



New Mexico's Future as a Clean Power Leader

New Mexico's economy was built on its position as a leading energy producer, and we remain a leading energy supplier to the nation. But as clean energy emerges as the leading power source of the future, we are at risk of losing our role as a leader in energy supply.

We are at a turning point in the state. Intel is shrinking its workforce. Coal use is declining. Oil and gas production depends on factors such as fluctuating commodity prices we cannot control. The negative health and climate impacts associated with carbon emissions from coal-fired generation are well documented and electricity generated from coal is becoming less competitive with the lower costs of wind, solar, and the complementary use of natural gas. By 2040, renewable energy will overtake coal as a global source of power, a track that will force the U.S. to make changes to its energy sector. As PNM and other energy providers move away from coal generation, we need a comprehensive strategy to replace the energy and plan for new jobs in the Four Corners, including the Navajo Nation. This strategy must pay close attention to how New Mexico keeps stable prices – to avoid increasing the power bills of those who can least afford it – and ensures a reliable source of power for all New Mexicans.

This is an opportunity for New Mexico to embrace clean energy as our economic future. New Mexico has some of the highest quality renewable energy resources in the country. We rank second nationwide for solar potential thanks to the number of sunny days we enjoy and our higher elevation. Our wind resources are among the most abundant in the West. We have world-class geothermal resources.

The state has all the elements necessary to be a leader in renewable energy, clean technology, energy efficiency and clean energy production. We are located at the intersection of three of the major electricity networks that connect the lower 48 states, and three interstate regional power markets. New Mexico is also close to demand centers like the border and large utility companies in nearby states hungry for more renewable energy than they can produce themselves. We have the intellectual capacity at our national laboratories and universities, and existing oil and gas wells provide economical access to geothermal resources. Clean power can become one of New Mexico's largest cash crops.

We can attract approximately \$10 billion in renewable energy investment - a development that would dramatically boost the number of high-wage, clean technology jobs in New Mexico. But we

cannot afford another four years of inaction. We cannot slip further behind our competitors. My administration will make clean energy a cornerstone of our economic development efforts and build up this important sector through policy, economic development, and job training. As governor, I will work to diversify the types of energy that we produce and use, drive development of new energy technologies that produce good paying jobs, and make New Mexico a low carbon economy.

An Ideal Foundation: New Mexico's current and future leadership in energy

New Mexico has traditionally been a leading energy producer. Our economy is built on it.

- New Mexico is the seventh-largest net supplier of energy to the nation, primarily because of petroleum, natural gas, natural gas liquids, and coal production.
- The state is the largest petroleum producer among the eight Rocky Mountain states, producing more than 4% of the nation's crude oil, and is a top-10 natural gas-producing state, providing 4% of the nation's total.
- The Bureau of Labor Statistics reports about 5,500 people were employed directly in New Mexico's oil and gas extraction industry in 2016.
- According to the Solar Foundation's annual state-by-state jobs census, 2,929 New Mexicans were employed in solar-related jobs in 2016, up from 1,899 in its 2015 study.
- A study by the American Wind Energy Association found that wind energy supports more than 1,000 jobs in New Mexico.

Meanwhile, the rest of the nation is responding to changing global energy demands and has accelerated the transition to renewable energy.

- Clean, renewable energy is a major growth-industry worldwide. The U.S. Energy Information Administration estimates that renewable energy will overtake coal as the dominant source of electricity worldwide by 2040.
- The Trump Administration's withdrawal from the Paris climate accord will not affect this trend. More than a dozen states and almost 400 U.S. cities have already pledged to continue pursuing the goals of the Paris accord, including Albuquerque, Las Cruces and Santa Fe. A majority of Americans live in communities participating in the agreement. Demand for renewable energy will continue to grow.

In order to remain a leading energy state and grow more jobs, New Mexico must diversify its energy portfolio to meet the growing demand for clean energy and lower emissions. Inaction

by the Martinez Administration has left us falling behind other states in pursuing renewable energy and clean tech industries.

