies which agencies are falling behind; and Council staff use interagency relationships to get stalled processes moving.[40]

New Mexico already has an institution dedicated to transmission, the Renewable Energy Transmission Authority, but its role is to develop and finance projects, not to coordinate the agencies whose approvals those projects require. The permitting bottleneck lies in the coordination gap across the many jurisdictions a single line must clear, which no existing entity is positioned to close.

> ***New Mexico can make large-scale clean energy development faster and more predictable by improving coordination across agencies and jurisdictions.***

[e] The recommendations in this lever operate at the utility and statewide level. They do not recommend that New Mexico join a regional transmission organization or independent system operator, though RTO or ISO membership could address some of the coordination challenges identified here. That is a consequential policy question that warrants separate consideration.

1.1 Opportunities for Action: Clean Energy Development Coordinating Office

The Case for Action

New Mexico can make large-scale clean energy development faster and more predictable by improving coordination across agencies and jurisdictions. Beginning with transmission, a dedicated office could align timelines, provide a single point of contact, and resolve bottlenecks through active problem-solving, creating a model that can later support other clean energy projects while preserving agency authority and review standards.

Proposed Action

The Legislature should establish a New Mexico Clean Energy Development Coordinating Office housed within the Governor's Office, where it can convene cabinet agencies around shared timelines, with an initial focus on coordinating permitting and siting of transmission projects. Its mandate could expand over time to other large-scale clean energy development as the office demonstrates results.

Cabinet agency authority and participants- Drawing on the FPISC model, the office should hold statutory authority to set timetables for cabinet agency actions on covered projects (see Qualifying criteria below), including environmental permits and New Mexico Department of Transportation (NMDOT) crossings. Defined cabinet agency participants could include agencies whose approvals are required for covered projects, including EMNRD, NMED, NMDOT, the Department of Cultural Affairs, and the Department of Wildlife.

Invited coordination with the NMPRC and New Mexico State Land Office (NMSLO)- Each agency could engage through an invited representative rather than a statutory timetable, mirroring Executive Order 2026-023's approach for the Energy Affordability and Grid Reliability Council. Each could designate a liaison to share information on relevant proceedings and project timelines.

Governance and funding- The office should be led by a dedicated Executive Director rather than a dual-hatted agency official. Like the FPISC, funding should come from legislative appropriations rather than developer fees, to avoid disincentivizing developer participation, and should cover the costs of agency participation.

Statutory powers- The Legislature could authorize the office to sign memoranda of understanding with the FPISC and Tribal governments and coordinate with localities and regional transmission bodies, such as the Western Electricity Coordinating Council.

Qualifying criteria- Criteria for coordination support should be defined administratively rather than by statute, so the office can adapt as conditions evolve, such as whether a project appears in long-term regional transmission plans or an approved integrated system plan.

Reporting requirements- The office should maintain a publicly available permitting dashboard tracking active projects and produce an initial report identifying common sources of delay and a regularly updated public bulletin on emerging constraints.





1.2

Develop a statewide framework for serving large new electricity loads that protects existing customers while enabling strategic industrial and economic growth.

Stakeholders emphasized that rapid growth from data centers, electrified oil and gas operations, and other large loads is placing substantial pressure on New Mexico's transmission and distribution systems. At the Hobbs convening, Southwestern Public Service (SPS) reported requests totaling nearly 14 GW of new load and described utilities as becoming "overwhelmed very, very quickly" by the pace of demand. Unlike traditional industrial customers, emerging large loads exhibit widely varying demand profiles. Some require consistently high levels of electricity, while others can rapidly increase or decrease their consumption over the course of minutes—or even seconds. These characteristics create planning and infrastructure challenges for a system not originally designed for such loads, while also creating opportunities to harness flexible demand as a grid resource.

New Mexico is already beginning to respond. The NMPRC has initiated proceedings to replace the current reliance on bespoke Special Service Contracts with more standardized large load tariffs. That transition creates an opportunity to establish clearer, more predictable rules for how new customers enter the system, how infrastructure costs are allocated, and how existing ratepayers are protected. At the same time, not all large loads have the same operational characteristics. Some customers, including many data centers, can provide meaningful flexibility by reducing, shifting, or interrupting portions of their demand during periods of system stress. Regional grid operators are increasingly recognizing this distinction. For example, the Southwest Power Pool's High Impact Large Load process creates a structured pathway for evaluating and integrating very large new customers while emphasizing reliability and operational coordination.

A requirement that the largest new loads can be temporarily cut back during a true emergency gives grid operators a safety net that relying on volunteers alone does not provide. Texas set this baseline through Senate Bill 6 (2025), which directs Electric Reliability Council of Texas-area utilities to build in the ability to cut power to new large loads of 75 megawatts or more when the grid is in crisis, and involuntary outages are otherwise needed, with the necessary equipment installed before the customer connects.[41] The requirement exempts critical facilities and applies only in genuine emergencies, so these customers get full, uninterrupted power under normal conditions.

When intentionally designed, large load policy can accomplish more than simply connecting new customers. Flexible loads can reduce peak system costs, accelerate interconnections, improve utilization of existing infrastructure, and help underwrite transmission, generation, and distribution investments that benefit all customers. Achieving those outcomes requires aligning tariff design, interconnection policy, and statewide planning rather than addressing each through separate proceedings.

Alignment should also extend to the state economic development tools that draw large load investment. Pennsylvania's GRID (Governor's Responsible Infrastructure Development) Standards, released in May 2026, tie existing state support—coordinated project assistance, expedited permitting, and tax incentives—to developer compliance with criteria on energy affordability, community engagement, workforce development, and environmental sustainability.[42] New Mexico offers a similar range of state support through the Strategic Site Readiness Program, industrial revenue bonds, and tax incentives, and could apply a comparable alignment framework.

Large new electricity loads offer New Mexico a chance to expand grid capacity, attract investment, and advance clean energy and economic development goals.

1.2 Opportunities for Action: Large Load Tariff and Statewide Framework

The Case for Action

Large new electricity loads offer New Mexico a chance to expand grid capacity, attract investment, and advance clean energy and economic development goals. A statewide framework can set clear rules for cost responsibility, demand flexibility, and state support while protecting existing customers. With requests growing rapidly statewide, developing a comprehensive, large-load tariff framework can strengthen affordability, reliability, and community benefits.

Proposed Action

As it develops minimum specifications for large load tariffs, the NMPRC could pair a mandatory curtailment baseline with a voluntary flexible class.

- **Emergency curtailment baseline-** All new large loads above a threshold set in the proceeding should be capable of curtailment on the utility's instruction during a grid emergency, with narrow exceptions for critical loads.
- **Voluntary flexible class-** Customers that agree to economic curtailment during periods of grid stress, beyond emergencies, could access a flexible rate class, enabling faster processing and shorter time to service.
- **Cost allocation-** Tariffs should be designed to assign infrastructure costs to the customers that cause them while protecting existing ratepayers.

In addition, EMNRD, in coordination with the New Mexico Economic Development Department (EDD), NMSLO, utilities, rural electric cooperatives, and other stakeholders, should develop a statewide framework for conditioning public support for large load developments on alignment with New Mexico's priorities.

- **Alignment criteria-** The framework could define alignment against priorities such as grid investment, affordability protections, workforce development, community or Tribal benefits agreements, and support for New Mexico's clean energy and economic development goals.
- **Build on existing tools-** Rather than creating new incentive programs, the framework could establish eligibility criteria for existing state tax incentives, financing tools, economic development programs, and expedited permitting pathways.
- **Statutory updates-** Fully implementing such a framework may require the Legislature to update existing statutes governing industrial revenue bonds and other state support.



1.3 Strengthen the funding, technical assistance, and planning support rural electric cooperatives need to modernize aging infrastructure.

Rural electric cooperatives face structural constraints that limit their ability to modernize aging infrastructure. Chief among them is customer density: cooperatives serve 80% of New Mexico's land area but only about 20% of the state's population, and that customer base cannot absorb the fixed costs of grid infrastructure the way denser service territories can. Española forum participants reported that IOUs have 50 to 100 services per mile of line, while cooperatives average only one to three. Beyond density, cooperatives face the need to rebuild aging infrastructure before more advanced modernization can proceed, along with limited engineering capacity. One cooperative representative noted that cooperatives are among the largest employers in their communities but operate with entry-level staff and report difficulty hiring or training engineers.

New Mexico has already established the financing instruments cooperatives need. The Legislature recently expanded New Mexico Finance Authority's (NMFA) Public Project Revolving Fund, which provides low-interest loans to public entities for infrastructure projects, to include rural electric cooperatives, though NMFA officials have acknowledged that awareness among cooperatives remains limited.[43] The Essential Services Development Act (NMSA 1978, 62-21-5) recently established a constitutionally supported pathway for state investment in cooperative-serving infrastructure. EMNRD administers federally funded grid resilience programs, for which cooperatives may be eligible, and the state-funded Grid Modernization Grant Program, which is currently limited to public entities under the anti-donation clause of New Mexico's constitution (N.M. Const. Art. IX, Sec. 14). U.S. Department of Agriculture (USDA) Rural Utilities Service programs provide additional federal financing.[44,45] The binding gap is not the existence of these instruments, but the eligibility, technical assistance, workforce support, and planning inclusion cooperatives need to access them.

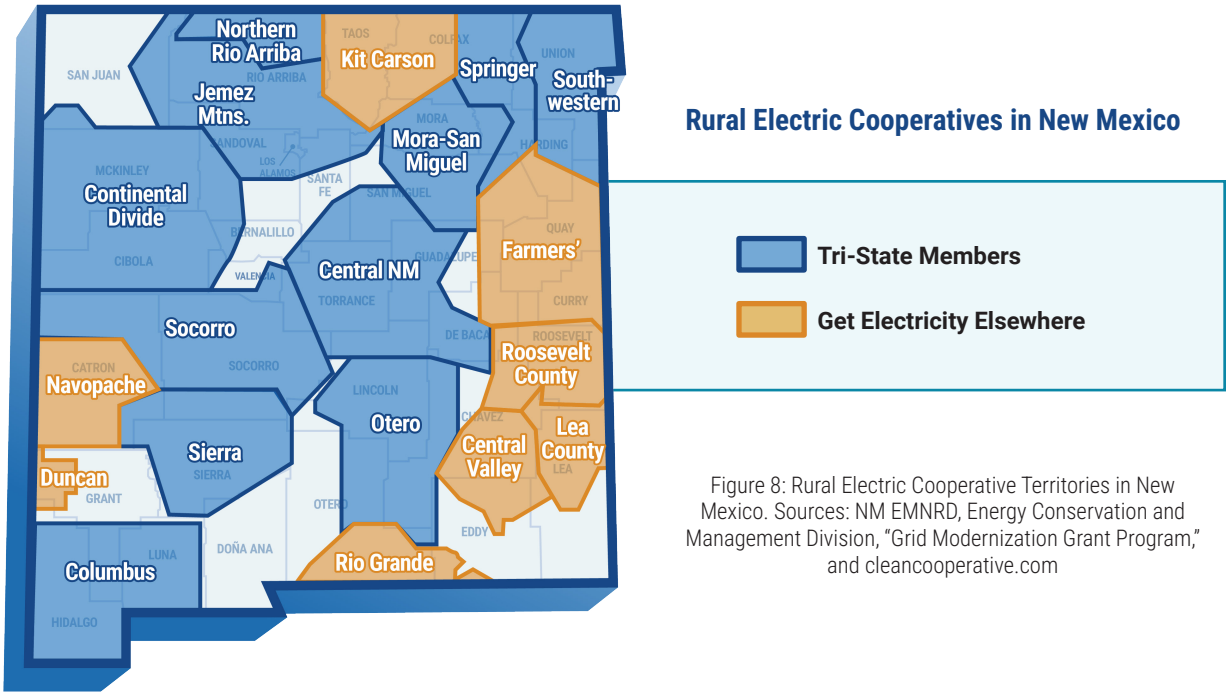


Figure 8: Rural Electric Cooperative Territories in New Mexico. Sources: NM EMNRD, Energy Conservation and Management Division, "Grid Modernization Grant Program," and cleancooperative.com

1.3 Opportunities for Action: Rural Electric Cooperative Modernization

The Case for Action

Rural electric cooperatives serve 80% of New Mexico's land area but only 20% of its population and are central to delivering reliable service across rural New Mexico. Targeted state funding, project development support, and technical assistance can help them address low customer density and aging infrastructure, use existing financing tools, and deliver more reliable service for rural communities.

Proposed Action

The Legislature could appropriate targeted funding to support grid modernization in rural cooperative territories through pathways that comply with New Mexico's anti-donation clause.

Essential Services Development Plans- EMNRD could help local governments prepare Essential Services Development Plans[f] under the Essential Services Development Act, which the Legislature could then fund through its Capital Outlay process to support grid infrastructure benefiting cooperative ratepayers.

Expand state grid modernization funds- The Legislature could continue to increase annual appropriations to the Grid Modernization Grant Fund and the Public Project Revolving Fund, both of which now support rural cooperative-serving projects through eligible partner entities. Dedicated technical assistance funding could also flow to NMFA to provide project development and application support, either directly or through partnerships, for cooperatives accessing the Public Project Revolving Fund, including engineering, financial modeling, and federal program coordination.

Technical assistance through EMNRD partnerships- EMNRD could expand the technical assistance component of its Grid Modernization Grant Program and partner with Sandia, Los Alamos, and the state's universities to provide engineering support for rural cooperatives on hosting capacity analysis, infrastructure modernization sequencing, DER integration, and utility workforce development.

[f] Essential Services Development Plans are community blueprints that document local infrastructure gaps and priorities across essential services such as energy, water, and broadband, making local governments eligible for state capital funding.



Longer-Term Opportunities

1.4

Establish integrated system planning as the default for New Mexico's NMPRC-jurisdictional utilities.

Stakeholders across Phase 1 interviews and Phase 2 convenings repeatedly emphasized that transmission, distribution, generation, and large load decisions are being made in separate planning silos using different assumptions and time horizons. FERC Order 1920-B, finalized in April 2025, now requires long-term regional transmission planning, but the requirement addresses multi-state transmission through federal processes and does not extend to the integrated evaluation of generation, distribution, DERs, and load growth at the state level.[46] A Farmington forum participant described an area in the northeastern part of the state well-suited for solar and wind development where interconnecting new resources and building the grid needed to deliver that energy to load would require several hundred million dollars in upgrades. The example illustrates how the absence of proactive infrastructure planning can allow upgrade costs to accumulate at constrained points on the system until no individual project can absorb them.

Such price signals may indicate that these new resources should locate elsewhere in the system; stakeholders emphasized that they can also reflect a broader opportunity to proactively expand grid capacity, where possible, in areas with strong resource potential. Integrated system planning can help identify where future generation, transmission, distribution, and load growth are likely to occur so that grid investments can be sequenced proactively rather than triggered project-by-project. Integrated system planning also provides the evidentiary foundation utilities need to demonstrate where grid modernization investments are necessary and cost-effective, which is a prerequisite for seeking cost recovery through NMPRC rate proceedings. For that planning evaluation to translate into action, the framework needs a defined portfolio selection standard and NMPRC authority to accept or require modifications to the plans utilities file.

New Mexico has an in-state foundation to build upon. El Paso Electric (EPE) has begun evaluating generation, transmission, and distribution needs in a single planning framework, and PNM's IRP (Integrated Resource Planning) filings also include long-term transmission planning analysis, though such planning is not currently required under NMPRC rules. The NMPRC's 2025 distribution planning proposed rulemaking has established the regulatory entry point for integrated planning requirements, though the current distribution planning obligation would be a one-time filing rather than a recurring process—a gap the triennial cycle proposed here would close.[47]

Peer states offer additional models. Hawaii's Integrated Grid Planning docket harmonizes resource, transmission, and distribution planning into a single multi-year stakeholder process under Public Utilities Commission (PUC) oversight, while California's IRP process incorporates transportation electrification, DER adoption, and transmission expansion into shared statewide planning assumptions.[48,49]

Any state framework must also accommodate the regional planning processes New Mexico's utilities already participate in, including the Southwest Power Pool (SPP) for SPS and WestConnect for PNM and EPE, so that state-level integrated planning builds on rather than duplicates regional obligations.

The integrated system planning framework is the venue in which demand-side resources, including VPPs and other DERs, are evaluated on the same footing as supply-side investments. Lever 3 builds on this foundation by addressing the procurement rules, ratemaking treatment, and program-level access provisions that translate planning evaluation into deployable demand-side resources.

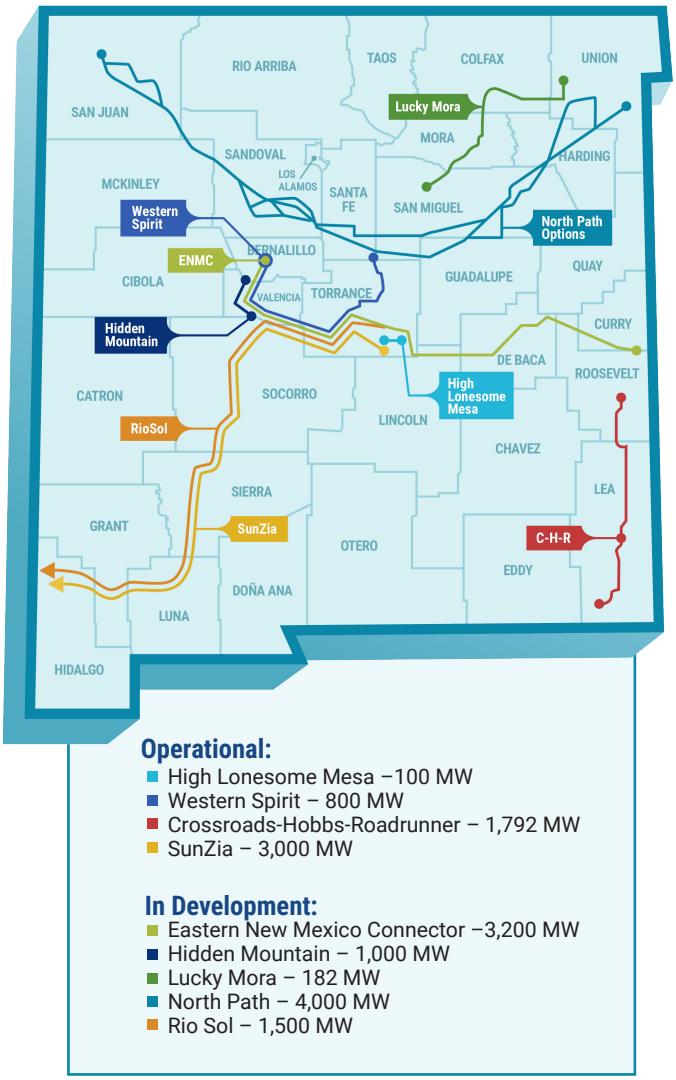


Figure 9: Map of current and planned transmission lines and generation capacity, Source: New Mexico Renewable Energy Transmission Authority, https://nmreta.com/reta-projects/

1.4 Opportunities for Action: Integrated System Planning

The Case for Action

Integrated system planning can help New Mexico coordinate generation, transmission, distribution, and large-load decisions around a shared view of future needs. Evaluating supply- and demand-side resources together, including distributed energy resources and virtual power plants, can enable proactive investment, make better use of existing infrastructure, and support affordability, reliability, resilience, and clean energy goals.

Proposed Action

The Legislature should update the Public Utility Act (NMSA 1978, 62-3-1 et seq.) to establish an integrated system planning requirement and direct the NMPRC to replace its existing IRP rules with an integrated system planning framework.

Scope of the plans- Utilities should file integrated system plans on a triennial cycle that unify what are currently separate generation, transmission, distribution, and load-side planning exercises. Plans should evaluate all resource types, including generation, storage, DERs, VPPs, and demand-side resources, alongside load forecasts covering transportation electrification and large-load growth, under transparent assumptions applied consistently across the plan's components.

Scenario assumption documentation- As part of integrated system plan filings, the NMPRC should consider a framework for utilities to document scenario assumptions in a common, machine-readable structure.

Alignment with regional processes- The framework should accommodate each utility's participation in regional planning processes, including SPP for SPS/Xcel and WestConnect for PNM and EPE, so that state-level integrated system plans build on rather than duplicate regional obligations.

Portfolio selection- Plans should identify least-cost portfolios capable of meeting reliability, affordability, resilience, and load-growth objectives, as well as RPS targets, and provide a clear explanation whenever an alternative portfolio is selected.

NMPRC review authority- The Legislature should also establish substantive review criteria in statute and grant the NMPRC explicit authority to approve, reject, or require modifications to integrated system plans, building on the NMPRC's existing analytical capacity with additional resources for staffing, modeling, and outside expertise as needed for meaningful review and oversight.



1.5 Modernize utility ratemaking to maximize alignment of utility incentives with New Mexico's electricity system priorities.

