New Mexico: Moving From Legislation to Implementation

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CNEE Energy Transition Academy – 2021 State Responses to the Energy Transition

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New Mexico’s Energy Transition Act

Benchmarks for Utilities

- 80% renewable energy by 2040
- 100% zero carbon resources by 2045, as long as safety, reliability and impacts to customer bills are considered.

Benchmarks for Rural Electric Co-ops

- 100% zero carbon resources by 2050
- At least 80% renewable resources by 2050, with considerations for technical feasibility, reliability, and affordability.

Securitization

Created a private bonding authority for an entity closing a coal plant. This is effectively refinancing the coal plant debt through Triple-A rated bonds.

ETA Funds for Energy Communities

Three funds created to provide transition assistance to tribal communities, displaced workers, and the broader affected community. The funds are furnished through bond sales.

Reinvestment in clean energy and property tax base replacement

December 1, 2021
Implementation – Training, Apprenticeships, & Labor Equity

Training & Apprenticeships

- The ETA allows a company using a bond to provide severance to plant and mine workers along with direct training opportunities.
- ETA-funded apprenticeships are designed to help to incentivize collaboration between renewable energy firms and the state’s training and education institutions in the development of industry-relevant training programs.
- Mesalands Community College is a great example of a wind technician training program that meets the needs of the state’s wind energy producers.
- EMNRD is working with community colleges to continue to develop electrician and renewable technician training programs that will train New Mexicans to work on projects in and across their communities, through the new Energy and Economic Diversification program.

Labor equity success story

- Louth Callan Renewables, LLC has announced a partnership with the Lovington Economic Development Corporation in Lovington (Lea County) to build a 300-MW solar generation system in Lovington’s industrial park.
- A condition of the agreement was to hire all surveyors, construction personnel, and service contractors locally.
- The project is likely to bring in $15 million over 25 years to Lovington.
Implementation – Current Roadblocks

March 2019
Energy Transition Act passed and signed into law.

2020
ETA Committee solicited applications from parties interested in working with the state to diversify the economy of San Juan County.

2021 – Securitization Lawsuit
New Energy Economy filed a lawsuit, which is currently with the New Mexico Supreme Court, challenging the constitutionality of the securitization bonds authorized by the ETA. The lawsuit has prevented the bonds from being sold, and no funds are available until the lawsuit is resolved. This has prevented any workers in the San Juan area who have experienced layoffs from getting any money which was promised to them for retraining.

2022
As soon as the lawsuit is resolved, the bond sale will proceed.
Implementation – Other Support for Coal Communities

**Industrial Revenue Bonds for Transmission Lines**
- 2020 legislation allows for local governments and rural school districts to receive direct benefits from renewable energy transmission industry projects at the time of construction.
- IRBs help to shore up school district tax bases near closing plants.

**Community Solar**
- 2021 legislative session passed a bill which authorizes and sets conditions for the operation of subscriber-owned community solar projects in New Mexico.
- Rules for community solar projects are currently under development at the Public Regulation Commission and due in April 2022.

**Hydrogen conversions?**
- The Escalante coal plant is retired and no longer in operation as of December 2020.
- Tri-State Energy is working on redevelopment for economic opportunities in McKinley County with Escalante H2 Power, utilizing new hydrogen technologies.
- Governor Lujan Grisham is supporting hydrogen industry incentives in the 2022 legislative session.