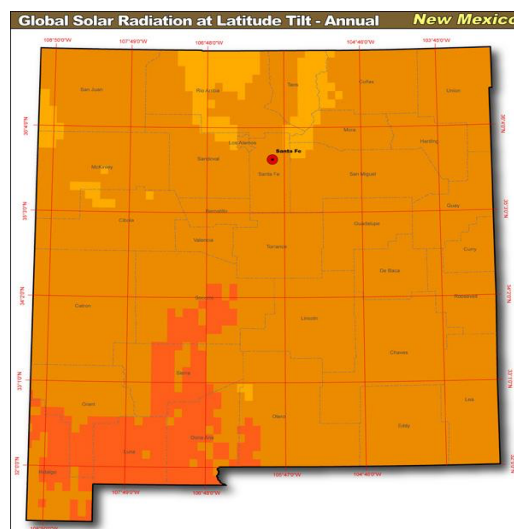
- The clean energy and clean tech industries can provide a wide range of good-paying jobs – not just for engineers designing and inventing new technologies, but also in construction and manufacturing of the facilities, components, and devices that will be increasingly in demand by businesses and consumers around the world.
- New Mexico was one of the first states to adopt a renewable portfolio standard (RPS) in 2007 when it voted to achieve 20 percent of its power from renewable sources by 2020. Since then, other states have adopted increasingly aggressive standards and New Mexico has slipped behind. While New Mexico stands still, other states are using far more aggressive renewable portfolio standards to drive progress in upgrading grids, investing in necessary infrastructure and diversifying energy sources.
- **New Mexico has the raw materials to surpass nearby states and become a national leader in clean energy.** With the right leadership, renewables can become one of New Mexico's biggest industries. We have high-quality renewable resources that can meet demand for renewable power at home and throughout the region.

- **Solar**

- New Mexico is nowhere near its potential solar capacity. It is one of the sunniest states, but ranks 15th in installed solar capacity. NM's solar capacity currently is 685MW, generating 3.81% of the state's electricity. This may increase by as much as 1,546MW over the next five years, a 250% increase in NM's solar capacity, and still well below its potential capacity. Further, solar energy supports peak load because it is generated during the day, and is complemented by wind production which is strongest at night.

- With solar providing 29.5 percent of new electric generating capacity in 2015, for the first time, it beat natural gas capacity additions. There is plenty of room to grow.

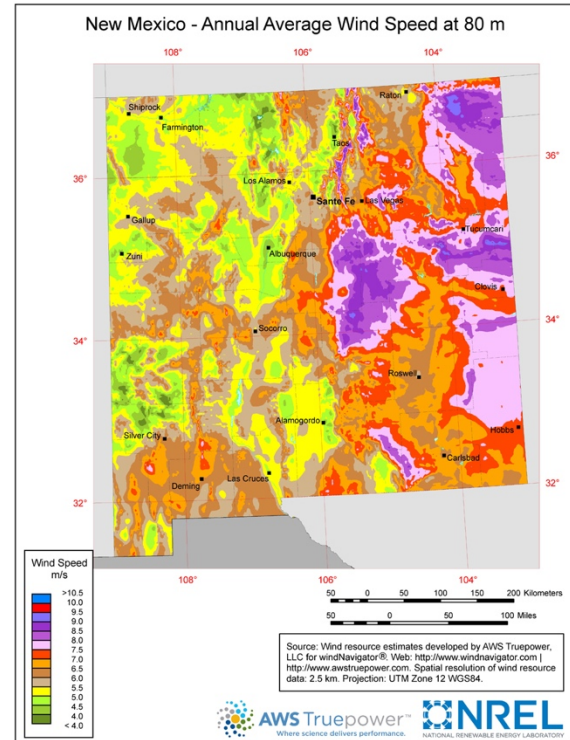
- The National Renewable Energy Laboratory (NREL) estimates that New Mexico has the technical potential to develop **7,087 GW** of rural utility-scale solar – a capacity that would generate **16 million GWh** annually.