EMNRD's Grid Modernization Roadmap, the 2025 update, and related analyses have identified priorities for New Mexico's electricity system: affordability, reliability, resilience, better use of existing infrastructure, renewable integration, and accommodating rapid load growth.[50,51,52] Those same analyses flagged the rules governing how utilities earn revenue as a barrier to meeting several of these priorities.

Utilities, regulators, and stakeholders repeatedly emphasized that New Mexico's current ratemaking rules were designed for a slower-growing, centralized system. Under those rules, utilities earn most of their return by building physical infrastructure. Interviewees and forum participants pointed to this as the core problem: current rules reward building new infrastructure more directly than improving how existing infrastructure is used, so investments in operational efficiency, customer-side resources, and demand management do not generate comparable returns, even when they would serve the state's priorities equally well or better. Wildfire mitigation is a clear example. Undergrounding and other hardening add physical assets that earn a return, while vegetation management and system monitoring are treated as operating costs that do not, even though both are central to reducing wildfire risk. Energy storage follows the same pattern. A utility earns a return once it builds a battery, but not for the day-to-day choices about when to charge and discharge it, even though those choices determine how much the battery lowers peak demand and how much it saves customers on fuel and power purchases.

Several other states have restructured how utilities can recover costs to address similar concerns. Hawaii's performance-based ratemaking approach ties a portion of utility earnings to specific outcomes: reliability, renewable integration, customer affordability, and distributed resource deployment.[53] Colorado has pursued a more incremental approach tying utility incentives to specific goals like demand-side management, beneficial electrification, and non-wires alternatives rather than restructuring its full ratemaking framework.[54] These examples show a range of options, from targeted adjustments tied to specific outcomes to more comprehensive reforms.



1.5 Opportunities for Action: Utility Ratemaking Reform

The Case for Action

As utilities and regulators respond to rising electricity demand while protecting affordability and reliability, New Mexico will need to make the most of every available resource. The state has an opportunity to ensure utilities are incentivized to deploy the full range of solutions, including grid enhancing technologies and upgrades, operational efficiency, demand management, energy storage systems, and customer-side resources. An NMPRC evaluation can identify reforms that align utility incentives with these electricity system priorities.

Proposed Action

The Legislature should direct the NMPRC to evaluate whether current utility ratemaking maximizes alignment of utility incentives with New Mexico's electricity system priorities, which may be defined by the NMPRC, legislation, EMNRD, or other relevant authorities, and reaffirm the NMPRC's direct authority to implement any reforms the evaluation supports.

Scope of the evaluation- The NMPRC could evaluate whether existing regulatory and incentive structures adequately support New Mexico's identified priorities, including affordability, reliability, resilience and wildfire mitigation, efficient use of existing infrastructure, DER and VPP integration, and accommodation of load growth. EMNRD could submit its Grid Modernization Roadmap, baseline assessment, 2025 update, and related analyses into the proceeding to inform the evaluation.

Regulatory tools for consideration- The evaluation could consider a range of approaches, including maintaining the current framework, traditional cost-of-service ratemaking with targeted earnings adjustments, expanded revenue decoupling as established in the Efficient Use of Energy Act and affirmed by the NM Supreme Court,[55] performance incentive mechanisms applied to specific measurable outcomes, such as reliability, affordability, or wildfire reduction, multi-year rate plans, and more comprehensive performance-based regulatory frameworks.

Implementation considerations- The proceeding could assess the data requirements, consumer protections, statutory authorities, and near- and longer-term implementation pathways associated with each approach.

Authority to act- The legislation should reaffirm the NMPRC's direct authority to adopt any regulatory reforms the evaluation supports, consistent with the NMPRC's constitutional and statutory authority.





LEVER 2

Ensure Adequate Electricity Supply

The ETA sets IOUs on a path to 50% renewable energy by 2030, 80% by 2040, and 100% zero-carbon by 2045; rural electric cooperatives follow on a parallel track to 100% by 2050. New Mexico has made strong early progress, with renewables now supplying roughly half of in-state generation, but Phase 1 and Phase 2 engagement surfaced growing concern that the supply side of the transition is becoming harder.[56] Meeting the final increments of the standard, while serving fast-growing load, means building a system that can match clean supply to demand reliably and at reasonable cost. Doing that affordably favors a diverse resource mix that pairs wind and solar with storage of varying duration and clean firm resources.

Doing that with variable resources alone may be difficult. Wind, solar, and short-duration storage can meet many system needs, but sustaining output through multi-day low-generation periods, seasonal variation, and extended demand peaks remains hard. PNM's system modeling and broader high-renewable grid studies indicate that relying on these resources alone to meet the state's reliability and clean energy goals would require substantially more generation and transmission, and could cost customers more, than a diverse mix that includes clean firm resources.[57] Federal tax law reinforces the point. The One Big Beautiful Bill Act (OBBBA) raises costs across clean energy technologies but falls hardest on wind and solar, improving the relative economics of clean firm resources across New Mexico's remaining ETA procurement decisions.[58]

Energy Transition Act (ETA) Timeline

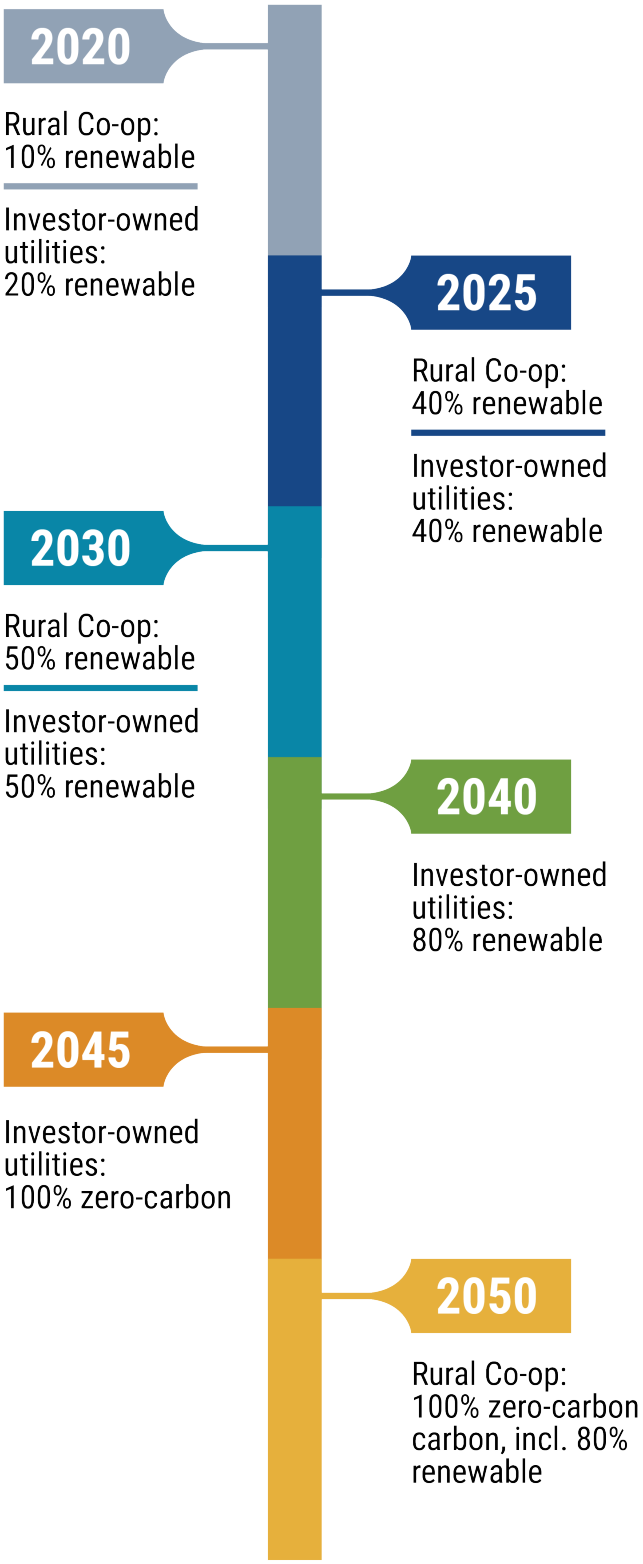


Figure 10: Energy Transition Act & Rural Cooperative Timeline for path to renewable energy and zero-carbon targets, Source: New Mexico Energy Transition Act 2019

Stakeholders throughout the CETS process converged on two supply-side concerns. First, new large loads, particularly data centers and industrial customers, are configuring behind-the-meter generation that may sit outside the ETA's compliance framework. Second, geothermal has emerged as the strongest near-term clean firm opportunity. New Mexico has an estimated 163 GW of technical geothermal resource potential, though much of it is a low-temperature resource.[59] Recent legislative and regulatory action has cleared significant barriers, but statutory gaps still block commercial-scale development on state lands.

These opportunities for action complement Lever 1's focus on grid infrastructure cost allocation and planning; the focus here is on the supply mix and customer-side commitments that determine whether new load lands as clean firm capacity or as fossil generation behind the meter.

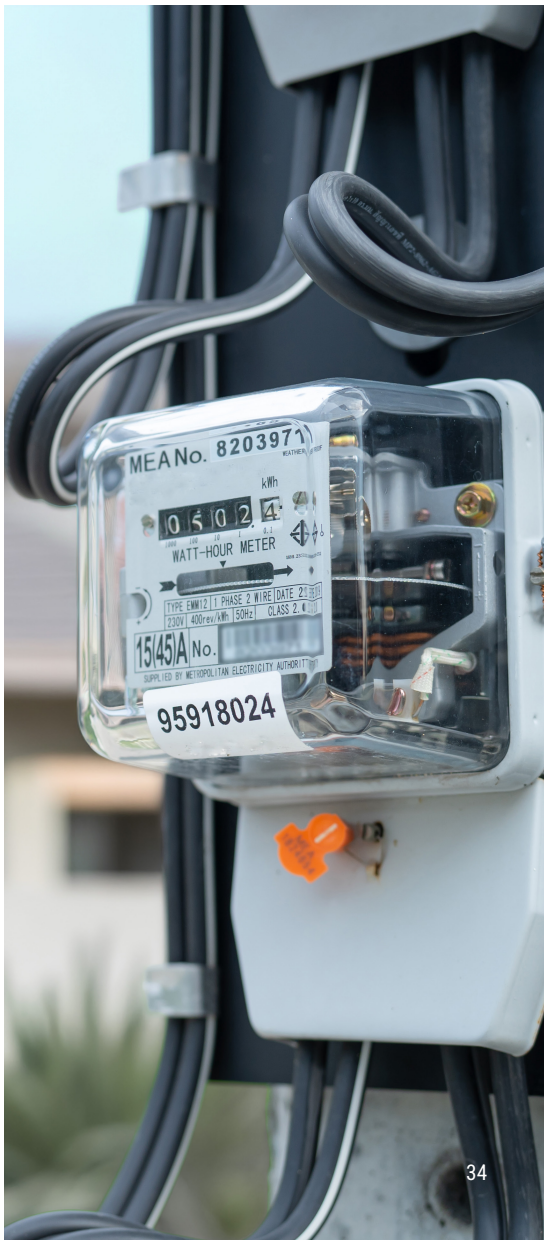


Near-Term Opportunities

2.1 Establish a statutory framework ensuring that large behind-the-meter and self-supply resources serving new loads are subject to clean electricity requirements comparable to those applied under the Energy Transition Act.

New Mexico's supply system faces a wave of new large load. Electrifying oil and gas operations is among the state's largest sources of projected growth, and data centers and other industrial customers are adding demand that in some cases exceeds the load of the state's largest utility. How that load is served, and whether the state can plan for it, depends on decisions being made now about behind-the-meter and self-supply configurations.

Much of this demand will interconnect with the utility for redundancy and to sell surplus power and will remain subject to the state's clean energy requirements. The risk to supply adequacy comes from load that sits outside that framework: large customers that self-supply entirely off-grid, and configurations that split load across many small units to stay below a compliance threshold. An Española forum participant warned that allowing large customers to burn gas "in disregard of the state renewable energy portfolio standard" would open "a giant loophole." Load the state cannot see is load the state cannot plan to serve with clean firm capacity, and a rule that captures large microgrids but not aggregated small-unit configurations would leave the least efficient option in place. New Mexico's Efficient Use of Energy Act (EUEA; NMSA 1978, 62-17-12) already exempts qualifying microgrids from RPS compliance through 2035, an exemption that applies regardless of a microgrid's size.



Interconnection delay is often the reason operators run on-site generation in the first place. Once utility service reaches them, they can electrify and pull clean firm power from the grid, and the state gains a large load it can plan around instead of one operating outside its view. Getting there depends on the transmission and interconnection priorities in Lever 1. New Mexico has already tested a legislative response: Senate Bill 235 (2026), the Microgrid Oversight Act, would have enabled NMPRC oversight of large self-supply arrangements. Large data center configurations are advancing under case-by-case review, and other states face the same open question, which positions New Mexico to set a clear standard before disputes accumulate.

2.1 Opportunities for Action: Large Behind-the-Meter Generation Compliance

The Case for Action

As large new loads choose how to meet their electricity needs, New Mexico has an opportunity to ensure that behind-the-meter generation supports, rather than sidesteps, the state's clean energy and reliability goals. In the Permian Basin, where interconnection can take years, microgrids and on-site generation can be among the fastest ways to bring power to new loads, a strength the state can put to work. Clear standards for large self-supply and microgrid arrangements can give customers predictable compliance pathways, preserve room for small community and resilience microgrids, and ensure the state can plan for growing demand.

Proposed Action

The Legislature should bring large behind-the-meter generation, self-supply arrangements, and microgrid configurations within the REA's compliance obligations under NMSA 1978, 62-16-4.

Prevent workaround through disaggregation- Compliance could be measured by the customer's total self-supplied load rather than by the size of each individual generator. The NMPRC could set the specific rules for when multiple facilities count as one, including how to treat facilities under common ownership that are served by the same utility.

Distinguish self-supply that complements grid service from self-supply that substitutes for it- Where self-supply reflects a customer's deliberate choice to operate outside utility service, standard compliance obligations should apply. Where it reflects interconnection delays, it should be treated as an interim arrangement rather than a permanent substitute.

Recognize delay-driven self-supply as a temporary bridge- Where interconnection timelines delay new load, the Legislature could allow microgrids and on-site generation to bring power online sooner, on the condition that the customer connects to the grid and comes under the state's RPS requirements once utility service becomes available. This allows fast deployment in the near term without creating a permanent workaround for the state's requirements.

Narrow the microgrid exemption for large-scale configurations- The Legislature could narrow the EUEA's microgrid exemption from RPS compliance to exclude large-load microgrids that operate as utility substitutes, while preserving the exemption for small-scale community and resilience microgrids.

Grandfather existing microgrids- The Legislature could grandfather microgrids operating or under development at the time of enactment, allowing them to continue toward the 2035 compliance date established under existing law.



2.2 Remove the remaining statutory barriers to commercial-scale next-generation geothermal development on state lands.

The Legislature has moved aggressively to position New Mexico as a geothermal leader, appropriating $20 million to the Geothermal Projects Development Fund through HB 2 (2025 and 2026), creating production and heat-pump tax credits through HB 252 (2025), and opening a well-conversion pathway through HB 361 (2025). That work has cleared much of the path. What remains are three barriers across New Mexico's geothermal statutes that can still slow commercial-scale development on state lands.

First, the Geothermal Resources Act provides that where the Commissioner of Public Lands administers geothermal on state trust lands as a renewable energy resource, leases must require that the resource "not be diminished beneath applicable natural seasonal fluctuations in the measurable quantity, quality or temperature" of any known geothermal resources field (NMSA 1978, 19-13-3). That standard sits uneasily with the managed thermal drawdown characteristic of commercial geothermal systems. For example, one study of hydrothermal plants observed temperature declines of 0.5% per year for binary plants and 0.8% per year for flash plants.[60]

Second, the 250°F threshold in the Geothermal Resources Development Act (GRDA; NMSA 1978, 71-9-3) creates uncertainty about whether projects are regulated primarily under geothermal statutes or water law frameworks; projects below the threshold are handled under water law rather than the GRDA, creating two regulatory regimes for the same underlying activity.

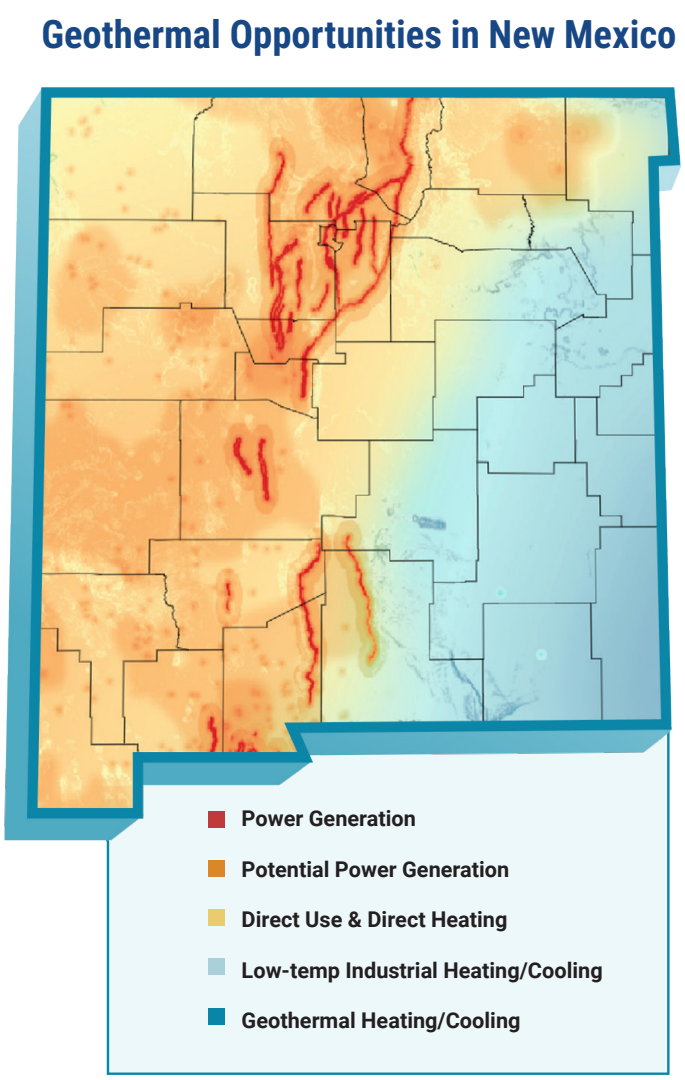


Figure 11: Geothermal Opportunities in New Mexico. Sources: The Future of Geothermal in New Mexico, 2025, https://projectinnerspace.org/resources/Future-of-Geothermal-in-New-Mexico.pdf and Geomap, http://geomap.projectinnerspace.org/map-selection/



Third, subsurface ownership of geothermal heat remains unsettled in New Mexico statute, creating title risk and complicating permitting between mineral and surface estate holders.

When subsurface rights are severed from the surface, a developer must identify the correct subsurface owner, which becomes difficult after rights have changed hands repeatedly, and must secure permission twice: from the subsurface owner to use the resource and from the surface owner to reach it. Clear ownership removes both obstacles.

Models exist for closing each gap. Nevada defines geothermal as "the natural heat of the earth," without specifying a temperature threshold and creating a level playing field across geothermal technologies.[61] New Mexico has an in-state model for the ownership question: the Geologic Carbon Dioxide Storage Stewardship Act (NMSA 1978, 74-14-7) assigned CO_2 pore space rights to the surface estate, providing a working template for assigning subsurface geothermal heat rights. New Mexico's own agencies have already worked to bridge the gap administratively. NMSLO's 2026 leasing rule (19.2.7 NMAC) presumes the no-diminishment requirement is satisfied when EMNRD has issued a permit and the project does not impair other users' rights or waste the resource, and EMNRD's permitting rules will soon follow. These rules let leasing proceed under the current statute. The statutory standard itself remains in place, and a rule interpreting it can be revised or challenged. A durable fix requires amending the statute.

> ***New Mexico has an estimated 163 GW of technical geothermal potential and an opportunity to make state lands competitive for commercial-scale, next-generation development.***

The stakes are large relative to how little is deployed today. New Mexico's only utility-scale geothermal facility is the 15 MW Lightning Dock plant in Hidalgo County. Against that baseline, the XGS Energy and Meta project, at 150 MW, would increase the state's operating geothermal capacity roughly tenfold. Supported by $15 million from the State Investment Council, it is positioned to be the first utility-scale next-generation geothermal project in development in the state.[62] Private developers are already moving to capture the state's resource potential: a June 2026 federal Bureau of Land Management lease sale drew $16.5 million in winning bids across 47 parcels in southwestern New Mexico, with 18 companies competing.[63] That demand seems to be reaching federal and private land more quickly than state trust land, where the statutory barriers above still apply. Closing those barriers and building out the resource characterization needed to locate the best sites is what determines whether that potential produces one project or many.

