Renewable Energy in New Mexico

Summary

New Mexico has made significant progress in developing its wind and solar power capacity over the past decade. A broad spectrum of tax incentives encourage industry, businesses, and homeowners to take advantage of the state’s renewable resources. The state’s non-arable land, high levels of sunlight, non-potable water, and appropriate energy and agricultural infrastructure have also proved ideal for the development of algae-based biofuel.

<table>
<thead>
<tr>
<th>Installed Renewable Energy Capacity, 2013</th>
</tr>
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<tbody>
<tr>
<td>Wind Power</td>
</tr>
<tr>
<td>Solar Photovoltaic</td>
</tr>
<tr>
<td>Solar Thermal Electric</td>
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<tr>
<td>Geothermal Power</td>
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<tr>
<td>Hydropower</td>
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Market Spotlight

- Commissioned in December 2013, the 4 MW Lightning Dock binary power plant is the state’s first geothermal electric facility. It is located near the city of Animas, and may be expanded by an additional 6 MW in capacity.
- New Mexico welcomed its largest solar project to date in May 2014. The 59 MWdc Macho Springs Solar project is located on 500 acres of land leased from the State Land Office in Deming. A utility in Texas signed a 20-year power purchase agreement to buy electricity produced by the plant for 5.79 cents/kWh, which is less than half of the average price of electricity from new coal plants.10
- The 300 MW El Cabo wind farm, which began construction in Torrance County in December 2013, is one of multiple utility-scale wind projects underway in New Mexico, highlighting the state’s strong wind resource and market potential. Additionally, a new 20 MW wind farm came online in February 2014 in Grady.
- The Tres Amigas grid interconnection project, under construction in Clovis, will enable the connection of the country’s three major interconnections while integrating renewable energy. Construction is expected to begin in 2014, after a few delays.

Economic Development

<table>
<thead>
<tr>
<th>Employment</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Goods &amp; Services Jobs</td>
<td>24,337</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment (Grossed-up)</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Finance</td>
<td>$54.9m</td>
<td>$585.2m</td>
</tr>
<tr>
<td>Venture Capital &amp; Private Equity</td>
<td>$1.5m</td>
<td>-</td>
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# Renewable Energy in New Mexico

## State Policy

### Renewable Portfolio Standard
- Investor-owned utilities (IOUs): 20% by 2020 (representing 67.7% of state's electric load)
  - Technology minimums – solar: 20%; wind: 30%; biomass, geothermal, certain hydropower, and other “green sources”: 5%; distributed generation: 1.5% (3% in 2015)
  - IOUs must spend 3% of total annual revenue on procuring renewables
- Rural electric cooperatives: 10% by 2020 (representing 20.8% of state’s electric load)

### Net Metering
- Investor-owned utilities, electric cooperatives
- 80 MW system cap; no aggregate limit specified
- Utility owns renewable energy credits (RECs)
- Net excess generation credited to customer's next bill at the avoided-cost rate or reconciled monthly at the avoided-cost rate

### Interconnection Standards
- IOUs, electric cooperatives
- 80 MW system capacity limit
- Insurance required for certain systems above 250 kW; external disconnect switch required for certain systems above 10 kW

### Tax Incentives

#### Advanced Energy Tax Credit (Personal or Corporate):
- Tax credit for 6% of the cost of a solar electric, energy storage, or geothermal project that is 1 MW or larger, against gross receipts, compensating, or withholding taxes
- Maximum credit $60m; any unused credit can be carried forward 10 years

#### Agricultural Biomass Income Tax Credit (Personal or Corporate):
- Agricultural biomass from a dairy or feedlot used for energy
- $5/wet ton; excess credit may be carried forward four years
- Statewide annual limit of $5m in total credits

#### Renewable Energy Production Tax Credit (Personal or Corporate):
- Income tax credit for companies that generate electricity from solar, wind or biomass systems above 1 MW, for 10 years
- Credit varies by technology and year; excess credit refunded to taxpayer

#### Solar Market Development Tax Credit (Personal):
- 10% income tax credit for residential or commercial solar PV or thermal
- Up to $9,000 per project; excess credit may be carried forward for 10 years
- Aggregate levels capped yearly at $2m for solar thermal and $3m for PV

#### Alternative Energy Product Manufacturers Tax Credit:
- Tax credit for companies that manufacture renewable energy products or components; may not exceed 5% of the taxpayer’s qualified expenditures
- Excess credit may be carried forward five years

#### Biofuels Credits:
- **Biofuel production:** For the cost of purchasing qualified biomass feedstocks and the associated equipment to create biofuels, deducted from the compensating tax; **biodiesel blending:** up to 30% of the cost of purchasing or installing blending equipment

#### Geothermal Heat Pumps (Personal or Corporate):
- 30% credit for up to $9,000

#### Property Tax Exemption:
- For residential solar thermal and PV systems

#### Gross Receipts and Other Tax Incentives: see “More Info”

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## More Info
- **DSIRE Database:** [www.dsireusa.org/incentives/index.cfm?state=NM](www.dsireusa.org/incentives/index.cfm?state=NM)
- **Energy Conservation and Management Division:** [www.emnrd.state.nm.us/ECMD](www.emnrd.state.nm.us/ECMD)
- **Public Utilities Commission:** [www.nmprc.state.nm.us/utilities/renewable-energy.html](www.nmprc.state.nm.us/utilities/renewable-energy.html)
- **Renewable Energy Transmission Authority:** [http://nmreta.com](http://nmreta.com)