New Mexico's high elevation and high number of sunny days, makes the state second, behind only Texas, in total concentrated potential for solar power. (NREL)

- **Wind**

- In eastern and east central New Mexico, wind speeds average 8 to 8.5 meters per second (m/s) – speeds significantly higher than those in nearby states like Arizona and California. These wind resources can meet demand in the state and produce enough extra to export wind energy to California and other states in need of more renewable power.
- NREL estimates that New Mexico has sufficient “windy land area” to install 490 GW of wind energy, generating 1.6 million GWh annually. For comparison, New Mexico consumes approximately 23,000 GWh of electricity annually.
- New Mexico’s current installed capacity is 1353MW, with 1058MW in development and 743MW in “advanced development.”
- Projects now underway at Broadview (Clovis, 324MW), El Cabo (Torrance County, 300MW), and Sagamore (Roosevelt County, 522MW) will produce thousands of construction jobs, hundreds of permanent jobs, and more than double the state’s wind production capacity.
- Adding 6 GW of wind in New Mexico would create approximately 15,000 direct, indirect, and induced jobs in construction and support 1,400 direct, indirect, and induced permanent jobs.
- New Mexico is well positioned to meet the demand for additional trained workers. We can expand and replicate training programs already in place to help students and energy sector workers prepare for careers in clean energy such as the one at Mesalands Community College. Job retraining programs like its occupational certificate can take just 15 weeks, while an associate’s degree can be earned in two years.



New Mexico's wind potential, particularly in the eastern part of the state, is one of the highest in the nation. (NREL)

Moving Forward: Toward a Green Energy Economy

We need leadership to grow our renewable energy, clean technology and sustainable development capacity. As Governor, I will provide the necessary leadership by introducing policies that support education, research and development, investment, and commercialization. To make New Mexico a national leader in clean energy and clean technologies, we need to focus on four areas:

1. **Increase the *demand* for clean energy within our state.** We will do this primarily by requiring our power providers to meet increasing standards for clean energy use in their generation mix. And we will also expand their markets for such clean energy by making it easier to export it to other states.
2. **Increase the *supply* of clean energy here in New Mexico.** We will provide incentives for wind and solar production and encourage businesses, homeowners, farmers, and ranchers to produce it. We will mandate that new state government buildings have solar installed on them and retrofit existing ones that can support it. We will encourage our utilities to support a more competitive marketplace by partnering with private companies that can help cost-effectively meet renewable energy demand.
3. **Spur other clean industries and technologies in our state.** We'll encourage homeowners and businesses to install energy-efficiency and conservation technologies, and incentivize utilities to support energy conservation.
4. **Tackle the transportation sector, a major producer of greenhouse gases.** We'll promote the purchase and use of electric vehicles in our state, in order to help make it a center of that growing industry. This will require the development of EV charging stations throughout the state as well as exploring other ways to help expand adoption of electric vehicles.