2.2 Opportunities for Action: Geothermal Statutory Reform

The Case for Action

New Mexico has an estimated 163 GW of technical geothermal potential and an opportunity to make state lands competitive for commercial-scale, next-generation development.[64] Reforming permitting rules and regulations to accommodate modern geothermal technologies, while expanding subsurface resource characterization, data collection, and availability, can give developers greater certainty and help the state attract more investment.

Proposed Action

The Legislature should take three complementary actions to accelerate commercial-scale next-generation geothermal development on state lands.

Update New Mexico's geothermal statutes.

- **Replace the no-diminishment requirement-** The Legislature should replace NMSA 1978, 19-13-3's "no diminishment" provision with a responsible-resource-management standard consistent with EMNRD's permitting framework.
- **Remove the 250°F temperature threshold-** Following Nevada's approach, the Legislature should redefine geothermal without a specific temperature threshold, creating consistent permitting across all geothermal technologies.
- **Establish surface estate ownership of subsurface geothermal heat-** Following the model established in NMSA 1978, 74-14-7 for CO_2 pore space, the Legislature should clarify that subsurface geothermal heat is a surface estate right.
- **Time the effective date to protect ongoing implementation-** The Legislature could set a delayed effective date for the amendments, taking effect roughly 18 to 24 months after enactment, so the affected agencies, including NMSLO and EMNRD, have time to conform their rules. It could also provide that permits and leases issued under the agencies' current rules remain valid, and that the agencies may continue issuing them under those rules, until the amendments and any conforming rule changes take effect.

Enable the revolving loan fund to share appraisal risk in exchange for subsurface data.

- **Authorize risk sharing agreements-** The Legislature should amend NMSA 1978, 71-9-13 so the fund can reimburse a defined share of appraisal drilling costs under defined failure conditions rather than making loans alone, and appropriate funds at a level and duration (3-6 years) that supports several concurrent projects.
- **Condition payment on data delivery-** Agreements should require that all resulting subsurface data enter the state's public geologic record, including from wells that fail. A short (2-4 year) embargo on that data could balance public and commercial interests.
- **Let the fund operate as a risk facility-** The fund should be able to receive commitment fees, premiums, and success payments, and pay the actuarial, underwriting, and reinsurance costs associated with pricing risk.

Expand state investment in geothermal resource characterization and data.

- **Expand funding for geothermal resource assessment-** The Legislature should expand appropriations to state entities conducting geothermal resource assessments (e.g., NM Bureau of Geology & Mineral Resources, EMNRD, NMED), including statewide favorability mapping, temperature-at-depth analysis, and geophysical surveys of high-potential areas.
- **Fund a standardized, publicly accessible subsurface data system-** The Legislature should appropriate funds for the collection, standardization, digitization, and public release of subsurface geologic and geophysical data by state agencies.

Longer-Term Opportunities

2.3 Strengthen New Mexico's resource adequacy planning to address multi-day reliability risks and inform the role of clean firm resources, storage, and bridging capacity.

New Mexico's three IOUs each plan for resource adequacy differently. PNM currently participates in the Western Resource Adequacy Program (WRAP), though it has announced it will withdraw from WRAP before binding reliability obligations begin in Winter 2027-28.[65] SPS plans through the Southwest Power Pool. EPE plans to participate in WRAP as well and is joining SPP's Markets+. All three test their systems against the same reliability benchmark, a standard that tolerates no more than one shortfall event roughly every ten years.

These structures cover each utility on its own terms. What they leave out is a single, comparable view of the assumptions behind each utility's reliability modeling. The three utilities span two regional footprints, and some risks affect both or are specific to New Mexico. Two stand out.

The first is wildfire. Between 2017 and 2026, New Mexico's annual fire seasons exceeded 100,000 acres burned in eight of ten years.[66] The 2022 Calf Canyon/Hermits Peak Fire burned more than 340,000 acres, the largest in state history.[67] Resource adequacy models built on historical outage rates do not capture this risk well, and the stakes rise as data centers, electrified industry, and agriculture deepen the state's dependence on electricity. Sandia National Laboratories is already working with New Mexico utilities on wildfire-resilience tools for the grid.[68] That work is not yet reflected in a shared reliability standard.



The second is correlated renewable resource droughts. A 2025 study in Earth's Future, led by Pacific Northwest National Laboratory, found that low wind and solar output tends to occur across multiple Western regions at once, with the strongest effect in fall, when hydropower runs lowest and compound wind-solar-hydro shortfalls become possible.[69]

The same research found the region's current resource mix can still meet demand through these periods, which makes this a question of cost and storage, particularly long-duration storage, rather than immediate shortfall. Most of New Mexico sits in the Western Interconnection, with SPS in SPP. How the state's mix performs during these periods is worth testing consistently across all three utilities.

A common view of the scenarios each utility already tests would show where these risks are addressed and where they are not. California's integrated resource planning evaluates reliability across multi-day periods rather than a single peak hour, a model for the kind of testing the state could ask its utilities to document.[70] RETA's transmission and energy storage study already examines long-duration storage and could inform that view.



2.3 Opportunities for Action: Resource Adequacy Scenario Analysis

The Case for Action

New Mexico can strengthen reliability planning by ensuring utilities prepare for multi-day renewable shortfalls, correlated resource underperformance, and wildfire-driven outages. Common documentation of resource adequacy scenarios can identify gaps across utilities and regional planning processes, helping ensure that clean firm resources, storage, and transmission are evaluated against the risks the state faces.

Proposed Action

The NMPRC should build on existing IRP reviews by requiring structured documentation of resource adequacy scenario assumptions across New Mexico's IOUs, enabling comparative review and identifying gaps in state-specific risk coverage.

Require common documentation of scenario assumptions- As part of integrated system plan filings (see Lever 1), the NMPRC could require utilities to document, in a common machine-readable structure, the specific assumptions and scenarios underlying their resource adequacy modeling. This could include whether and how utilities are considering risks associated with multi-day renewable resource droughts, periods when two or more renewable resources underperform simultaneously, wildfire-driven transmission outages, and other stress conditions relevant to New Mexico, along with how short- and long-duration storage is represented in their modeling.

Compare scenario coverage across utilities- The NMPRC could review whether the documented assumptions adequately address New Mexico-specific risks, including outages in high-risk corridors and correlated conditions spanning both the Western Power Pool's Western Resources Adequacy Program (PNM, EPE) and SPP (SPS) footprints. Where inconsistencies or gaps exist, the NMPRC could raise them with the relevant regional programs and, where unresolved regionally, propose additional analysis through the integrated system planning framework.

Coordinate with regional programs- The NMPRC should continue its participation in the planning processes for regional bodies to align state review with regional programs.[i]

[i] For SPP, NMPRC participates through the Regional States Committee. For EDAM, NMPRC has been actively engaged in the program's development, though EDAM does not include a resource adequacy planning process. For WRAP, which operates at the transmission-provider level rather than the state level, the NMPRC holds a seat on the states committee; EPE will join WRAP upon joining Markets+.



2.4

Direct EMNRD to evaluate and recommend how the 80% renewable energy standard should apply once utilities meet the standard.

As noted in the introduction, the ETA requires investor-owned utilities to obtain 80% of retail electricity sales from renewable resources by 2040 and achieve zero-carbon electricity by 2045. Rural electric cooperatives must achieve zero-carbon electricity by 2050, with at least 80% supplied by renewable resources. The statute does not explicitly address how the 80% renewable energy standard for utilities should apply after 2040. The state should answer that question when it has better information, while allowing utilities sufficient lead time to plan investments for post-2040 deployment.

Phase 1 and Phase 2 highlighted uncertainty about future electricity demand, transmission needs, costs, and resource availability. Continued cost declines and advances in technologies such as enhanced geothermal systems and longer-duration energy storage at reasonable cost will inevitably expand the state's options for further deployment of renewable energy.

The NMPRC quadrennial report due in 2032 provides a useful decision point. Required every four years under the Renewable Energy Act (NMSA 1978, 62-16-4), the report will reflect experience meeting the 50% renewable energy standard in 2030 and allow more time for load growth, technologies, and regional markets to develop. It will also arrive more than seven years before the 2040 milestone, providing time for utilities to incorporate the resulting direction into long-term plans and investments.

2.4 Opportunities for Action: Post-2040 Renewable Energy Standard

The Case for Action

The ETA provided a clear path toward New Mexico's renewable and zero-carbon goals. Building on that foundation, the state can establish a process to clarify how the 80% renewable energy standard should apply for utilities after 2040. An EMNRD recommendation in 2032 on how the 80% renewable energy standard should apply after 2040 would draw on better information about demand, costs, and technology while giving utilities time to plan. In particular, costs for longer-duration storage as a complement to variable renewables will inevitably continue to fall.

Proposed Action

The Governor should direct EMNRD to evaluate the role of the 80% renewable energy standard after 2040 and recommend a path forward.

Timing- EMNRD should begin its evaluation and stakeholder consultation before publication of the NMPRC's July 1, 2032 quadrennial report and submit its recommendation to the Legislature after the report is published.

Scope- The recommendation should address how the annual 80% RPS would apply to investor-owned utilities after the 2040 milestone and how it would relate to the 2045 zero-carbon standard.

Evaluation criteria- EMNRD should consider projected electricity demand; current and expected technology costs, maturity, and commercial availability; transmission needs; reliability; affordability and customer impacts; regional market conditions; and project-development lead times.

Consultation- EMNRD should consult with the NMPRC, NMED, transmission operators, utilities, rural electric cooperatives, Tribal governments, consumer representatives, and other affected stakeholders.





LEVER 3

Manage Electricity Demand and Improve Efficiency

New Mexico has built one of the most ambitious clean energy frameworks in the Southwest, spanning supply-side decarbonization, demand-side management, and clean transportation. IOUs must deliver energy efficiency programs and meet defined savings goals under the EUEA.[j] The ETA sets a clear decarbonization trajectory for the state. Clean transportation infrastructure has been funded through multiple channels. VPP frameworks are taking shape, with the NMPRC's distribution planning rulemaking and demand savings working group laying the foundation for program-level rules on procurement, ratemaking, and participation. The next step is building the programs and regulatory frameworks that make these policies work for all New Mexicans.

Stakeholders across Phase 1 interviews and Phase 2 forums consistently reported that although the necessary policy architecture is in place, the programs, regulatory frameworks, and funding structures have not yet been designed to deliver on those policies for all households. New Mexico does not yet have a regulatory framework for VPPs that treats demand-side resources on a level playing field with new generation, limiting the state's ability to manage peak demand through efficiency-enabling technologies and defer costly new generation and grid infrastructure. Transportation electrification responsibilities are spread across several agencies, leaving coordination potential unrealized.[k] Efficiency and electrification programs are reaching the households best positioned to participate, but the households with the most to gain are often the hardest to reach. As one Albuquerque forum panelist put it, "we need to design programs for the realities that people are living." Building the frameworks and programs that carry New Mexico's efficiency investments through to the highest-burden households would ensure the benefits of the energy transition are shared by the communities that need them most.

[j] The Efficient Use of Energy Act has been an important foundation for utility-administered demand-side management in New Mexico. The law has room to grow, including with respect to rural electric cooperative coverage, natural gas efficiency standards, and utility decoupling mechanisms. A fuller assessment of the Act's limitations and opportunities is beyond the scope of this report.

[k] Transportation decarbonization includes vehicle electrification, low-carbon fuels (including biofuels and hydrogen), improvements in vehicle efficiency, increased vehicle occupancy, expanded transit options, and other strategies. Because this report focuses on electricity systems, transportation-related recommendations in this section primarily address transportation electrification rather than the full range of transportation decarbonization strategies.

The near-term opportunities focus on interagency coordination of consumer-facing transportation programs, household financing for efficiency upgrades, and the regulatory foundation to evaluate demand-side resources as genuine alternatives to new generation and new infrastructure investment. The longer-term opportunities address structural barriers to participation: tax incentives that are not reaching renters; weatherization funding that reaches a fraction of eligible homes; and used vehicle requirements that exclude dealers serving lower-income buyers.

Near-Term Opportunities

3.1 Establish a Low-Carbon Transportation Council to coordinate consumer-facing clean transportation programs.

New Mexico has built real momentum on clean transportation, and the missing piece is now coordination. The state has assembled the funding, the authority, and the expertise: substantial investments in clean transportation infrastructure through utility Transportation Electrification Programs approved by the NMPRC, Volkswagen Environmental Mitigation Trust funds and Diesel Emissions Reduction Act grants distributed by the NMED, federal National Electric Vehicle Infrastructure (NEVI) Program Formula funding flowing to NMDOT for EV charging along interstate corridors, and direct legislative appropriations.

The state has also established a market-based framework for fuel decarbonization through the Clean Transportation Fuel Program, which took effect in April 2026. New Mexico has the funding streams, the statutory authority, and the agency expertise to accelerate consumer-facing electrification. These efforts are spread across five agencies, three utilities, and multiple funding streams, with no single structure aligning them. As a result, the investments already in place deliver less than their full potential.

Transportation electrification responsibilities are currently distributed among NMED, NMDOT, EMNRD, Taxation and Revenue Department (TRD), and the NMPRC. An NMDOT representative at the Albuquerque forum reported that when deploying EV charging infrastructure, NMDOT encountered different demand charge conditions across IOU and cooperative territories with no unified state framework governing how those conditions apply to public charging. The Sunland Park forum concluded that coordinated leadership, targeted investment, and workforce readiness are each necessary, and that progress on any one of them without the others will be insufficient. Without a coordinating structure, these gaps carry real costs: deployment slows as agencies and utilities resolve the same questions separately, customers face an inconsistent experience across utility territories, and opportunities to lower transportation costs and emissions go unrealized.

The funding, authority, and expertise already exist. What is missing is alignment. A coordinating council addresses that directly, and it requires no new legislation. It aligns programs that already operate rather than adding new ones. It gives agencies and utilities one venue to settle the cross-territory questions that now slow deployment, so those questions are resolved once instead of repeatedly. Annual public reporting and an early pilot project hold it to measurable results.

3.1 Opportunities for Action: Low-Carbon Transportation Council

The Case for Action

New Mexico already has the funding, programs, and agency expertise needed to accelerate clean transportation. A Low-Carbon Transportation Council can align those existing efforts, resolve cross-agency and cross-utility questions once, and direct investment toward the rural and Tribal communities least likely to be served by the market.

Proposed Action

The Governor should establish a Low-Carbon Transportation Council through executive order to align the state's clean transportation programs and funding, focused on electrification while recognizing that low-carbon fuels have a role where electrification is not yet practical.

Programs and funding streams coordinated- The Council should align the programs and funding streams that support consumer-facing electrification, including the Clean Transportation Fuel Program, NEVI, building code EV readiness, and fleet electrification, identifying gaps and overlaps across the agencies that administer them.

Expand access to underserved communities- The Council could direct public charging investment toward rural and Tribal corridors that private operators are unlikely to serve, and ensure Tribal communities have a direct role in program design rather than being consulted after decisions are made.

Membership and structure- Membership could include NMED, NMDOT, EMNRD, TRD, the General Services Department, and NMFA, with the NMPRC, the New Mexico Rural Electric Cooperative Association, charging network operators, transit agencies, Tribal communities, and local planning organizations invited to participate. The Governor's office should designate the lead agency and determine the structure of appointed and invited representatives.

Annual reporting- The Council should report publicly each year on what it has coordinated and on how deployment, cost, and access are changing, giving the Legislature a clear basis to revisit the Council's structure if coordination does not materialize.

Pilot project- As an early priority, the Council should apply its coordination model to a single defined effort using existing program funds, such as public charging along a rural or Tribal corridor that private operators have not served. The Council should report what the pilot achieved and what it revealed, so the results inform whether and how the model is applied more broadly.



3.2 Authorize on-bill financing so households without savings or credit can access efficiency upgrades.

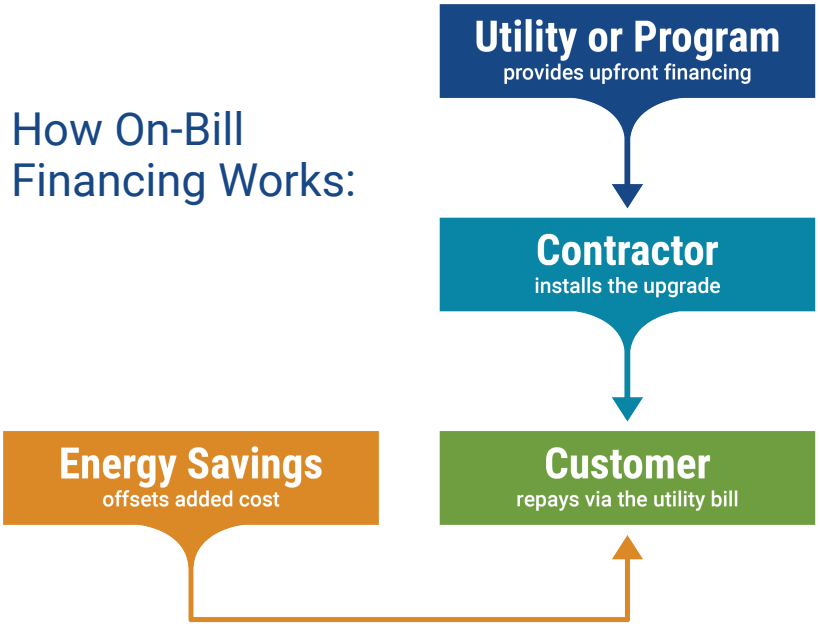
New Mexico's efficiency programs are producing real results, and demand for them is strong. The barrier is not interest, but access. In Albuquerque, 86% of forum survey respondents identified lack of upfront capital as the primary barrier to efficiency adoption, the single most-cited obstacle across all sectors.

On-bill financing, also known as "pay-as-you-save financing," addresses that barrier by converting an upfront cost into a monthly payment structured to be lower than the resulting energy savings. Efficiency upgrades then become accessible to households without savings, credit, or tax liability. Renters are among the households with the most to gain, since they are frequently excluded from efficiency programs. Because the charge attaches to the meter, a renter's participation depends on the landlord's agreement to the upgrade, which the program design has to account for.

Other efficiency tools, including tax credits, rebates, and loan programs, each require something that low-income households often lack: upfront capital, tax liability, or creditworthiness. On-bill financing removes all three barriers by tying repayment to the meter rather than the person. These programs can be structured so that IOUs or third parties provide the capital rather than the state government. The NMPRC's authority over utility tariffs under the Public Utility Act, together with its role in administering efficiency programs and cost-recovery mechanisms under the EUEA, provides a basis for approving a tariffed on-bill program without new legislation.

Forum stakeholders noted that expanding access to efficiency programs for low-income households creates shared benefits: it improves energy affordability for residents while reducing arrears and service disconnections that drive up IOU operational costs. This framing positions on-bill financing as a utility interest as much as a ratepayer one.

How On-Bill Financing Works:



On-bill financing lets a customer pay for an energy upgrade – like insulation, efficient HVAC, or solar – over time through a charge added to their regular utility bill, instead of taking out a separate loan or paying upfront.

A few things worth knowing:

Low or no upfront cost: the utility or a program administrator covers the installation cost, so the customer doesn't need cash or credit up front.

"Bill-neutral" design: programs are often structured so the monthly repayment charge is roughly equal to or less than the money saved on energy use, keeping the total bill flat or lower.

Two common structures: on-bill loan (tied to the customer, follows them if they move) and on-bill tariff (tied to the meter/property, transfers to whoever occupies it next).

Figure 12: On-bill financing, also known as "pay-as-you-savefinancing," addresses that barrier by converting an upfront cost into a monthly payment structured to be lower than the resulting energy savings, Source: https://betterbuildingssolutioncenter.energy.gov/financing-navigator/option/bill-financingrepayment

In Arkansas, the rural electric cooperative Ouachita Electric adopted a tariff-based on-bill program and saw a surge in customer interest. In the program's first three months, the number of customers requesting efficiency assessments, a precursor to upgrades, more than doubled. The appeal of the tariff model is that participation does not depend on a customer's credit score or willingness to take on debt, so it reaches households that loan-based programs miss.[71]

That distinction is instructive for New Mexico, where rural electric cooperatives serve much of the state, and their low- and moderate-income members face the upfront-cost barrier that limits participation in loan-based programs.[72] Regionally, Tri-State Generation and Transmission has partnered with the Collective Clean Energy Fund to offer a similar on-bill repayment program to its member cooperatives through the Electrify and Save program. Tri-State is the wholesale power supplier to eleven New Mexico cooperatives, so the program already operates within the cooperative system that serves rural New Mexico. It is currently active in Colorado, with potential expansion to New Mexico cooperatives.[73]

3.2 Opportunities for Action: On-Bill Financing

The Case for Action

New Mexico's efficiency programs are producing results and demand is strong, but 86% of Albuquerque forum respondents identified a need for additional upfront capital for increased adoption. On-bill financing would extend those results to the households that existing tools, including tax credits, rebates, and loan programs, miss, as each require something low-income households may lack: upfront capital, tax liability, or creditworthiness.

Proposed Action

The NMPRC should open a docket to examine and then authorize tariffed on-bill financing. The NMPRC can take both steps under its existing authority over utility tariffs and efficiency programs, without new legislation. The proceeding should include participation from utilities, ratepayers, and representatives of low-income customers.



Threshold design questions to resolve- The authorizing tariff should resolve three questions before authorization: who absorbs the loss if a customer stops paying, how the utility recovers unpaid balances through rates, and how landlord consent is handled so renters are not excluded by default.

3.3 Build a virtual power plant program (VPP) framework with explicit ratemaking treatment and equitable participation pathways.

A virtual power plant, or VPP, is a network of small energy devices in homes and businesses, such as batteries, smart thermostats, and water heaters, that a utility or grid operator can coordinate to act like a single power plant. New Mexico's 2025 Energy Grid Update forecast NM to have over 160 MW of VPP potential by 2030 from behind-the-meter storage, smart thermostats, and electric water heaters alone, with electric vehicles and distributed solar offering additional resources for aggregation.[74] By aggregating these distributed resources to reduce demand at peak times, VPPs can lower overall system costs, support reliability, and reduce the need for new generation and grid infrastructure. This makes them a flexible alternative to building new peaking resources or upgrading infrastructure to meet localized load growth, particularly as large loads expand across the state.

The state's solar tax credit has accelerated rooftop solar deployment, creating distributed energy assets and storage resources that VPP frameworks could help utilize more efficiently while supporting grid balancing needs. The U.S. Department of Energy's (DOE) 2025 VPP Liftoff Report found VPPs could provide peak capacity at 40 to 60% lower net cost than gas or utility-scale battery alternatives.[75] Green Mountain Power in Vermont has shown these savings in practice: its network of home batteries across 2,900 customers have saved the utility's customers $3 million per year because of reduced charges during periods of peak demand.[76]

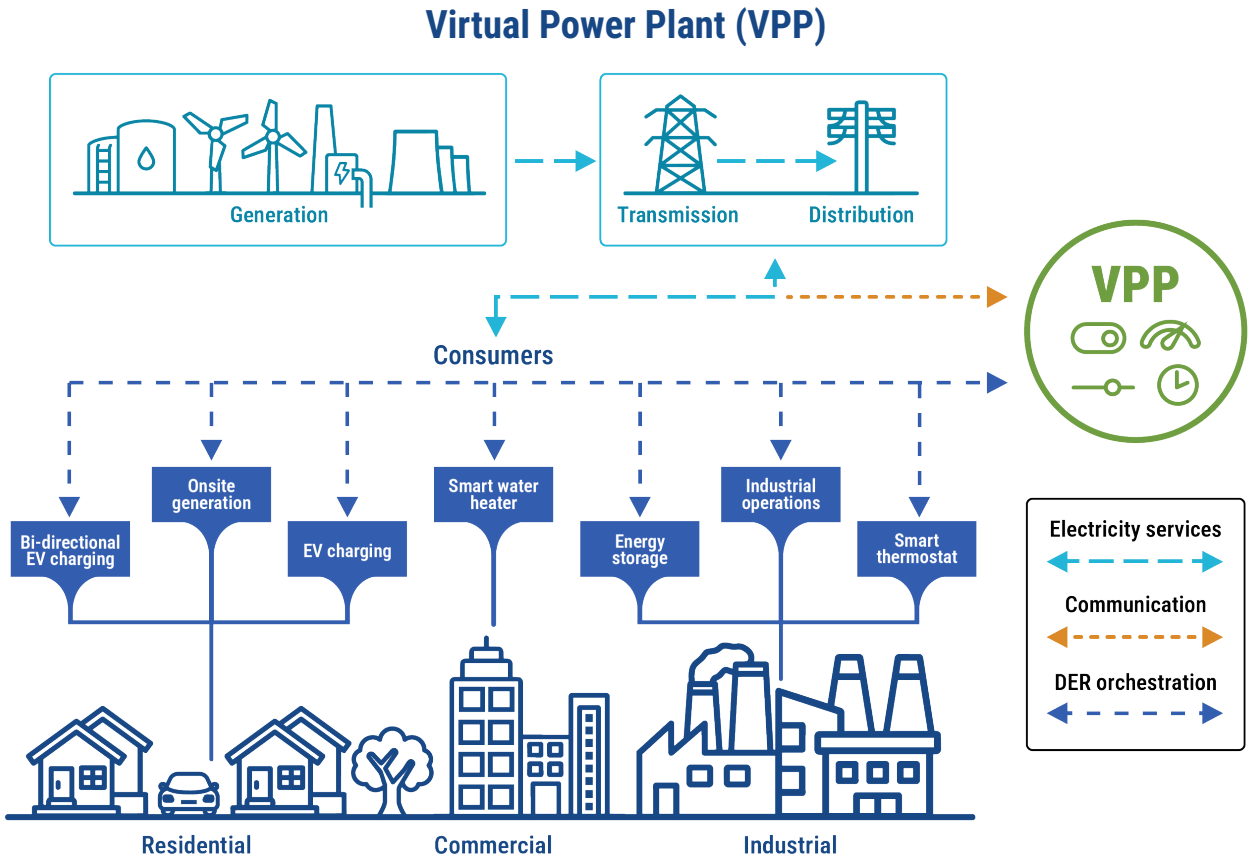


Figure 13: Graph of VPP system functions, Source: https://climateprogramportal.org/wp-content/uploads/2025/06/LIFTOFF_DOE_VPP_2023.pdf

The integrated system planning framework recommended in Lever 1 establishes the venue for evaluating virtual power plants as planning-grade resources. Planning evaluation does not by itself produce deployable capacity. Three program-level questions sit outside the planning process and require their own regulatory and statutory action: how procurement obligations are structured once VPPs have been deemed cost-effective; how VPP investments are treated in rate base and return-on-equity determinations for the utility, which shapes whether utilities have a financial incentive to procure these resources at all; and how participation pathways reach the households and cooperatives that current utility programs have not.

Phase 2 stakeholders surfaced each of these questions. Albuquerque forum participants proposed an NMPRC-led or legislatively mandated VPP program, and the forum survey identified expanding access for low- and moderate-income households as the top energy efficiency priority across stakeholder sectors. However, as previously mentioned, many households cite a lack of upfront capital as a barrier to participation in demand-side programs. New Mexico's main low-income energy programs are designed around bill assistance and efficiency measures, not the storage systems that VPP participation often requires. In response, encouraging and incentivizing rural cooperatives and municipal utilities was ranked as a priority utility-engagement strategy (61%).

> ***The DOE 2025 VPP Liftoff Report found VPPs could provide peak capacity at 40 to 60% lower net cost than gas or utility-scale battery alternatives.***

HB 311, the Virtual Power Plant Act, which would have directed the NMPRC to establish rules requiring utilities to implement VPP programs, was introduced in the 2026 legislative session but did not pass.[77]

Other states have built comparable frameworks within single legislative or regulatory cycles. Colorado's SB 24-218 (2024) required qualifying IOUs to file VPP program applications with Colorado's PUC by February 2025, with performance-based compensation covering peak demand reduction, voltage support, and participation in non-wire alternatives.[78] Hawaii's revised Bring Your Own Device (BYOD) Plus program, approved by Hawaii's PUC in March 2025, reserves half of its 50 MW statewide VPP cap for low- and moderate-income customers and offers an $800 per kW upfront incentive for qualifying low- and moderate-income customers compared to $400 per kW for standard enrollees, addressing the upfront capital barrier surfaced through Phase 2 forums. [79]

New Mexico can draw on these examples, but implementation will require addressing state-specific barriers. Utilities currently have a financial incentive to invest in rate-based generation rather than procure lower-cost VPP capacity. NM's current IRP rule directs utilities to consider distributed and demand-side resources, but distributed resources sitting behind customer meters are not yet operationally visible to the system in a way that lets them be counted and dispatched as an aggregated VPP resource. New Mexico's three IOUs are also at different stages of advanced metering infrastructure (AMI) deployment: EPE and SPS have largely completed smart meter installations, while PNM's broader residential AMI rollout remains underway and is expected to continue through approximately 2028.[80,81,82] Even where smart meters are in place, third-party VPP aggregators depend on standardized customer-data access, and New Mexico has not yet required its utilities to adopt a common standard such as Green Button Connect My Data for authorized third-party sharing.

3.3 Opportunities for Action: Virtual Power Plant Framework

The Case for Action

New Mexico is positioned to capture more than 160 MW of virtual power plant potential by 2030 from behind-the-meter storage, smart thermostats, and electric water heaters alone. A clear VPP framework can turn those customer-side assets into a reliable grid resource that lowers system costs, supports reliability, and reduces the need for new generation and grid upgrades, while extending participation to low- and moderate-income households and rural cooperatives. In the near term, the state can demonstrate the model directly by funding a pilot through a municipal utility or a state university campus, producing a replicable template and a public dataset that cooperatives and other communities can use to launch their own programs.

Proposed Action

The Legislature should reintroduce a revised Virtual Power Plant Act directing the NMPRC to establish a VPP procurement framework, with equitable access for low- and moderate-income households and rural cooperatives as a central objective. The act would set the equity provisions and the authority for mandatory procurement, and the NMPRC would resolve ratemaking and program design through rulemaking.



Cooperative participation and planning alignment- The act should establish a voluntary participation pathway for rural electric cooperatives that recognizes their distinct governance and rate-setting authority. It could align procurement timing with the triennial integrated system planning cycle adopted under Lever 1.



Launch a demonstration pilot- The Legislature could fund a VPP pilot through a municipal utility or a state university campus, public entities that could receive and deploy a state appropriation to run a controlled demonstration outside the investor-owned utility incentive structure. The pilot could be structured to produce a full operational dataset published through DETECT, providing cooperatives and other municipalities with a documented model to replicate. A large-load developer, such as a data center, could alternatively fund and host a pilot as a community benefit to offset local project impacts, providing a working demonstration at no public cost (see Recommendation 4.4 on community benefits).



Dedicated funding for low- and moderate-income participation- The Legislature should subsidize the upgrades required by VPP participation for low- and moderate-income households, reaching them through the same one-stop-shop intake established under Recommendation 3.5 so families encounter a single point of entry rather than a separate enrollment path. It could draw on the Community Benefit Fund, which is already authorized to support batteries, storage, and interconnection equipment (NMSA 1978, 6-4-37). Developers of large loads, such as data centers, could be encouraged to contribute to the fund.



Ratemaking treatment resolved through rulemaking- The NMPRC could open a rulemaking docket to address how VPP investments enter the rate base and how avoided or deferred capital expenditures factor into return on equity calculations.



Program-level rules- The docket could establish program-level rules for utilities procuring VPP capacity, setting performance-based compensation structures, eligibility criteria that preserve access for low- and moderate-income participants, and measurement and verification standards. It could draw on the demand savings working group's December 2025 report (Docket 25-00046-UT) and the NMPRC's active distribution planning rulemaking (Docket 22-00089-UT) as technical foundations.



Data access and procurement standards- The docket could establish data access standards requiring utilities to make AMI data available to third-party aggregators with customer consent. It could set standards for utility procurement solicitations and requests for proposals to ensure VPP aggregators can participate on equal terms with conventional supply-side resources.



VPPs in integrated system planning- The NMPRC could also direct utilities to evaluate VPPs as selectable least-cost resources in their integrated system plans, on equal footing with conventional generation alternatives.



Longer-Term Opportunities

3.4 Establish an enhanced Sustainable Building Tax Credit (SBTC) for low- and moderate-income rental housing.

The SBTC (NMSA 1978, 7-2-18.32 and 7-2A-28.1) is already delivering measurable results: 70.6 billion Btu saved and 3,178 metric tons of CO2 avoided in 2022 alone.[83] Reaching the 29% of New Mexican households who rent would multiply those gains without requiring a new program or new administrative infrastructure.[84]

There is a proven way to do it. The federal government pairs a larger tax credit with conditions that steer investment toward households the market tends to overlook. Its clean electricity investment tax credit provides a base credit, then increases it by 10 or 20 percentage points when a project serves a low-income community, low-income households, or an affordable housing development.[85] The bonus is designed to pull private capital toward those households, and in its first year the program received applications far exceeding its capacity.[86] New Mexico can carry that design to the SBTC: a higher credit for improvements to rental units serving low- and moderate-income tenants, tied to protections that keep the benefit with the tenant.

The March 2026 Albuquerque forum stakeholder survey found that expanding access to the SBTC was among the highest-rated policy priorities, with 61% of respondents rating it as very important.

The reason a higher credit is needed is the split incentive. Landlords lack incentives to invest in efficiency when tenants pay the utility bills, which leaves renter-occupied housing less efficient and its occupants bearing higher energy costs. The existing credit is available to landlords, but it has not been enough to overcome that split incentive on its own. A larger, targeted credit changes the calculation. EMNRD already administers the credit, so the change required is structural, not administrative.

The credit is already refundable for low-income taxpayers, so low-income owners can benefit even when it exceeds their tax liability. Renters are the gap. They do not own the property and cannot claim the credit, so reaching them depends on the owner claiming it and passing the value through. That pass-through is the core of the design. If landlords raise rents to capture the value of an upgrade, the benefit shifts away from the tenants the policy is meant to help, so tenant protections are integral.

The March 2026 Albuquerque forum stakeholder survey found that expanding access to the SBTC was among the highest-rated policy priorities, with 61% of respondents rating it as very important.

3.4 Opportunities for Action: Enhanced Sustainable Building Tax Credit

The Case for Action

New Mexico can build on the SBTC's measured savings of 70 billion Btu and over 3,000 metric tons of CO2 avoided in 2022 by strengthening the credit for low- and moderate-income rental housing. A higher credit, paired with income and rent conditions, can overcome the split incentive for landlords and ensure lower utility bills and better housing benefit the 29% of New Mexican households who rent.

Proposed Action

The Legislature should establish an enhanced SBTC amount for improvements to renter-occupied units serving low- and moderate-income tenants, available to landlords who commit to passing the benefit through to tenants. EMNRD should establish eligibility by rule, using the certification process it already runs to verify documentation before issuing the credit's certificate of eligibility.



Enhanced credit for low- and moderate-income rental improvements- The Legislature should set a higher credit amount for qualifying improvements to renter-occupied units serving low- and moderate-income tenants than the standard credit provides.



Tenant protections- The Legislature should condition the enhanced credit on landlords committing to limit rent increases above a defined threshold for a set period following improvements and maintaining affordability covenants for a defined period after receiving the benefit. If a landlord raises rent beyond the threshold during that period, the enhanced amount should be subject to clawback, recovered through the same process EMNRD uses to certify eligibility. This follows the provisions of the federal Low-Income Housing Tax Credit, which recaptures the benefit when a property falls out of compliance.



Eligibility rules EMNRD would establish- EMNRD should set eligibility by rule, resolving three questions before the enhanced credit takes effect: what share of a building's units must serve low- and moderate-income tenants for improvements to qualify, how tenants' income status is documented, and how the pass-through of benefit to tenants is verified for units outside a formal affordable-housing program.



Fiscal analysis and appropriation- A higher credit for rental units should be sized with a fiscal impact analysis, weighing the revenue effect against the energy savings, lower bills, and improved housing stock it delivers for renters.

3.5 Establish a one-stop-shop for low-income weatherization, efficiency, and electrification.

For households carrying the highest energy burdens, weatherization is the intervention that makes electrification deliver. By reducing energy waste through improvements to the building envelope, weatherization lowers overall energy demand and improves the effectiveness of subsequent electrification investments.[87] Weatherized electrified homes save an average of $500 to $800 per year nationally, while appliance electrification alone can raise energy costs by 7 to 25% without paired efficiency upgrades, depending on the appliance and the fuel source.[88,89]

New Mexico already has the funding streams to deliver this combination at the low-income tier through the state Community Energy Efficiency Development (CEED) block grant, federal Home Electrification and Appliance Rebates (HEAR), Home Efficiency Rebates (HER), the Weatherization Assistance Program (WAP), Low Income Home Energy Assistance Program (LIHEAP), and utility programs under the EUEA.

Each pool comes with its own eligibility rules and administrative restrictions on how funds can be combined. New Mexico has also begun building the connective tissue between these programs. EMNRD's CleanEnergy.nm.gov website and its energy coaches already help households navigate available programs, but their continued operation depends on sustained funding.

The result is a fragmented system that households most in need have difficulty navigating. Since 2010, the state weatherization program has reached only about 1 in 17 of the 172,876 households eligible for weatherization assistance, even as CETS Phase 2 forums identified low-income residential weatherization as the top near-term state priority.[90] Albuquerque forum participants estimated that fully serving New Mexico's low-income households would require approximately $700 million; CEED has been funded at $10 and $15 million once in 2022 and once in 2025.





The households most in need carry the steepest costs. Residents of New Mexico's lowest-income census tracts spend 8.7% of their income on residential energy bills, nearly five times the 1.8% share paid in the state's highest-income tracts. Native American communities face the highest energy cost burden in the state at 10.7% of household spending, while rural households average 6.5%.[91] Stakeholders also identified frontier communities as underserved by existing energy-efficiency and electrification efforts, with one respondent noting that smaller, less-populated counties are often overlooked when state initiatives are designed, contributing to lower participation outside the Rio Grande Corridor.

Two throughput bottlenecks compound the access problem. First, fragmented program design defeats participation. Low-income households often lack the time to navigate CEED, HEAR, WAP, and IOU EUEA programs separately, even when each is well-designed individually. The programs have complementary roles: utility programs deliver lighter-touch measures across broad customer bases; CEED funds deeper retrofits for the highest-burden households; HEAR funds electrification capital; and WAP and LIHEAP cover federal allocations with their own eligibility rules. Las Cruces's Plugged in For Good program demonstrates coordinated delivery at the local level, pairing each installation with a dedicated staff person and relying on trusted community organizations for outreach.[92]

Second, contractor scarcity prevents funding from translating into completed projects. Albuquerque forum participants described waiting one month for heat pump installation compared with next-day furnace replacement, and one participant contacted 12 contractors before receiving a single quote for a heat pump water heater.

Residential Energy Cost Burdens

Across New Mexico, low-income households struggle to pay for their home energy bills, and often lack access to the resources to save energy and adopt clean energy resources. Efforts to adopt clean energy resources, such as rooftop, microgrid, and community solar as well as home energy efficiency measures, can help alleviate these energy cost burdens.

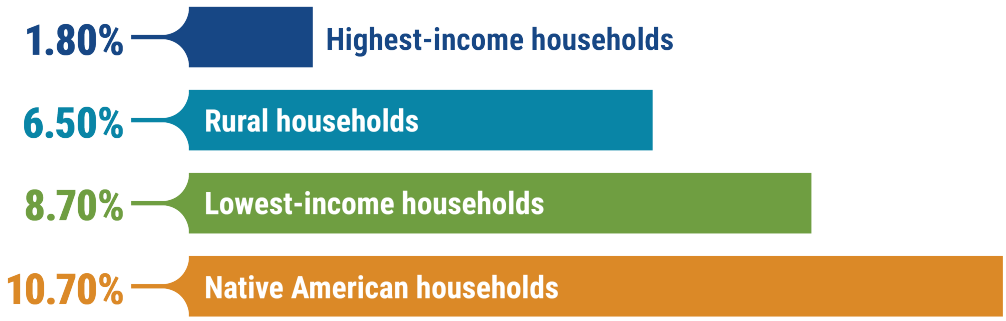


Figure 14: Residential energy cost burdens by income level % of median household income spent on home energy bills, Source: https://www.psehealthyenergy.org/wp-content/uploads/2023/04/NM-Res-Energy-Costs.pdf

3.5 Opportunities for Action: One-Stop-Shop for Low-Income Weatherization, Efficiency, and Electrification

The Case for Action

New Mexico already has several funding streams to help low-income households weatherize, improve efficiency, and electrify their homes, but fragmented intake and delivery limit their reach. A one-stop shop can help households access and combine available support, sequence improvements effectively, maximize the value of each state dollar, and direct resources to communities with the greatest energy burdens.

Proposed Action

The Legislature should establish a centralized administration and intake for state and federal low-income weatherization, efficiency, and electrification programs, designating a lead entity such as EMNRD to coordinate program delivery, eligibility screening, resident assistance, and reporting across funding sources. The lead entity should braid funding across sources, sequence investment across pre-weatherization, weatherization, and electrification, and track outcomes and enrollment, while multiple agencies, utilities, and community organizations continue to deliver the program components.



Administrative versus statutory elements- Some elements, such as a unified intake portal, resident navigation services, and coordination among existing programs, could be implemented administratively. Legislation could provide the authorities, funding mechanisms, and program modifications needed to sustain the framework statewide over time.