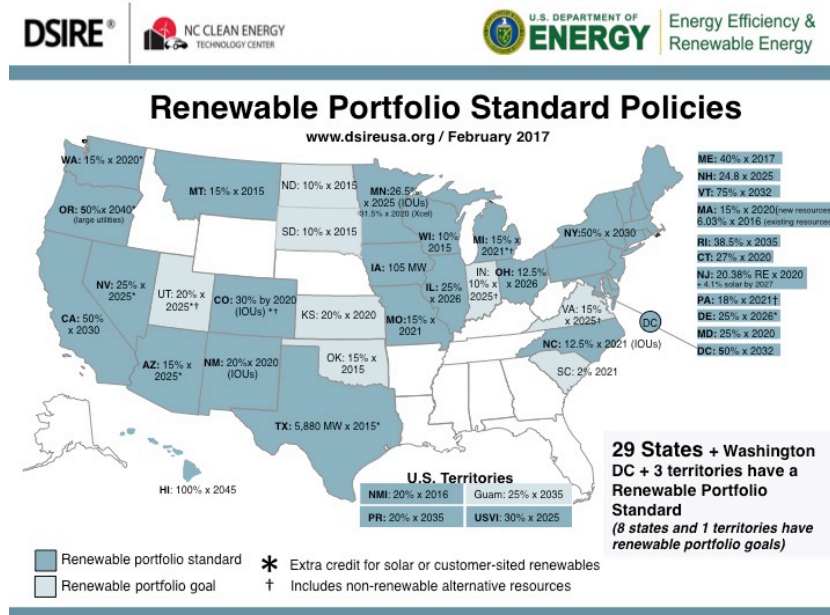
Increasing demand for clean energy

Demand for clean energy and the industry will only continue to grow. To ensure a smooth transition to renewable power and encourage clean energy production, we need to develop a robust and reliable market by creating as much demand as possible. I will work with the Legislature and stakeholders on tax policy to encourage the use of renewable energy, as well as the development of new technologies like energy storage and keep pace with infrastructure demands like more solar installations to ensure accessibility.

- **Increase and expand New Mexico's Renewable Portfolio Standards (RPS):** The RPS is one of the most effective policy tools available to those wanting to build a clean energy economy. In

the last five years, the cost of wind has declined over 60 percent, and solar costs have declined over 50 percent, the result of RPS programs that have helped drive the spread of clean energy.

New Mexico's RPS was last increased in 2007 and is overdue for an increase beyond its current goal of 20% by 2020. To remain competitive and build a national market, we need to accelerate New Mexico's transition to clean power. An aggressive RPS will help continue to drive market demand. In my first legislative session, I will support legislation to increase New Mexico's RPS to 50% by 2030, and would consider a requirement or goal of 80% by 2040, so long as studies indicate that customer bill impacts are zero or minimal and reliability can be maintained.