Braiding, sequencing, and outcome tracking- The lead entity should braid funding across sources so a single household project can draw on multiple programs, sequence investment, and track outcomes and spending across funding streams. It could begin with an inventory of all state and federal low-income energy funding pools, mapping eligibility rules and combination restrictions.



CEED funding- The Legislature could provide CEED with multi-year appropriations rather than one-time funding and make the CEED fund non-reverting. It could also provide administrative funding for statewide coordination, resident assistance, and outreach.



Reaching rural and cooperative-served households- EMNRD could add a scoring preference in CEED's evaluation criteria that further rewards projects serving rural and cooperative-served communities. Cooperatives' direct billing relationship with every household in their territory positions them to identify high-burden homes and coordinate installations, with the grant continuing to flow through an eligible governmental entity or the NMFA.



Unified intake and local delivery- A unified eligibility intake and referral system should be supported by trusted local outreach partnerships and administrative capacity for statewide delivery. An authorized installer registry, coordinated with EMNRD's Training for Residential Energy Contractors (TREC) initiative, could prioritize placement for contractors maintaining capacity in frontier and Tribal service areas. It should also serve as the entry point for low- and moderate-income participation in VPPs under Recommendation 3.3.



Sustained funding for navigation resources- The Legislature should fully fund the CleanEnergy.nm.gov website and the energy coaches, which already provide the household navigation that the coordinated system depends on.



Enrollment and participation metrics- The statute could establish enrollment and participation metrics, disaggregated by high-energy-burden, Tribal, and rural communities, to assess whether the coordinated system reaches the intended households.



Utility program coordination- The lead entity should engage with the NMPRC on utility triennial efficiency filings to structure IOU EUEA program coordination.



3.6 Replace the Used EV Dealer Warranty Requirement with a Battery State of Health Disclosure Condition.

New Mexico's Clean Car Tax Credit (NMSA 1978, 7-2-18.36 and 7-2A-19.1) has expanded access to electric vehicles for low- and moderate-income households since its enactment in 2024, but a structural barrier continues to limit the uptake of the credit for previously owned vehicles. Under current statute, a used EV qualifies for the credit only if the selling dealer provides a minimum one-year warranty against defects and repairs.

Forum participants in Sunland Park reported that most dealerships will not offer this warranty on used vehicles, and that buyers have encountered cases where dealers agreed to the warranty on paper but did not honor it in practice. The result is that a well-designed incentive is effectively inaccessible for a large share of the used EV market, particularly in communities with limited dealership options.

The warranty requirement was intended to protect buyers from purchasing a used EV with an unreliable battery. That protective intent is sound. The mechanism, however, places a hard-to-quantify financial obligation on dealerships that discourages participation rather than building consumer confidence.

Several major US retailers have pursued the same goal of protecting buyers through a different approach. In 2025, CarMax, the nation's largest used car retailer, partnered with Recurrent Auto to provide battery state of health (SoH) data on used EVs at its 250 stores nationwide.[93] Experian Automotive has integrated Recurrent's battery health reporting directly into its AutoCheck vehicle history reports, the standard disclosure tool already used across the used car market.[94]

The technical foundation for this shift is also taking shape: the Institute of Electrical and Electronics Engineers (IEEE) published a testing and evaluation guide for on-board EV batteries in 2025 (IEEE 3365-2025) that provides a framework for third-party SoH assessment without requiring battery disassembly, enabling the kind of rapid, point-of-sale diagnostics that retailers like CarMax are already deploying.[95]

Critically, these assessments use a vehicle's existing onboard diagnostics during normal charging and discharging, meaning dealers do not need specialized laboratory equipment or trained engineers on-site. A third-party diagnostic tool plugged into the OBD port, present in all modern vehicles, can complete the assessment in minutes, just as a dealer already runs a vehicle history report before a sale.

New Mexico has an opportunity to align its clean car credit with where the market and technical standards are heading, while simultaneously reducing the burden on dealerships and expanding the pool of qualifying vehicles. A state-of-health report gives the buyer objective, third-party information about the battery's condition, rather than a financial guarantee whose value depends on a dealership's willingness to honor it.

3.6 Opportunities for Action: Used EV Battery State-of-Health Disclosure

The Case for Action

New Mexico's Clean Car Tax Credit has expanded EV access for NM taxpayers. A targeted statutory update can extend that success to used EVs by replacing the dealer warranty requirement with an objective, third-party battery health disclosure that protects buyers while removing the open-ended financial obligation that keeps many dealerships, especially in rural and lower-income communities, from participating.

Proposed Action

The Legislature should amend the Clean Car Income Tax Credit (NMSA 1978, 7-2-18) to replace the one-year dealer warranty requirement for previously owned vehicles with a condition that the selling dealer provide a battery state-of-health report prepared by a qualified, manufacturer-independent diagnostic provider at the time of sale.

Standards and thresholds set by EMNRD- EMNRD should define minimum standards for qualifying diagnostic providers and a minimum state-of-health threshold for credit eligibility. The threshold should be set through a data-driven process that accounts for the age and mileage of used EVs already circulating in New Mexico's market, to avoid excluding functionally sound vehicles.

Consumer guidance- EMNRD could develop consumer guidance to help buyers understand what a state-of-health report means for a vehicle's battery condition, so the report serves as a genuine decision-making tool rather than an unfamiliar number.

Cost- EMNRD could specify that the assessment cost may not be passed through to the buyer as a separate charge. A complete battery health report takes minutes and costs well below a year-long warranty, and because the dealer provides it at the point of sale, the cost falls to the dealer.

Dealer access- To ensure the state-of-health condition does not create a new access barrier for smaller or rural dealerships, EMNRD could establish a dealer registration pathway that includes access to approved diagnostic tools.

Rulemaking and coordination- EMNRD could resolve the design questions, such as vetting providers and verifying reports at the point of sale, through rulemaking, with adequate lead time and resources before the requirement takes effect. If the Governor establishes a Low-Carbon Transportation Council (see Recommendation 3.1), that body could coordinate provider standards across EMNRD, TRD, and other relevant agencies.





LEVER 4

Support the Workforce for New Mexico's Energy Transition

New Mexico has established the training infrastructure to support an energy-transition workforce, and its talent pipelines are entering a period of rapid expansion. State agencies, higher education institutions, apprenticeship sponsors, and specialized training providers now support a growing range of clean energy and infrastructure occupations. However, the system is not yet operating at the scale needed to support sustained statewide growth.

Across the regional forums, participants identified continuing constraints that could limit sustained growth: employer demand based on project-by-project development can be intermittent, Community Workforce Agreement terms vary developer to developer, and training pipelines lack the stable downstream signal needed to grow. Specific skill gaps persist in energy efficiency, weatherization, and the planning and technical capacity that Tribal and rural communities need to lead or actively participate in project development before construction begins—areas that targeted initiatives are beginning to address but do not yet cover at sufficient scale.

Supply-side and access barriers reinforce each other. Workers in rural and Tribal communities face distance, scheduling, transportation, childcare, and housing barriers to programs not delivered where they live. A weak information environment compounds these challenges: students and parents report that the absence of clear wage and demand data makes energy careers difficult to evaluate. Supports offered by individual programs can reduce some of these obstacles for enrolled participants, but they do not address the broader statewide need for locally accessible training and reliable career information.

Still, New Mexico's workforce development framework is substantial. While the Higher Education Department (HED) provides statewide coordination, oversight, data collection, and policy implementation support, higher education institutions retain authority over local program development, academic offerings, and workforce pathways. According to the New Mexico Department of Workforce Solutions' (DWS) 2025 Annual Report on Executive Order 2024-152, 2,809 New Mexicans had received climate-ready or infrastructure-aligned training as of December 2025, exceeding the statewide goal of 2,000 trainees by December 2026. The initiative is coordinated by DWS in collaboration with 11 state agencies and offices.[96]

The Department of Workforce Solutions, HED, New Mexico Public Education Department (NMPED), and ETA funds collectively support apprenticeship expansion, free training in high-demand fields, K-12 career pathways, and displaced worker assistance. HED's Adult Education Division administers Integrated Education and Training (IET) programs, which deliver adult education, workforce preparation, and occupational skills training concurrently to support rapid entry into high-demand fields. Forty-four IET programs currently offer industry-recognized credentials aligned with clean energy infrastructure, including solar (NABCEP), wind turbine technology, welding, broadband installation, commercial driving, and construction trades (NCCER and OSHA).

Growth in IET capacity demonstrates strong momentum. In FY25, IET enrollment increased nearly 50% to 787 students, while learners earned 487 industry-recognized credentials, a 44% year-over-year increase.[97] IET-specific measurable skill gains also continue to rise, demonstrating program effectiveness and learner progress toward employment and credential attainment. HED is also developing a new clean energy-focused IET curriculum for careers in HVAC, plumbing, electrical work, and energy auditing.

New Mexico's registered apprenticeship system has grown sharply since 2019, adding 35 new programs that now train approximately 2,600 workers in careers paying an average of $80,000 per year.[98] Industry partnerships, including approximately $25.8 million in workforce investment from the Permian Strategic Partnership across the Permian Basin region, including southeastern New Mexico, extend these efforts further.[99]

HED's Integrated Education and Training (IET) Enrollment

	Enrollees	Industry-recognized certificates earned
FY2024	525	338
FY2025	**787**	**487**
YoY Growth	50%	44%

Figure 15: HED's Integrated Education and Training Enrollment, Source: New Mexico Higher Education Department, New Mexico Workforce Sees Rapid Growth, https://hed.nm.gov/news/nm-workforce-development-programs-see-rapid-growth

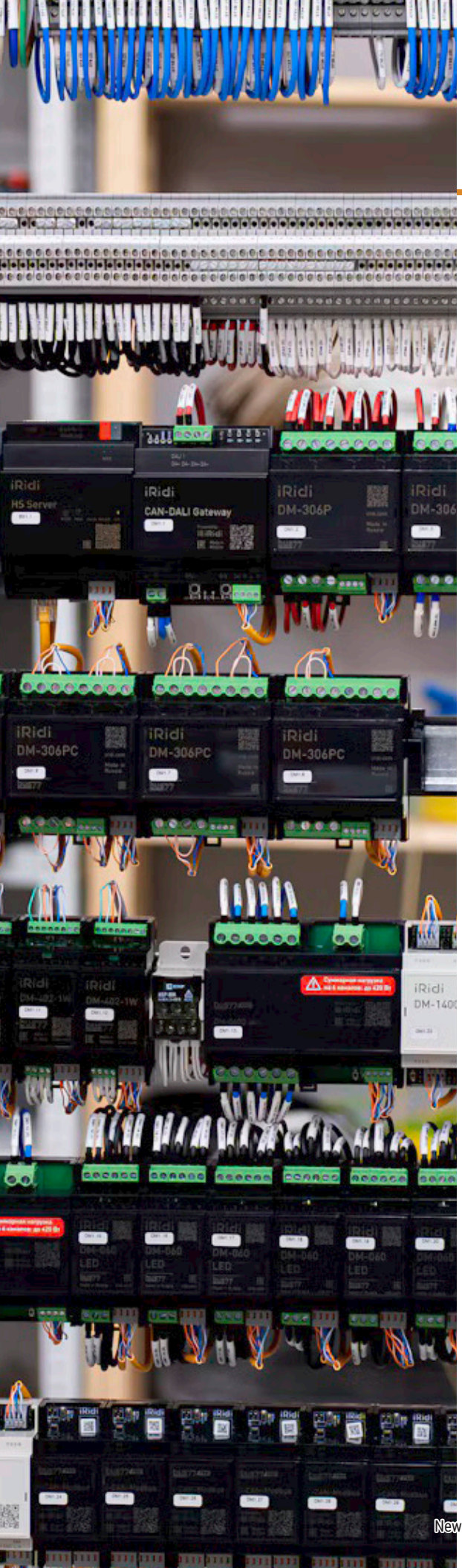
The state also has specialized energy-sector workforce infrastructure that demonstrates how workforce development can be organized around energy-transition needs. NMSU's Electric Utilities Management Program (EUMP), which has operated for more than five decades, provides graduate-level education in electric power engineering, utility operations, and regulatory economics to prepare professionals for careers in electric utilities, regulatory agencies, and the broader energy sector. Separately, NMSU hosts the Integrated Digital Enterprise Accelerator Laboratory (IDEAL), a large-scale energy demonstration and commercialization facility that supports research and testing in grid resiliency, microgrids, clean hydrogen, advanced battery storage, energy cybersecurity, and other emerging energy technologies.

Additionally, the DOE-funded TREC program, implemented through a partnership with EMNRD, DWS, and Santa Fe Community College, reduces the cost of training for new and existing home-energy contractors. It provides free tuition, career-startup tools, Building Performance Institute certifications, and training for HVAC professionals, electricians, plumbers, energy auditors, and other building-performance workers. For enrolled participants, TREC also provides wraparound support—including childcare assistance, gas cards for those with transportation needs, and accommodations for in-person classes—to reduce barriers to completing training. These services address important access barriers within TREC, but comparable support is not consistently available to participants in other workforce programs across the state.

While programs provide a strong foundation, these efforts are not yet operating as a coordinated statewide portfolio for the energy transition. Existing coordination structures could help close that gap: HED's annual Technical Summit already convenes institutions for updates on funding, legislation, administrative code, and reporting requirements, and could serve as a recurring venue for coordination and information sharing on energy and transition programming.

Near-term priorities focus on stabilizing the demand signal and expanding access in underserved geographies. Longer-term actions center on the youth-to-career pipeline, which requires planting seeds today to yield a workforce prepared for the full scale of New Mexico's energy transition over the coming decade.





Near-Term Opportunities

4.1

Develop and maintain a centralized database of programs, in partnership with the Department of Workforce Solutions, that provides the public with credit and non-credit energy and climate workforce training programs provided at higher education institutions across the state.

Interviews and forums consistently identified information asymmetry as a barrier to workforce participation in energy occupations,[100] which plays a critical role, with one forum participant stating: "People don't know where to look…They don't [understand] some of the vocabulary... We're not reaching out to the general population." New Mexico does not currently have a unified source of information that answers these questions in one place.

For example, South Carolina offers a working model. The South Carolina Energy Office built and maintains a publicly searchable Clean Energy Workforce Development Tool that connects workers and employers with training resources across solar, energy efficiency, and HVAC sectors, covering programs offered through the state technical college system and online providers.[101] A New Mexican version should cover a broader range of programs—including both energy-related certifications such as solar installation and energy auditing credentials and the general trades programs whose graduates are most likely to enter energy construction roles—and should integrate Government Results and Opportunity (GRO) Fund eligibility status and employer wage outcome data, but the institutional model is the same: a state energy agency as the platform convener, drawing together training supply information that currently sits in separate agency systems. EMNRD has begun this work with a "Green Jobs" section of CleanEnergy.nm.gov currently in development.



4.1 Opportunities for Action: Energy Workforce Training Database

The Case for Action

New Mexico can connect more workers and students to growing energy careers by making training programs and career pathways easier to find and navigate. A unified statewide source of clear, reliable information would meet the demand identified by forum participants and help more New Mexicans pursue the opportunities created by the energy transition.

Proposed Action

HED, in coordination with DWS, should develop and maintain a searchable database of energy and climate workforce training programs offered in New Mexico, including non-credit certifications, registered apprenticeships, and degree programs, with each entry including GRO Fund eligibility status, employer partnerships, recent placement and wage data, program location, and whether mobile delivery is available. The database should operate as both a public-facing website for workers and students and a downloadable dataset for researchers and employers.

Cross agency data sharing authority- HED should determine whether cross-agency data sharing is appropriate. While the platform could be authorized through HED's existing statutory authority over higher education data, new legislation may be needed if data sharing across HED, DWS, EMNRD, NMPED, and other relevant agencies requires authority not currently in place.

Integration with DETECT- HED and DWS should consider integrating the data into DETECT (more information can be found in Lever 5).

Outreach and pathway alignment- HED and DWS should conduct active outreach through public schools, community colleges, workforce centers, and Tribal liaisons to reach workers, students, and parents not currently aware of available pathways. As energy workforce programs continue to mature, greater alignment across education and workforce systems could help participants progress from introductory training and industry-recognized credentials to more advanced technical certifications and career opportunities over time.

4.2 Expand mobile, hybrid, and in-region delivery of workforce training programs in rural and Tribal geographies

Forum participants often cited access, not training capacity or the absence of jobs, as the binding constraint on workforce participation in rural and Tribal communities. One forum participant exemplified this opportunity, saying, "There are a lot of folks in our rural or Tribal communities that are unable to leave their communities to go to school or to go to work because they have obligations such as taking care of an elder family member. So really, increased funding for mobile units to do training in the rural communities, so that once they're done with the training program, they have a credential or a certification." Meanwhile, another participant stated: "We're located in very rural parts of the state, and so transportation is a huge issue for many young people who are looking for a career."

The distances involved can be prohibitive. Navajo Nation chapter communities are often dozens of miles from training campuses in Farmington or Gallup, while northern Rio Arriba communities are often more than an hour from Northern New Mexico College in Española, and Carlsbad-area workers are over an hour to New Mexico Junior College in Hobbs. Access challenges are not limited to transportation. Limited broadband infrastructure also restricts participation in online and hybrid learning opportunities, particularly in rural and Tribal communities. Statewide, seven in ten households lack access to fiber internet, creating barriers to workforce training, economic participation, and clean energy opportunities that increasingly rely on digital connectivity.[102] In Tribal communities, Tribal libraries and Chapter



Houses already serve as community access points, and delivery requires direct engagement through Tribal governance structures rather than standard state outreach processes.

West Virginia University's Academy for Mine Training and Energy Technologies offers the closest comparable model, operating mobile training units that bring hands-on instruction to workers at mine sites and in rural communities.[103] New Mexico has the institutional infrastructure to replicate this model. That includes HED's Adult Education Division's IET network, delivered through local adult education providers already embedded in many rural and Tribal communities. What has been absent is a dedicated statewide directive and funding stream to deploy that infrastructure in the geographies where access barriers are most acute.

4.2 Opportunities for Action: Mobile and In-Region Workforce Training Delivery

The Case for Action

New Mexico can expand workforce participation by bringing energy training closer to rural and Tribal communities. Local and mobile programs can help residents overcome distance and family-care barriers, including in Navajo Nation chapter communities that are dozens of miles from the nearest campus, so more people can build skills and pursue jobs without leaving their communities.

Proposed Action

HED should authorize mobile and virtual delivery as additional approved modes for GRO Fund-eligible programs without statutory change, expanding its mobile training unit program to rotate among counties where distance to campus-based training is most acute, including but not limited to San Juan, McKinley, and Rio Arriba counties in the northwest and Eddy and Lea counties in the southeast.

Integrated Education and Training expansion- HED's Adult Education Division should also prioritize IET expansion in these geographies, where its local providers already operate.

Partnerships with existing mobile providers- The state should support and expand partnerships with existing mobile training providers, such as UA Local 412's apprenticeship readiness program, which already uses a mobile training center to deliver skilled trades instruction in communities across New Mexico.

Tribal college inclusion- Because Tribal colleges and universities including Diné College and Navajo Technical University are not eligible for GRO funding, EMNRD should update its grant criteria to explicitly include Tribal college-based mobile delivery, and the Governor's office should additionally engage the Permian Strategic Partnership to ensure its workforce investments support Tribal institutions operating in the region. The Legislature should also establish a dedicated mobile training appropriation available to Tribal institutions that mirrors the GRO Fund's training scope without its eligibility restrictions.

Connectivity and hybrid learning on Tribal lands- Mobile training deployments could be paired with connectivity support coordinated through Tribal libraries and Chapter Houses, and other community anchor institutions to support hybrid and online learning opportunities where travel remains a barrier. Delivery on Tribal lands should be coordinated with affected Tribal Nations and Pueblos through existing Tribal governance structures.

Multilingual and accessible delivery- Expansion efforts should also support development of multilingual and accessible instructional materials and delivery models to ensure workforce opportunities remain accessible to English learners and other populations facing participation barriers.



4.3 Authorize a journeyworker mentorship incentive modeled after the Job Training Incentive Program (JTIP).

Interviews and forums consistently identified a ceiling on apprenticeship absorption[104]: New Mexico's apprenticeship utilization requirements can absorb new entrants only as quickly as the resident journeyworker workforce can supervise them. When projects ramp up, stakeholders stated contractors often bring in journeyworkers from Texas, Colorado, and Arizona, who may leave when construction ends. Participants also raised concerns that energy developers are not prioritizing local hiring.

The constraint is therefore not primarily a shortage of willing apprentices, but a shortage of resident supervisory capacity. New Mexico already has the entry points needed to address this gap. HED's IET programs recruit residents into pre-apprenticeship and apprenticeship pathways, while Central New Mexico Community College, Doña Ana Community College and other institutions provide training that helps workers advance into skilled trades. The policy challenge is to help more New Mexico workers progress into journeyworker and supervisory roles.

JTIP provides a model for doing so. Under NMSA 1978, 21-19-7, and 5.5.50 NMAC, JTIP reimburses between 50% and 85% of employee wages for up to six months of classroom and on-the-job training for newly created jobs in expanding or relocating businesses.[105] Construction trades are currently excluded under JTIP's administrative rules. A targeted expansion could authorize reimbursement for New Mexico workers advancing toward journeyworker certification on energy projects, giving contractors an incentive to develop resident supervisors rather than import them.

New Mexico has used similar approaches elsewhere. Since 2004, the Film Crew Advancement Program has reimbursed part of the wages of New Mexico workers advancing into senior film positions, helping build a permanent in-state workforce.[106] The state's health-care and legal loan-for-service programs likewise tie financial support to a commitment to work in New Mexico.[107] An energy-trades incentive could combine these models: subsidize advancement into journeyworker roles while requiring participating workers or employers to maintain that trained capacity in New Mexico.

Job Training Incentive Program (JTIP)

JTIP FY2026 Results	Companies	Workers	Average Wage
Total JTIP Companies	70	1,460 Workers	$37.47/hr
Rural Communities	20	656 Workers	$28.07/hr
Urban Communities	50	804 Workers	$44.80/hr
JTIP Interns		48 Interns	$29.92/hr
Step Up Program		109 Incumbent Workers	
Film Crew Advancement Program (FCAP)		46 Crew Members	

Figure 16: JTIP Benefits, Source: https://edd.newmexico.gov/programs-and-services/business-development/job-training-incentive-program/program-results/



4.3 Opportunities for Action: Journeyworker Mentorship Incentive

The Case for Action

Expanding New Mexico's resident journeyworker base would strengthen the state's energy workforce and increase apprenticeship capacity. More qualified journeyworkers would allow contractors to supervise and train additional apprentices as projects grow, while reducing reliance on supervisory labor from neighboring states. Investing in this experienced workforce is essential to developing the skilled talent needed for the state's energy transition.

Proposed Action

EDD's Industrial Training Board should establish an Energy Trades Advancement Program to retain New Mexico workers in energy trades. Retaining New Mexico residents in energy trades after they complete training can be approached in two ways.

Post-training retention condition- As one option, state-supported energy training could require participants to remain and work in New Mexico for a defined period after completing the program. Participants who leave before meeting that commitment would repay a prorated share of the state support associated with their training, subject to limited exceptions established by rule. EDD's Industrial Training Board could set the commitment period, verification requirements, repayment schedule, and exceptions through rulemaking.

Contractor reimbursement for journeyworker advancement- As an alternative, following the Film Crew Advancement Program model, a carrot-based approach could instead reward contractors for keeping New Mexico workers on a path toward journeyworker certification in energy trades. The Industrial Training Board could establish an Energy Trades Advancement Program under its existing rulemaking authority. The rule could authorize a reimbursement, structured as a share of the advancing worker's wages for up to a defined number of hours, to contractors employing New Mexico workers actively advancing toward journeyworker certification on state-supported energy projects.

Legislative appropriation- The Legislature could accelerate and sustain either approach by appropriating a dedicated fund and directing EDD to complete rulemaking within one year of enactment.

Coordination with IET completers- EDD could also coordinate with HED's Adult Education Division to connect IET completers entering registered apprenticeships with participating contractors. Contractors should be eligible only if the advancing worker holds active apprenticeship registration and is on a documented path to journeyworker certification, ensuring reimbursements build resident supervisory capacity rather than subsidize lateral hiring.

4.4 Establish a voluntary Community Benefits Agreement (CBA) pathway with enhanced, time-certain state review.

New Mexico faces two related challenges: major clean energy projects need more predictable and coordinated state review, while communities hosting those projects need a meaningful role in shaping locally appropriate benefits and addressing project impacts. These objectives are often pursued separately, even though early community engagement can improve project design, surface concerns before formal review, and reduce uncertainty for all parties. New Mexico currently lacks a structured pathway that brings these efforts together by pairing robust community engagement with enhanced interagency coordination.

Pennsylvania's Permit Fast Track Program and the federal FAST-41 process provide useful models for enhanced project coordination. Both offer centralized support, coordinated schedules, concurrent agency review, and greater accountability without changing substantive permitting requirements or guaranteeing approval. This recommendation adapts those review tools to New Mexico and makes them available as an incentive for developers that voluntarily enter into qualifying CBAs.

New Mexico has already established a foundation through its Community Benefit Fund requirements, which finances eligible climate, energy, economic development, and workforce projects. Projects seeking Fund support for greenhouse-gas reduction, grid modernization, renewable energy and energy efficiency, transportation, or climate-impact mitigation must either document two meetings in the affected community, with notice to potentially affected overburdened communities, or submit a CBA negotiated with those communities. Economic development and worker training projects must instead include an outreach plan, and the agencies administering funded projects must report annually on project progress and results. A CBA submitted to satisfy the Fund's requirement could also be recognized as meeting the coordinating office's statewide standards, allowing the state to build on an existing funding requirement rather than establish a separate CBA process.



4.4 Opportunities for Action: Voluntary Community Benefits Agreement Pathway

The Case for Action

New Mexico can create a clearer, more predictable path for clean energy projects by offering enhanced, time-certain state review to developers that voluntarily enter into qualifying CBAs. Early, meaningful engagement gives host communities a role in shaping commitments on workforce, affordability, infrastructure, and other local priorities, while helping address concerns before formal review begins.

Proposed Action

Building on the coordinating office proposed in Recommendation 1.1, the Legislature could establish two levels of service. Under Recommendation 1.1, all eligible projects would receive baseline coordination, including identification of required approvals and a coordinated review schedule.

For this recommendation, projects that voluntarily enter into a qualifying CBA should receive enhanced services, including a consolidated application checklist, prompt completeness determinations, concurrent agency review where feasible, agency-specific deadlines, limited extensions, and automatic escalation when deadlines are missed.

Qualifying CBA standards- Qualifying CBAs should identify affected communities, document meaningful engagement, establish measurable commitments, assign implementation responsibilities, and include reporting and dispute-resolution provisions. The substance of those commitments should remain flexible and could address workforce training, apprenticeships, local hiring, infrastructure, resilience, energy affordability, procurement from businesses based in or substantially serving the affected community, or other locally determined priorities.

Program guardrails- The Legislature should establish the program and its principal safeguards, while the coordinating office should define eligibility and implementation details through rulemaking. The enhanced tier should guarantee only a time-certain review by participating state agencies—not project approval, an overall completion date, or reduced environmental and safety standards. Participation should remain voluntary and should not displace Tribal authority or other existing approval requirements.



4.5 Establish a workforce housing finance product for communities hosting energy projects.

Forum participants identified housing as a binding constraint on local hiring in the San Juan Basin and southeastern New Mexico, with one forum participant stating: "The problem is, [it's] just like we don't have places for people to live that are affordable, and so it's hard to get people here to educate them and then keep them here."

North Dakota's R-WISH (Rural-Workforce Initiative to Support Housing) pilot provides an analog, launched by the North Dakota Industrial Commission using Bank of North Dakota capital, designed to complement the work of the North Dakota Housing Finance Agency. It provides up to $10 million in capital for rural workforce housing in communities under 20,000 residents experiencing rapid employer-driven growth. Awards are capped at the lesser of 20% of project costs, $3.5 million, or the employer's matching contribution.[108] The companion North Dakota Housing Incentive Fund finances affordable workforce housing development in oil-impacted communities through tax credits and state appropriations and was established in response to the Bakken oil boom.[109]

4.5 Opportunities for Action: Workforce Housing Finance Product

The Case for Action

Across New Mexico's energy development regions, housing availability is not keeping pace with project activity, making it harder for workers to live near job sites and weakening local hiring. Increasing housing capacity would support recruitment, training, and retention while helping communities capture more of the economic benefits of energy development.

Proposed Action

The EDD and the New Mexico Mortgage Finance Authority could establish a workforce housing finance product, available in counties hosting energy projects with documented housing supply constraints.

Housing impact mitigation- Housing impact mitigation—projecting workforce housing demand, displacement risk, and infrastructure capacity—should be incorporated as a standard component of the CBAs described in Opportunities for Action 4.4: giving host jurisdictions and Tribal Nations a single structured venue to negotiate housing commitments alongside labor and community benefit requirements.

Longer-Term Opportunities

4.6 Integrate climate and energy career pathways in educational programs with a focus on dual-credit programs.

New Mexico already operates programs that can support energy career pathways without building new programmatic infrastructure. NMSU's EUMP, which has operated for more than five decades, combines electric power engineering, utility management, regulatory economics, and applied research to prepare students for careers in the utility and energy sectors. Programs such as EUMP demonstrate that New Mexico possesses elements of an energy-transition workforce pipeline, though these efforts require increased public awareness and are not yet scaled across the broader K–12-to-career continuum. A public policy forum participant stated, "My [16-year-old] has asked me several times, 'what can I do here? Do I have to leave [the state] to get a job? Am I going to get a job here?'"

Out-migration compounds the risk. New Mexico documented a net loss of roughly 11,000 prime-age workers between 2010 and 2020,[110] with skilled-trade workers leaving at disproportionate rates to Arizona, Texas, Colorado, and Nevada, all of which have active energy construction markets that can absorb New Mexico-trained workers. Without a retention mechanism, state training investments risk subsidizing pipelines that flow into neighboring states.

New Mexico operates programs that could carry both interventions but are not yet directed toward the energy transition. Be Pro Be Proud New Mexico is a mobile awareness program that brings trade simulators to high school students across the state—it is not a training program, but it reaches students early and has made 173 stops since 2023, reaching over 17,000 students, including in Farmington and other transition geographies.[111] It creates the initial interest that training programs need to convert.



4.6 Opportunities for Action: Climate and Energy Dual-Credit Pathways

The Case for Action

New Mexico can strengthen its energy workforce by building a clear youth-to-career pipeline. Between 2010 and 2020, the state lost roughly 11,000 prime-age workers, including many skilled-trade workers drawn to energy construction markets elsewhere. Connecting young people to training, apprenticeships, and local careers now would help retain talent and ensure workforce investments support New Mexico's growing energy economy.

Proposed Action

Subject to legislative appropriation and any enabling authority required, NMPED and HED should provide statewide coordination and targeted funding for energy-related dual-credit pathways, while local school districts and higher education institutions retain authority over program development and implementation. Funding could be prioritized in communities where energy development is concentrated, enabling students to graduate with recognized industry credentials.



Connecting students to local employers- DWS should ensure that Be Pro Be Proud visits in those same communities connect students to those programs and to local energy employers, turning awareness into enrollment.

4.7 Authorize a Laboratory Partnership for Workforce Development Tax Credit as a five-year pilot.

New Mexico's national laboratories represent one of the state's largest concentrations of technical talent, but their workforce development activities operate within a federal governance structure that limits direct state control. Sandia National Laboratories and Los Alamos National Laboratory are federally owned facilities managed by contractors on behalf of the National Nuclear Security Administration. As a result, New Mexico cannot directly require the laboratories to implement specific hiring programs, apprenticeship initiatives, curriculum partnerships, or workforce development activities.

The state does, however, have a long history of successfully partnering with the laboratories through incentive-based models. Since 2000, the New Mexico Small Business Assistance (NMSBA) Program has connected laboratory scientists and engineers with more than 3,400 businesses across all 33 counties, delivering $89.8 million in technical assistance. In 2024 alone, the program delivered $4.66 million in laboratory expertise and technical assistance to 248 New Mexico businesses in 22 counties.[112] The program is supported through the Laboratory Partnership with Small Business Tax Credit Act (NMSA 1978, 7-9E-1 et seq.), which allows each laboratory to claim annual tax credits for qualifying assistance activities.[113]

Workforce development has not yet been brought into this incentive framework, though stakeholder interest exists. At the Española convening, participants pointed to United Association Local 412's mobile classroom and pre apprenticeship program, which places trainees at Los Alamos, as a model worth replicating. Significant federal investment is already supporting parallel work, including NNSA's New Mexico National Labs Apprenticeship Partnership with Local 412 and N3B's two-year Nuclear Operator Apprenticeship with Northern New Mexico College.[114,115] What is missing is a state level incentive that targets activities federal programs do not fund and that connects laboratory expertise to New Mexico's broader clean energy training infrastructure.

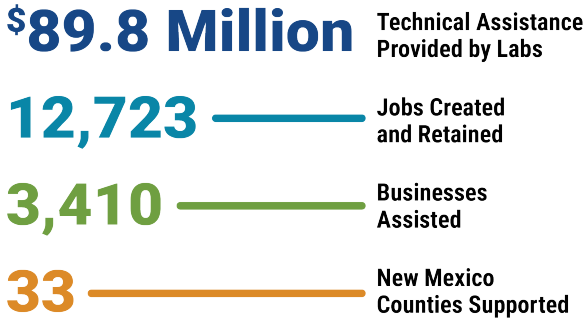


Figure 17: Metrics showing the impact of NMSBA assistance across the state, Source: www.nmlegis.gov



4.7 Opportunities for Action: Laboratory Partnership for Workforce Development Tax Credit

The Case for Action

New Mexico can build on the strength of its national laboratories to advance statewide workforce development. The laboratories employ more than 30,000 people and bring roughly $9 billion in federal spending to the state each year, and they have an opportunity to expand their role in developing the state's workforce. The Laboratory Partnership with Small Business Tax Credit Act provides a successful model, directing $89.8 million in laboratory assistance to New Mexico businesses since 2000. A similar targeted approach could connect laboratory expertise more directly to the state's workforce priorities.

Proposed Action

The Legislature should enact a Laboratory Partnership for Workforce Development Tax Credit Act as a five-year pilot, authorizing each laboratory to claim a credit against gross receipts tax liability for eligible workforce services delivered to New Mexico public institutions, capped at $1 million per laboratory per calendar year.

Federal funding guardrails- To avoid supplanting federal investment, eligible activities should exclude work funded through NNSA apprenticeship grants or comparable federal streams, and each laboratory should certify in writing that the assistance is not otherwise federally funded for the same population.

Eligible activities- Eligible activities could include placing scientists and engineers as part-time instructors at community colleges and Tribal colleges for energy programs, partnering with community colleges, Tribal colleges, the DWS Apprenticeship Office, and HED to align academic programs, workforce training, and credential pathways with laboratory workforce needs, and supporting credential pathways tied to documented laboratory hiring categories.

Laboratory-aligned credential pathways- Leveraging HED's existing IET framework, laboratories could also assist institutions in developing industry-recognized credentials aligned with laboratory occupations, including foundational laboratory credentials that prepare participants for entry into laboratory career pathways. Curriculum and credential activities should carry measurable statutory deliverables so the TRD can determine eligibility consistently.

4.8 Maintain ongoing wage and demand projections for energy occupations by region.

The absence of clear wage and demand data limits both youth interest in energy occupations and the ability of training programs to align curricula with actual employer needs, according to participants in CETS interviews and forums.[116] Students and parents cannot evaluate career durability without forward-looking labor market data, and workforce training programs lack the signal needed to grow in the right occupations and geographies. Phase 1 survey respondents identified workforce and employment data as among the most important gaps for their organizations. Forum participants in Hobbs noted this challenge in the context of workforce planning for the energy transition in the Permian Basin.

The DWS already publishes labor market data but does not currently break out energy and climate occupations by region with the specificity needed for workforce planning. Projections should not be built on developer announcements, which can have limited credibility, rather they should be focused on permitted or financed project pipelines. As one stakeholder noted, "Every week a developer is announcing a project that usually never comes to fruition." Filtering projections to permitted-or-financed projects rather than early-stage announcements would make the data more reliable and more useful for training program design.

4.8 Opportunities for Action: Energy Occupation Wage and Demand Projections

The Case for Action

New Mexico can help workers, students, educators, and training providers prepare for the jobs emerging across its energy transition by publishing reliable regional wage and demand projections. Grounding those projections in permitted or financed projects, rather than early-stage announcements, will give people a clearer view of viable career opportunities and help training programs align with local employer needs.

Proposed Action

DWS should publish wage and demand projections for energy and climate occupations broken out by region.

Use of existing data- To create these projections, DWS could integrate existing employment data, utility resource plans reviewed by the NMPRC, and EMNRD project pipeline data at the permitted-or-financed stage rather than at developer announcement. DWS could also consider collecting survey data to inform these projections.

Funding- If a statutory fund is established for DETECT, a codified line item within the account could fund DWS's efforts to collect and report this data.

Methodological transparency- Projections should be published with a clear methodology and confidence ranges and updated regularly to reflect changes in project pipelines and federal funding.



LEVER 5

Expand New Mexico's Energy Data Infrastructure

Access to timely, accurate, and integrated energy and emissions data is essential to New Mexico's clean energy transition. Today, state agencies track overlapping information in isolation, policymakers lack cross-sector visibility, and the public cannot readily access basic information about how the state's energy systems operate. A shared, authoritative platform would align capital investments with actual demand trajectories, reduce the risk of stranded assets, and track progress toward the state's zero-carbon electricity goals.

Only 32% of CETS survey respondents reported having sufficient access to energy data, while 68% identified missing or difficult-to-obtain information as a barrier to decision-making.[117] Interviews and public forums echoed the same concern.[118] For example, a legislator at the Santa Fe forum said they often rely on information supplied by interested parties because the state lacks a neutral, statewide baseline. As one interviewee put it, "You can't manage what you don't measure, and in New Mexico we don't measure much. Almost all the data I use on a day-to-day basis comes from the federal government. It's a huge problem."

The DETECT (Data for the Energy Transition, Economy, Climate, and Technologies) platform prototype, available at detectnm.com, was developed as part of the CETS process to address these gaps. Designed by EMNRD and NM Tech, DETECT is designed to serve as a statewide framework for collecting, integrating, and governing energy- and emissions-related data across six core domains: electricity systems, fuel supply chains, greenhouse gas and co-pollutant emissions, transportation and energy infrastructure, economics, and energy-related environmental impacts. Currently in its prototype phase, the platform has already demonstrated that datasets housed across disconnected state systems can be organized into a unified architecture that supports cross-sector analysis, improves transparency, and reduces the administrative burden of manual data collection.

The platform is intended to consolidate data already collected under existing statutory mandates rather than create parallel obligations. Several of New Mexico's energy and climate endeavors, including the ETA, the state's methane regulations, and integrated resource planning proceedings, all depend on reliable information about costs, electricity generation, emissions, infrastructure capacity, and projected demand. DETECT would provide a common framework for managing those data across agencies and regulatory processes. The Innovation in State Government Fund (NMSA 1978, 6-4-34), established under SB 83 in 2025, provides a potential funding vehicle for this kind of long-term administrative capacity.[119] Embedding DETECT within existing statutory responsibilities could also create a path toward designating the platform as the state's system of record for selected reporting and planning functions.

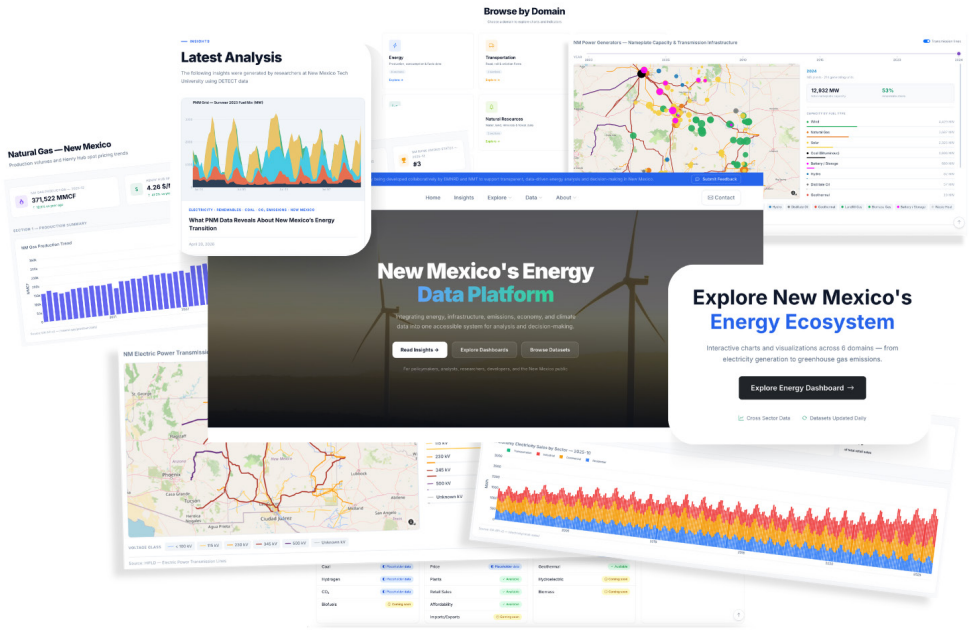


Figure 18: Images showcasing features of the DETECT platform, Sources: DETECT, https://detectnm.com/

DETECT is structured to mature in phases. DETECT 1.0 would focus on organizing and presenting existing public datasets through a centralized platform that improves accessibility, transparency, and interoperability without imposing new reporting obligations. DETECT 2.0 would establish a secure interagency environment capable of managing proprietary and regulatory compliance data while also supporting a public-facing layer that provides aggregated and nonconfidential information to researchers, communities, and market participants. Over time, those capabilities could expand to support more advanced planning and analytical functions across the energy system.

The opportunities that follow are organized as near-term and longer-term. Near-term priorities give DETECT a legal home, a governance structure, and the data foundations it needs to launch. Longer-term priorities address the technical capabilities and expanded data access that will make it a fully operational planning resource for the state.



Figure 19: The four domains of DETECT 1.0, Source: www.detectnm.com

Near-Term Opportunities

5.1 Establish DETECT in statute with a clear purpose and named responsibilities.

Phase 1 research found that New Mexico's energy and emissions data are managed through fragmented agency systems, informal data-sharing arrangements, and inconsistent reporting practices that make long-term coordination difficult. Interviewees and forum participants repeatedly noted that agencies lack a shared framework for maintaining and validating statewide energy data over time.[120] One survey respondent summarized the problem succinctly by observing that "EMNRD does not have a full picture of energy infrastructure in New Mexico and cannot respond effectively without better data."

Without statutory grounding, DETECT would continue to depend on voluntary coordination between agencies and continuity of priorities across administrations. Experience in other states suggests that platforms established solely through executive action are more vulnerable to shifting policy priorities and uneven agency participation.

> ***The DETECT platform acts as a statewide integration layer: it does not replace agency systems, but connects, harmonizes, documents, and visualizes data so users can understand the full energy system.***

New Mexico's Executive Order 2019-003 ("Addressing Climate Change and Energy Waste Prevention") established an important policy foundation by directing agencies to coordinate on climate and energy matters and to rely on the "best available science and data" in decision-making.[121] The order, however, did not establish a permanent governance structure for statewide data management or interagency data-sharing. Legislative action would allow the state to formalize responsibilities that agencies are already carrying out in practice and provide clearer authority for long-term coordination.

Other states have encountered similar governance problems. In both Virginia and Colorado, major climate and data initiatives initially advanced through executive action before later being reinforced through legislation as states sought more durable authority and broader agency participation.[122,123] By contrast, states including Hawaii, Maryland, Oregon, and Texas established statewide data governance structures in statute, which provided agencies with clearer obligations and greater continuity across administrations.[124,125,126,127]

Oregon's Chapter 276A is particularly instructive because it formally defines data as a strategic state asset and establishes statewide responsibilities for information governance.[128] Illinois has shown that executive action can serve as an interim mechanism while legislation is developed, but reliance on administrative authority becomes more difficult as platforms begin handling more sensitive information and more extensive cross-agency reporting obligations.[129]

5.1 Opportunities for Action: Establish DETECT in Statute

The Case for Action

New Mexico can strengthen decisions across its energy transition by establishing DETECT as the state's permanent platform for shared energy and emissions data. Clear statutory authority can support consistent reporting, sustained agency participation, and continuity across administrations, allowing agencies and policymakers to plan from a common, reliable foundation.

Proposed Action

The Legislature should codify DETECT in statute with a "Findings and Purpose" section that declares energy data a strategic state asset and establishes why a statewide platform is needed. Drawing on Oregon's Chapter 276A and New Mexico Executive Order 2019-003, this section would provide the legal rationale for requiring agencies to adjust their data processes to feed the platform.[130,131]

Core statutory elements- The Statute should designate EMNRD as lead agency, specify minimum interagency data-sharing obligations, establish a minimum data scope across the six core domains, and assign responsibility for platform oversight and accountability.

Interagency coordination- The Legislature or Governor should require each participating agency to execute a standardized data-sharing memorandum of understanding (MOU) covering data classification, update cadence, stewardship responsibilities, and permitted uses.

Interim measures- An executive order establishing an interagency data working group could serve as an interim measure while legislation is pursued, directing agencies to align data structures, reporting practices, and quality standards across EMNRD, NMED, NMPRC, NMDOT, and DWS.



5.2 Adopt a hybrid ownership model with EMNRD as statutory steward and a state university as technical host.

Phase 2 research found that early-phase cross-agency data platforms benefit from strong state agency and university partnerships. Universities offer technical agility and research capacity that can ease coordination across agencies during initial platform development. As a platform matures and begins incorporating proprietary or restricted data, enterprise stewardship within an executive department becomes important to ensure the governance structure keeps pace with the platform's growing responsibilities.

The case for a hybrid governance model draws on both out-of-state experience and a New Mexico precedent. Several states have followed this arc. Ohio migrated from a university-hosted integrated data system at Ohio State to the InnovateOhio Platform, a centralized executive-branch system that consolidated data governance under state leadership as platform complexity and data sensitivity grew.[132] Indiana took a different but complementary approach, establishing the Indiana Data Partnership to pool data and expertise across government, nonprofit, and private organizations through a structured interagency framework rather than a single institutional host.[133]

NM Tech, specifically, adds an existing working relationship with the platform and is already the technical host for other state-designated data platforms (New Mexico's Water Data Act designates the Bureau of Geology and Mineral Resources at NM Tech as the technical host while cabinet agencies retain directive authority).[134]

5.2 Opportunities for Action: Hybrid DETECT Governance Model

The Case for Action

New Mexico can combine the strengths of state government and its research universities to build DETECT efficiently and govern it securely over time. Designating EMNRD as statutory steward and a university such as NM Tech as technical host would pair existing technical capacity with accountable state ownership as the platform expands.

Proposed Action

Statute could designate EMNRD as the system owner of DETECT, with a university, such as NM Tech, operating as the technical host and research analytics partner under a formal interagency governance council.

Cybersecurity- The hosting agreement could require baseline cybersecurity standards aligned with National Institute of Standards and Technology (NIST) moderate-impact controls and New Mexico Executive Order 2024-011.[135,136] A formal security review should be conducted as DETECT 2.0 begins incorporating proprietary and regulatory compliance data.

Ease of transition- Contracts could require a cloud-native, portable architecture with well-documented APIs so the state can change hosts without rebuilding the underlying infrastructure if needed. The agreement could also define transition procedures and data preservation requirements in advance.

5.3 Establish a dedicated, non-reverting statutory fund and an adequate staffing baseline for DETECT.

Phase 1 research and interviews emphasized that effective data infrastructure requires uninterrupted investment.[137] A gap in funding at any point compromises the continuity of data collection needed to identify trends, validate prior work, and maintain agency confidence in the platform. Survey respondents prioritized a centralized, state-owned data platform as the top improvement that would strengthen their organization's ability to use or share energy data, with 35% identifying that as the most important change.[138] Building such a platform requires the kind of sustained, multi-year investment that annual appropriations cycles cannot reliably provide, and minimum dedicated staffing to function at all.

Annual appropriations do not provide a reliable long-term funding base for data infrastructure of this kind. Gaps in funding of even one or two legislative sessions can stall a mature platform for years, compromising the data continuity on which trend analysis and regulatory accountability depend. This is particularly true for cloud-based platforms that require monthly subscriptions, which risk having the platform permanently deleted if payments are interrupted for too long.

For example, in the case of Mississippi's LifeTracks initiative, intermittent, discretionary funding left a mature platform stalled for years despite significant prior investment, ultimately requiring rescue funding and governance resets to restore credibility.[139] New Mexico has already validated an approach in the water sector. The Water Data Act created a dedicated water data account that could receive appropriations, gifts, grants, and donations on a non-reverting basis, and that structure has supported the Water Data Initiative's sustained buildout without requiring annual re-authorization.[140] Cost estimates developed by NM Tech in Phase 1 provide a practical staffing baseline for DETECT.

5.3 Opportunities for Action: Dedicated DETECT Fund and Staffing Baseline

The Case for Action

New Mexico can give DETECT the continuity it needs to become a reliable long-term planning resource by establishing dedicated, non-reverting funding and a core staffing team. Multi-year support will protect data continuity, sustain interagency coordination, and let the state build on prior investment rather than repeatedly restarting development.

Proposed Action

The Legislature should establish a statutory energy data account authorized to receive legislative appropriations as well as gifts, grants, and donations, structured so that unspent funds do not revert to the general fund at the close of each fiscal year. Agency coordination costs could be codified as a recurring line item within the account, keeping interagency participation, led by EMNRD as statutory steward of the platform but including the NMPRC, DWS, NMDOT, and NMED, accountable and insulated from budget fluctuations at individual partner agencies.

Budget estimates- The Legislature should appropriate funds sufficient to support a minimum baseline of six full-time employees for DETECT 1.0: two data engineers, a front-end developer, an energy analyst, a greenhouse gas analyst, and a data steward. Ongoing operations are estimated at $810,000 to $1 million per year under the NM Tech hosting model. DETECT 2.0 carries greater costs due to the legal and operational complexity of integrating proprietary data and restricted operator records, estimated at $2.5 to $3.5 million per year under the university hosting model.

Interim measures- The Innovation in State Government Fund, established under SB 83 and signed into law in April 2025, provides a potential near-term appropriations vehicle for DETECT capacity building, having been designed to strengthen state agencies' ability to implement and enforce clean energy policies.[141]



5.4

Establish a standing interagency data governance council.

A standing governance structure helps ensure that data standards and methodologies remain consistent and well-documented as the platform grows and agency participation expands. Without a formal process for shared review, agencies may default to their own approaches over time, making it difficult to produce reconciled, trustworthy data across the platform. Establishing a recurring review process with defined participation and public accountability would address these issues.

Several states have embedded this kind of structure in statute. For example, Connecticut requires each executive branch agency to designate a data officer responsible for governance changes and serving as the primary point of contact for data access requests; every two years, those officers must submit recommendations to improve standardization and integration of data systems across executive branch agencies.[142] Maryland and Texas use statutory oversight boards for the same purpose, bringing together agency representatives to oversee data standards.[143,144] New Mexico's Water Data Act provides an in-state precedent: its governing council submits an annual plan assessing data needs, goals, performance metrics, and budget requirements, institutionalizing collective review rather than leaving methodology decisions to a single agency.[145]

HB 284 from the most recent legislative session proposed a governance council structure for an energy data office with agency representation across 12 entities, reflecting the breadth of coordination that effective energy data governance requires.[146] That bill provides a ready legislative foundation for structuring DETECT's interagency council.

5.4 Opportunities for Action: Interagency Data Governance Council

The Case for Action

New Mexico can make DETECT more trusted and useful by giving agencies a standing forum to align data standards, definitions, and reporting methods. An interagency governance council can resolve conflicts, identify a single authoritative source for each metric, and give users confidence that the platform's data are consistent and reliable.

Proposed Action

The Legislature should establish a formal governance council in statute with designated representation from specified state agencies, defined seats for local governments, Tribal Nations, and small developers, and a chair appointed by the Governor. Council membership could also include seats for key data users such as researchers, community organizations, and energy developers to ensure the platform's outputs reflect the needs of those who rely on them for planning and investment decisions.

Methodological changes- The council could approve core methodologies and data standards on a preset annual schedule, with a published methodology report and public comment period. Escalation paths could be time-bound, with automatic advancement if review deadlines lapse, to prevent procedural delay from functioning as a de facto veto on publication.

Interagency data conflicts- The council could serve as the authoritative body for resolving cross-agency data conflicts and designating a single authoritative source per metric.

Common parlance- The council could maintain a shared data dictionary documenting key terms, indicators, units, and geographic definitions, alongside a public change log for any updates.

Metadata standards- All datasets could carry metadata indicating whether figures are observed and measured or modeled and estimated. Statute could tie certain policy triggers only to metrics that meet defined data quality thresholds, with quality assurance determined by the responsible agency.



5.5 | Adopt a tiered access framework and establish statutory clarity on what DETECT data is public and what is not.

Under New Mexico's Inspection of Public Records Act (IPRA) (NMSA 1978, 14-2-1 et seq.), records held by public bodies are generally presumed to be public unless a specific statutory exception applies.[147] IPRA does not, however, establish energy-specific categories or a consistent process for classifying facility-level, operational, proprietary, and security-sensitive data. Phase 1 interviews suggested that this uncertainty contributes to inconsistent treatment across agencies and may discourage industry from sharing sensitive operational information—the very data that would make DETECT most useful.[148] Without clearer rules, requests involving facility-level, operational, and security-sensitive data may require case-by-case determinations, increasing uncertainty and the risk of disputes. Establishing a tiered access framework would therefore be an important precondition for DETECT 2.0, which may depend on participation by utilities and other entities that hold proprietary or restricted records.

Massachusetts offers a potentially useful model: facility-level energy submissions may receive confidential treatment while aggregated information remains available for public planning and accountability.[149] New Mexico's Air Quality Control Act (NMSA 1978, 74-2-11) reflects a related principle by protecting trade secrets in compliance filings while preserving public access to emissions information.[150] A DETECT-specific provision could extend this logic across participating datasets by distinguishing among public, aggregated, confidential, and restricted information. The framework should be developed in coordination with the governance council and reviewed against existing confidentiality obligations at OCD, NMED, and the NMPRC, including protective-order procedures and NMPRC e360 filing practices, before enactment.

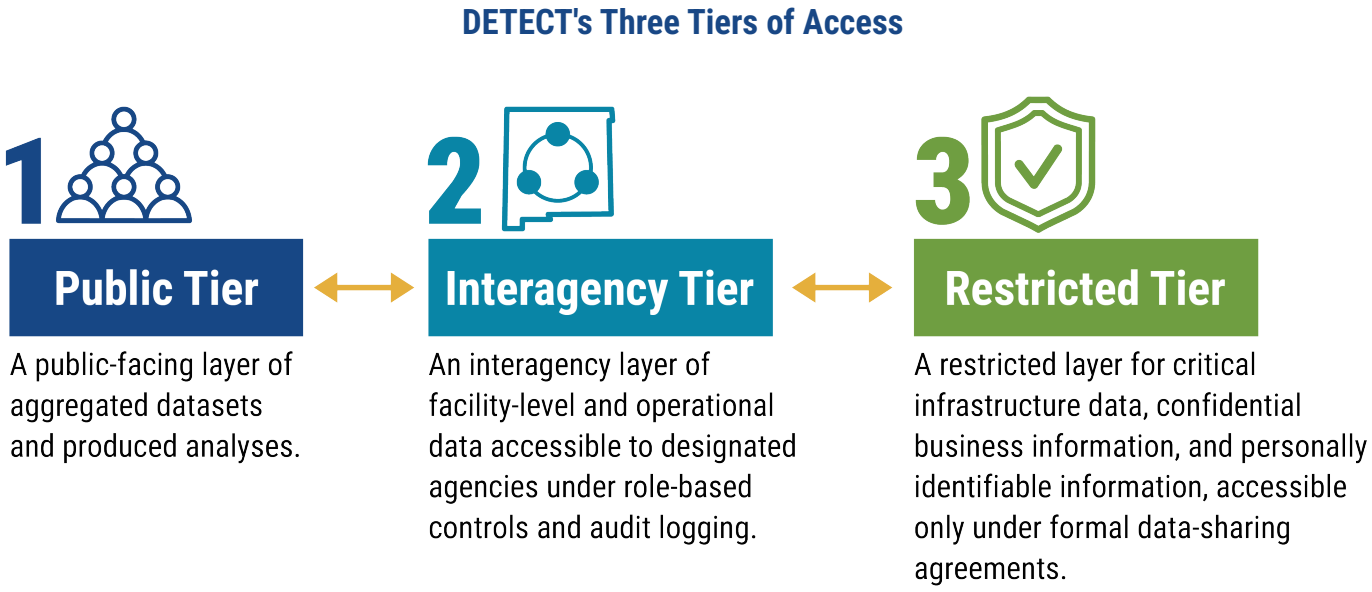


Figure 20: DETECT 3-Tier, Source: New Mexico CETS Team 2025



5.5 Opportunities for Action: DETECT Tiered Data Access Framework

The Case for Action

New Mexico can build confidence in DETECT by setting clear rules for how agencies collect, protect, and share different kinds of energy data. A tiered access framework can protect critical infrastructure and confidential business information while giving the public access to aggregated, non-sensitive data for planning, research, and accountability.

Proposed Action

DETECT should structure data access around three tiers: a public-facing layer of aggregated datasets and produced analyses; an interagency layer of facility-level and operational data accessible to designated agencies under role-based controls and audit logging; and a restricted layer for critical infrastructure data, confidential business information, and personally identifiable information, accessible only under formal data-sharing agreements.

Three-tiered system- The Legislature could amend New Mexico's IPRA to define a specific three-tier diagram (public, interagency, restricted) showing what data sits where and who can access each layer. Raw, facility-level, operational, and security-sensitive energy data should be confidential, while aggregated, non-sensitive DETECT outputs should be public record once established thresholds are met.

Protections for sensitive data- Anonymization thresholds require particular attention: county-level data with few contributing operators can identify individual facilities without naming them. Aggregation rules should be tested against this risk before any public-facing dataset is published. Similarly, grid data should be aggregated at the planning level before being made public. Sensitive data like circuit, customer, market, or critical infrastructure data should not be publicly disclosed at raw granularity.

Republication restrictions- Legal review of republication rights should be a precondition for onboarding any third-party dataset.

MOU framework- As DETECT incorporates more sensitive data over time, the voluntary MOU framework could evolve into statutorily required agreements, with that transition triggered by defined data sensitivity thresholds rather than a fixed date.

Interagency communication- The restricted layer could also be used for agencies to share data about their own energy and environment activities amongst each other, strengthening cross-agency coordination.



5.6

Require utilities to report grid utilization and capacity metrics on a recurring basis.

Phase 1 research found that utilities maintain grid-capacity and interconnection information in different formats, with no standardized reporting that supports statewide planning.[151] Phase 2 interviews and forums reinforced that finding: participants identified limited access to grid-capacity data, particularly substation utilization and available capacity, as a barrier to efficient interconnection and siting. Planning-level data can show where existing infrastructure can accommodate new solar generation or load, especially in fast-growing areas such as the Permian Basin.

The NMPRC has already taken a step through its ongoing interconnection docket for NMPRC-jurisdictional utilities and cooperatives, but that work remains limited to interconnection data.[152] Standardized reporting can help build on that work and help New Mexico use its existing grid more effectively without exposing sensitive operating details. EMNRD should use the tiered access framework in Opportunity 5.5 to publish planning-level data while restricting critical-infrastructure information. Virginia offers a useful model by requiring utility utilization reporting and directing its commission to publish findings and evaluate non-wires alternatives.[153]

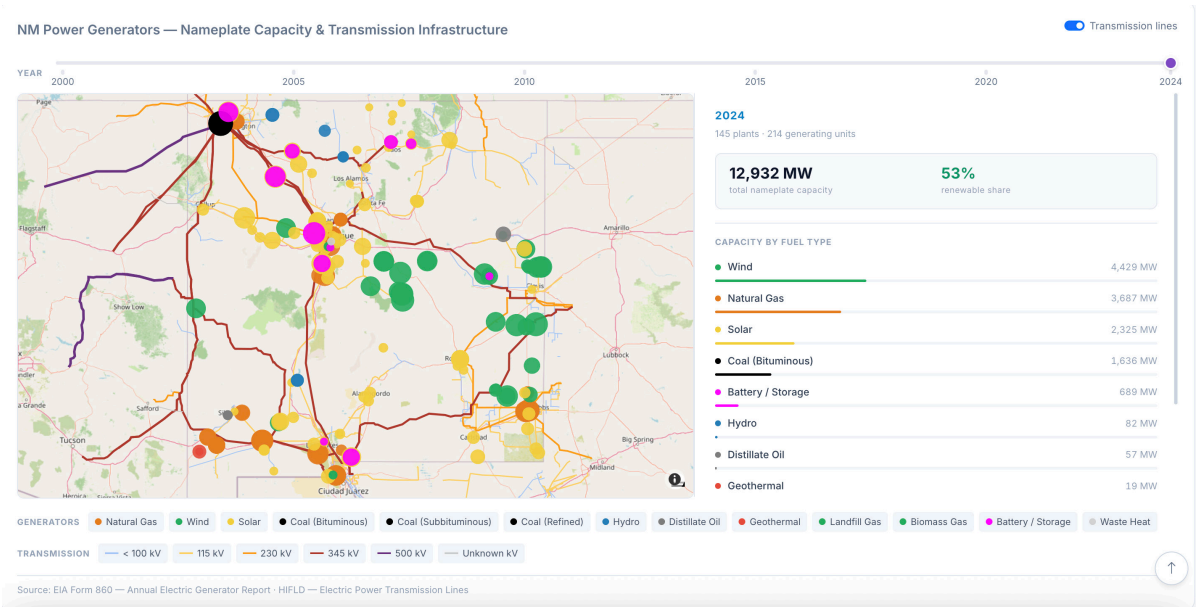


Figure 21: NM Power Generators data from the DETECT platform, Sources: DETECT, https://detectnm.com/

5.6 Opportunities for Action: Utility Grid Utilization Reporting

The Case for Action

New Mexico can make better use of its existing grid by creating a consistent, secure view of available capacity and grid utilization. Standardized reporting can guide solar and large-load siting, support more efficient interconnection, and help target new infrastructure, with planning-level substation data providing one important piece of the picture. Utilities have legitimate operational and security concerns about publishing grid data, and this recommendation is scoped accordingly, targeting planning-level transparency rather than real-time operational information.

Proposed Action

The Legislature should authorize EMNRD to require IOUs, electric cooperatives, and municipal utilities to submit standardized, machine-readable grid utilization and capacity data on a recurring basis, including planning-level substation utilization and available-capacity metrics. EMNRD should use the tiered access framework in Recommendation 5.5 to publish useful planning data while restricting sensitive operational and critical-infrastructure details.

Tiered reporting requirements- Larger utilities could submit more detailed data, while smaller cooperatives could meet a simplified reporting threshold. EMNRD funding could support a shared modeling service for smaller cooperatives. EMNRD should publish an aggregated statewide dataset consistent with the safeguards in Recommendation 5.5.

Analytical useability- Requiring machine-readable files rather than PDFs, and specifying that requirement in a rulemaking, would ensure the data can be used for analysis rather than just reviewed.

Interim measures- As an interim step prior to legislative action, EMNRD could petition the NMPRC to establish a similar data reporting framework for utilities within its purview, which are IOUs. This framework could build on work from RETA related to grid modeling. Legislative action could later extend the requirement to cooperatives and municipal utilities.

5.7 Require EMNRD to publish a biennial CETS progress report using DETECT metrics.

New Mexico currently has no consistent mechanism for evaluating whether its energy transition programs are producing intended results at the statewide level. Interviews and forums found that agencies, legislators, and communities all lack a reliable, shared basis for evaluating appropriations tied to CETS programs.[154] Without a recurring reporting cycle anchored to DETECT, the platform's value remains invisible to most of the people who would benefit from it, and the Legislature lacks a verified basis for decisions about whether to continue or expand those appropriations.

A CETS progress report would serve a similar function to the Water Data Act's annual plan but with a broader mandate, telling not only what the data shows about New Mexico's energy transition, but what that data made possible in terms of smarter investments, better-coordinated programs, and more targeted community outcomes.

5.7 Opportunities for Action: Biennial CETS Progress Report

The Case for Action

New Mexico can give agencies, legislators, and communities a clear view of how the energy transition is performing by publishing a recurring CETS progress report. Using DETECT metrics to track emissions, affordability, reliability, infrastructure, and equity outcomes can show what is working, identify gaps, and support better investment decisions.

Proposed Action

EMNRD should publish a biennial progress report tracking emissions reductions, infrastructure buildout, reliability metrics, affordability outcomes, and identified data gaps, paired with annual updates aligned to legislative oversight and budget cycles.

Obsolete datasets- The report should draw on DETECT datasets, with methodology and sources publicly documented. Over time, the report could also highlight datasets that are not providing sufficient value relative to the administrative burden of collecting and reporting them.

Equity-relevant data- The report should disaggregate outcomes by geography, income, and community type to ensure equity considerations are visible. This includes tracking whether energy transition investments are reaching Tribal, rural, and low-income communities at rates commensurate with their energy burden and infrastructure needs.

Interagency coordination- Multiple state agencies should be involved in the report's development, such as NMED, NMDOT, RETA, and DWS.

Possibility for greater frequency- EMNRD could consider making the progress report annual rather than biannual once it gains experience with the process.



Longer-Term Opportunities

5.8 Develop automated, high-frequency data pipelines that reduce reliance on delayed federal reporting.

New Mexico's energy planning currently runs primarily on federal datasets that lag 12 to 18 months and cannot be disaggregated below the state level. Phase 1 found that the only consistent statewide energy datasets come from the U.S. Energy Information Administration's (EIA) State Energy Data System, which is updated annually with this built-in delay.[155] This forces policymakers to make decisions using outdated information, even when more current state-level data exist but are not shared or integrated. Phase 1 interviews found that staff spend significant time manually tracking down data and prodding agencies to file, creating administrative friction that compounds the planning gap.[156] As large load additions from data centers and industrial electrification accelerate, the need for more timely state-level data becomes more acute: planning assumptions are shifting faster than annual federal datasets can reflect.[157]

The value of automated pipelines extends beyond quantitative data. Developers and researchers working on speed-to-power issues spend substantial time managing breaks in regulatory data feeds. Standardized state protocols for both numerical and documentary data (including regulatory filings and compliance submissions) would reduce that friction and create a foundation for more sophisticated analytical tools over time. As related technologies improve, the ability to process and interpret structured feeds of regulatory and documentary records will grow more valuable, making early investment in standardized data infrastructure consequential beyond its immediate uses.

5.8 Opportunities for Action: Automated High-Frequency Data Pipelines for DETECT

The Case for Action

New Mexico can improve energy planning by giving agencies access to more timely, detailed data on changing electricity demand. Automated data pipelines can reduce reliance on delayed federal datasets, cut manual work, and help the state respond more quickly to large loads and other emerging needs.

Proposed Action

State and federal datasets, utility submissions, and third-party sources should be integrated into DETECT through automated pipelines that enable continuous updates, moving New Mexico away from dependence on annual federal reporting toward a state-owned data infrastructure with sufficient temporal resolution for operational planning.



Qualitative data- Over time, these pipelines could extend beyond quantitative datasets to structured feeds of regulatory filings and compliance submissions, making both numerical data and documentary records available for integrated analysis.



AI use and governance- EMNRD should incorporate AI tools into DETECT's data pipelines for document classification, data extraction, and quality checks, subject to safeguards for security, accuracy, transparency, auditability, and human review. AI tools should support staff analysis rather than make regulatory or eligibility decisions.

5.9 Expand access to granular, location-specific data across the energy system.

Phase 1 found that the absence of location-specific data limits the state's ability to target investments, evaluate siting decisions, and identify emerging reliability risks before they become system-level problems. Rural and Tribal communities face the greatest reliability risks and infrastructure gaps, yet are the least represented in current datasets.[158] Phase 1 survey respondents identified energy burden and affordability data as among the most critical data needs, and noted that the DOE's Low-Income Energy Affordability Data tool had been a useful resource.[159] Santa Fe forum participants identified infrastructure mapping as one of the most pressing data gaps and noted that mapped consensus on transmission constraints could help accelerate build timelines by giving developers and state planners a shared picture of where the grid can absorb new load.

Granular, location-specific infrastructure data carries potential security implications, so a tiered access framework, as described above, is an essential precondition for this work. Sensitive operational and location-specific data would be accessible only to authorized users with a demonstrated legitimate need.

5.9 Opportunities for Action: Expand access to granular, location-specific data across the energy system.

The Case for Action

New Mexico can make more precise energy investments by expanding access to location-specific data on infrastructure, demand, and reliability. With appropriate safeguards, DETECT can guide siting, identify emerging risks, and give rural and Tribal communities a clearer picture of local energy burdens and needs.

Proposed Action

DETECT should build toward consistent access to data at the facility, basin, feeder, and circuit level, covering supply, demand, infrastructure constraints, and system performance, developed incrementally as data-sharing agreements with utilities, operators, and federal regulators are established.

Granularity for equity- Equity-focused data should be a priority within this expanded scope, including outage frequency, household energy burden, air quality, and transition-related job gains and losses at the community level. DETECT could fill the gap left by the discontinued Low-Income Energy Affordability Data (LEAD) tool with comparable data disaggregated by income, geography, and Tribal status.[160]

Common parlance- A consistent geospatial reference standard, with common definitions for feeders, circuits, service territories, and Tribal boundaries, would allow locally collected data, potentially including energy consumption data, to be aggregated and compared across agencies, developed potentially in coordination with the Department of Information Technology's Geospatial Information Officer.

Subsurface data- As DETECT expands to additional datasets, subsurface data could be included to accelerate geothermal development in New Mexico.

5.10 | Deploy tools within DETECT for system modeling, demand forecasting, and infrastructure planning.

At the Santa Fe forum, utility planners described a shift in planning assumptions driven by large, sudden load additions from data centers and industrial users that traditional probabilistic models built around gradual population and commercial trends cannot accommodate. This demand volatility makes forecasting tools that integrate real-time consumption data with scenario modeling necessary for reliable planning.[161]

These tools are appropriate for DETECT 2.0 rather than DETECT 1.0, as they depend on the continuous data flows and cross-agency integration that the foundational opportunities for action are designed to establish. Building them into DETECT 2.0 planning from the outset, however, would allow the system's architecture to support these capabilities rather than requiring costly retrofits.

5.10 Opportunities for Action: DETECT System Modeling and Demand Forecasting Tools

The Case for Action

New Mexico can plan more confidently for rapid changes in electricity demand by equipping DETECT with tools for forecasting, scenario analysis, and infrastructure planning. These tools can help policymakers and utilities compare resource options, assess affordability and reliability tradeoffs, and prioritize investments before construction limits future choices.

Proposed Action

Continuously updated consumption data flowing into DETECT could support demand forecasting modules projecting electricity and fuel use by sector and region, scenario modeling tools allowing policymakers to evaluate system-wide tradeoffs of different policy choices, and infrastructure planning dashboards supporting siting and prioritization decisions for transmission upgrades, rural electrification, and EV charging networks.

Affordability analysis- An affordability scenario analysis component would allow policymakers and advocates reviewing integrated resource plans to evaluate how different generation portfolios, demand trajectories, or rate structures affect energy costs for low-income households and rural communities before those plans are finalized.

Use of existing tools- While DETECT expands its in-house capabilities, it could begin with integrating existing tools, such as EIA's open-source modeling tools.[162]

5.11 | Formalize partnerships with New Mexico universities and national laboratories to expand the state's data and modeling capacity.

Sandia and Los Alamos National laboratories offer analytical capabilities that complement DETECT's longer-term data needs. Sandia's Advanced Grid Modeling program applies machine learning to advanced metering infrastructure data to identify distribution network errors and model grid vulnerabilities.[163] Los Alamos brings atmospheric modeling and wind resource analysis relevant to renewable integration planning.[164] Both labs are also well positioned to evaluate costs of new and emerging energy technologies. Moreover, both laboratories have existing working relationships with New Mexico state agencies and utilities, providing a foundation for more formal engagement.

New Mexico's research universities are positioned to strengthen this work. NM Tech built the initial DETECT platform with EMNRD, and its research team continues to expand the platform's data integration and analysis capabilities.[165] UNM and NMSU bring complementary research that a formalized partnership could draw on. UNM's Center for Advanced Research Computing has developed machine-learning methods for planning-level electric-grid load forecasting, and NMSU's power engineering program conducts research on transmission and distribution planning with renewable and distributed energy resources.[166,167] Where the national laboratories apply these tools to operational grid and infrastructure data at a scale few institutions can match, the universities offer sustained research, model development, and the longer-term capacity that such data infrastructure depends on.

New Mexico also has collaborative structures already in place that could organize this work rather than requiring a new one, including the New Mexico Consortium and the emerging New Mexico Energy Initiatives Consortium, which connect universities, national laboratories, utilities, and other energy stakeholders.[168,169]

5.11 Opportunities for Action: University and National Laboratory Partnerships for Data and Modeling

The Case for Action

New Mexico can strengthen DETECT by formalizing partnerships with its research universities and national laboratories. Universities can provide sustained applied research, model development, and long-term capacity building, while laboratories offer specialized analytical capabilities aligned with DETECT's longer-term data needs, such as scenario and demand forecasting and technology cost evaluation.

Proposed Action

EMNRD should establish a structured framework for universities and national laboratories to support DETECT's research, data analysis, and modeling needs, building on existing collaborative networks where possible. Universities could provide sustained applied research, data analysis, model development, student engagement, and long-term capacity building, while the national laboratories contribute specialized modeling, advanced computing, and technical validation.

- **Defined terms of engagement-** Agreements should define scope, data access terms, and deliverables, giving DETECT access to analytical validation capabilities and data quality tools that the state cannot cost-effectively develop internally.
- **Leveraging existing networks-** Collaboration should build on structures such as the New Mexico Consortium and the emerging New Mexico Energy Initiatives Consortium rather than creating duplicative ones.
- **DETECT priorities-** Collaboration should focus on specific DETECT data and modeling needs matched to institutional expertise, such as affordability and economic modeling, energy outlook modeling, subsurface analysis for geothermal, carbon storage, and hydrogen, and transmission routing and siting analysis.
- **Long-term state capacity-** The framework should prioritize knowledge transfer, reusable models and datasets, and student and researcher participation, so analytical capability accumulates within the state.
- **Joint funding-** Institutions should coordinate applications for external funding around priority DETECT research and analytical needs.



Conclusion

Executing the Transition Already Underway

New Mexico has built a strong foundation for its energy transition. The ETA, methane regulations, major transmission projects, geothermal investment, and recent executive action have established a clear policy direction and created momentum for clean energy development and economic diversification.

This report does not call for a new direction. It identifies the practical work needed to carry out existing commitments at the pace New Mexico now requires. Rapid demand growth in the Permian Basin, lengthy interconnection queues, and affordability pressures in rural and Tribal communities have made effective implementation more urgent. The state must plan across jurisdictions, invest ahead of constraints, and treat affordability as a core design principle.

Every recommendation in this report depends on people and institutional capacity. Permitting coordination, large-load planning, utility regulation, workforce delivery, community engagement, and DETECT all require clear authority, capable staff, reliable data, and sustained funding. Without that capacity, even well-designed policies can stall, raise costs, or fail to reach the communities they are intended to serve.

New Mexico should coordinate state appropriations, dedicated funds, federal grants, and private capital so each public dollar can unlock further investment and strengthen implementation. It should also continue to work closely with Tribal Nations and Pueblos, local governments, rural electric cooperatives, utilities, community organizations, universities, national laboratories, and developers. These partnerships will determine whether statewide policy translates into local results.

New Mexico has much of the policy foundation, resource base, public institutions, and research partnerships needed to deliver on its commitments. What remains is to build the coordination, data, and implementation capacity needed to turn that foundation into results.

Appendix 1: Summary of Opportunities

LEVER 1 Build and Modernize the Grid to Deliver Clean Power

Near-Term Opportunities

1.1 Establish a New Mexico Clean Energy Development Coordinating Office with an initial focus on accelerating deployment of transmission projects.

1.2 Develop a statewide framework for serving large new electricity loads that protects existing customers while enabling strategic industrial and economic growth.

1.3 Strengthen the funding, technical assistance, and planning support rural electric cooperatives need to modernize aging infrastructure.

Longer-Term Opportunities

1.4 Establish integrated system planning as the default for New Mexico's PRC-jurisdictional utilities.

1.5 Modernize utility ratemaking to maximize alignment of utility incentives with New Mexico's electricity system priorities.

LEVER 2 Ensure Adequate Electricity Supply

Near-Term Opportunities

2.1 Establish a statutory framework ensuring that large behind-the-meter and self-supply resources serving new loads are subject to clean electricity requirements comparable to those applied under the Energy Transition Act.

2.2 Remove the remaining statutory barriers to commercial-scale next-generation geothermal development on state lands.

Longer-Term Opportunities

2.3 Strengthen New Mexico's resource adequacy planning to address multi-day reliability risks and inform the role of clean firm resources, storage, and bridging capacity.

2.4 Direct EMNRD to evaluate and recommend how the 80% renewable energy standard should apply once utilities meet the standard.

LEVER 3 Manage Electricity Demand and Improve Efficiency

Near-Term Opportunities

3.1 Establish a Low-Carbon Transportation Council to coordinate consumer-facing clean transportation programs.

3.2 Authorize on-bill financing so households without savings or credit can access efficiency upgrades.

3.3 Build a virtual power plant program (VPP) framework with explicit ratemaking treatment and equitable participation pathways.

Longer-Term Opportunities

3.4 Establish an enhanced Sustainable Building Tax Credit (SBTC) for low- and moderate-income rental housing.

3.5 Establish a one-stop-shop for low-income weatherization, efficiency, and electrification.

3.6 Replace the Used EV Dealer Warranty Requirement with a Battery State of Health Disclosure Condition.

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

Near-Term Opportunities

4.1 Develop and maintain a centralized database of programs, in partnership with the Department of Workforce Solutions, that provides the public with credit and non-credit energy and climate workforce training programs provided at higher education institutions across the state.

4.2 Expand mobile, hybrid, and in-region delivery of workforce training programs in rural and Tribal geographies.

4.3 Authorize a journeyworker mentorship incentive modeled after the Job Training Incentive Program (JTIP).

4.4 Establish a voluntary Community Benefits Agreement (CBA) pathway with enhanced, time-certain state review.

4.5 Establish a workforce housing finance product for communities hosting energy projects.

Longer-Term Opportunities

4.6 Integrate climate and energy career pathways in educational programs with a focus on dual-credit programs.

4.7 Authorize a Laboratory Partnership for Workforce Development Tax Credit as a five-year pilot.

4.8 Maintain ongoing wage and demand projections for energy occupations by region.

LEVER 5 Expand New Mexico's Energy Data Infrastructure

Near-Term Opportunities

5.1 Establish DETECT in statute with a clear purpose and named responsibilities.

5.2 Adopt a hybrid ownership model with EMNRD as statutory steward and a state university as technical host.

5.3 Establish a dedicated, non-reverting statutory fund and an adequate staffing baseline for DETECT.

5.4 Establish a standing interagency data governance council.

5.5 Adopt a tiered access framework and establish statutory clarity on what DETECT data is public and what is not.

5.6 Require utilities to report grid utilization and capacity metrics on a recurring basis.

5.7 Require EMNRD to publish a biennial CETS progress report using DETECT metrics.

Longer-Term Opportunities

5.8 Develop automated, high-frequency data pipelines that reduce reliance on delayed federal reporting.

5.9 Expand access to granular, location-specific data across the energy system.

5.10 Deploy tools within DETECT for system modeling, demand forecasting, and infrastructure planning.

5.11 Formalize partnerships with New Mexico universities and national laboratories to expand the state's data and modeling capacity.

List of Acronyms

AMI — Advanced Metering Infrastructure

BYOD — Bring Your Own Device

CBP — Community Benefits Plan

CEED — Community Energy Efficiency Development program

CETS — Comprehensive Energy Transition Strategy

DETECT — Data for the Energy Transition, Economy, Climate, and Technologies

DER — Distributed Energy Resources

DOE — U.S. Department of Energy

DWS — Department of Workforce Solutions

EDD — Economic Development Department

EIA — Energy Information Administration

EMNRD — Energy, Minerals and Natural Resources Department

EPE — El Paso Electric

ETA — Energy Transition Act

EUEA — Efficient Use of Energy Act

EUMP — Electric Utilities Management Program

EV — Electric Vehicle

FERC — Federal Energy Regulatory Commission

GRID — Governor's Responsible Infrastructure Development

GRO — Government Results and Opportunity Fund

GW — Gigawatt

HEAR — Home Electrification and Appliance Rebates

HED — Higher Education Department

HER — Home Efficiency Rebates

HVAC — Heating, Ventilation, and Air Conditioning

IEEE — Institute of Electrical and Electronics Engineers

IET — Integrated Education and Training

IOU — Investor-Owned Utility

IPRA — Inspection of Public Records Act

IRP — Integrated Resource Plan

JTIP — Job Training Incentive Program

kW — Kilowatt

LIHEAP — Low Income Home Energy Assistance Program

MOU — Memorandum of Understanding

MW — Megawatt

NEVI — National Electric Vehicle Infrastructure program

NIST — National Institute of Standards and Technology

NMAC — New Mexico Administrative Code

NMDOT — New Mexico Department of Transportation

NMED — New Mexico Environment Department

NMFA — New Mexico Finance Authority

NMPED — New Mexico Public Education Department

NMPRC — New Mexico Public Regulation Commission

NMSBA — New Mexico Small Business Assistance

NMSLO — New Mexico State Land Office

NMSA — New Mexico Statutes Annotated

NMSU — New Mexico State University

NM Tech — New Mexico Institute of Mining and Technology

OBBBA — One Big Beautiful Bill Act

OCD — Oil Conservation Division

PNM — Public Service Company of New Mexico

PUC — Public Utilities Commission

REC — Renewable Energy Certificate

RETA — New Mexico Renewable Energy Transmission Authority

RPS — Renewable Portfolio Standard

R-WISH — Rural-Workforce Initiative to Support Housing

SBTC — Sustainable Building Tax Credit

SIC — New Mexico State Investment Council

SoH — State of Health (battery certification metric)

SPP — Southwest Power Pool

SPS — Southwestern Public Service

TRD — Taxation and Revenue Department

TREC — Training for Residential Energy Contractors

USDA — U.S. Department of Agriculture

VPP — Virtual Power Plant

WAP — Weatherization Assistance Program

WRAP — Western Resource Adequacy Program



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