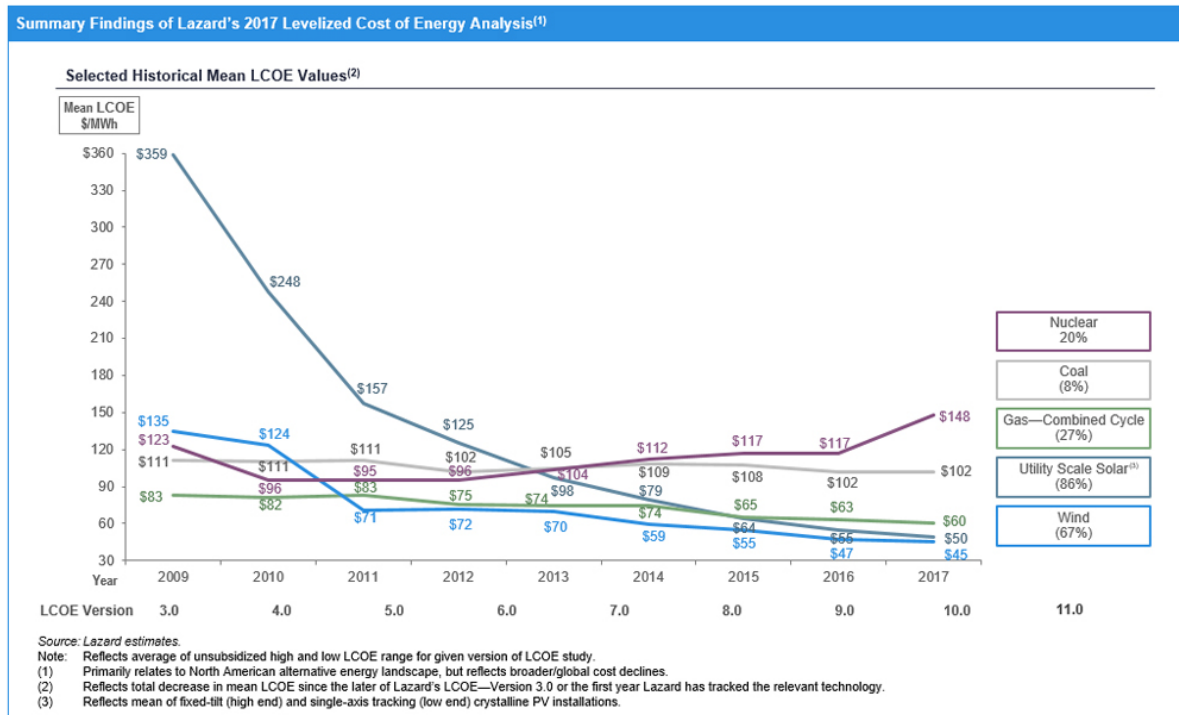


Ten states, including California, Colorado and Oregon currently have Renewable Portfolio Standards at least 5% higher than New Mexico's current rate. (NC Clean Energy)

- **Establish a regular process to update the RPS as warranted to ensure it continues to drive demand (and, hence, supply).** An RPS of 50% by 2030 and 80% by 2040 should be a floor, not a ceiling. We must commit to a regular schedule of revisiting the standard to ensure it keeps pace with technological and infrastructures improvements and is most effectively driving demand. As New Mexico's infrastructure and technologies advance, we must continue to drive towards 100% clean energy for New Mexico. A regular review of the standard will help achieve this goal faster.

As governor, I will order the state to establish a regular process for comparing our goals against the utilities' annual power procurement plans and update the RPS to continue driving our transition to clean energy.

Nearby states are increasing their renewable standards portfolios. If we do not keep pace these states will have greater renewable energy generating capacity than New Mexico. By increasing New Mexico's RPS on a regular basis, we can hasten market growth and remain competitive with other states jockeying to become clean energy producers.



The cost of utility scale solar and wind have declined below coal, gas, and nuclear generation costs in recent years. (Lazard)

- **Expand the RPS to include customer-scale (“distributed generation”) minimum requirements for small-scale, customer-owned solar and wind systems. A portion of the RPS, 20 percent, should be met by customer-scale systems. More jobs are created within these small systems and it accelerates market demand.**
 - The current rule from the Public Regulation Commission (PRC) that diversifies the source of renewable energy, including a 3 percent contribution from distributed generation should be made law.
 - “Distributed generation,” means something different to everyone. PRC and policymakers should work with the community to revisit this capacity level on a regular basis to ensure it is keeping pace with technological advances.
- **Join the Western Energy Imbalance Market (EIM). Participation in regional markets is essential, and will provide a reliable market for our wind and solar power, creating jobs in New Mexico.**

This voluntary market, managed by the overseer of California's power system, California Independent System Operator, was established in 2014 to improve electric reliability and increase efficiency across the region. EIM is designed to help ensure that there is enough supply to meet local demand in real time.

The market includes a growing number of major utilities along the West Coast and the Interior West from Seattle to Arizona. Meanwhile, the Fix the Grid Coalition is advocating for a **CAISO expansion to streamline the Western markets; and the Mountain West Transmission Group**, an informal collaboration of utilities from Arizona, Colorado, Montana, New Mexico, Utah and Wyoming, is exploring how to improve the regional transmission markets.

As more states continue to expand their portfolio standards, this market will help match supply and demand across the region. For New Mexico to become a leading producer of renewable energy, participation in this market is essential as it provides a reliable market and improves the economics of wind power.

- **Leverage our growing clean energy supply to attract new employers.** Facebook's data center in Los Lunas is an example of the rapid growth in corporate renewable purchases. Facebook is not the only major corporation committed to sustainable business practices, and who are seeking locations where they can procure clean, sustainable renewable energy.

According to PWC, one of the biggest growth areas in the renewable energy marketplace in the last two years has been corporate renewables purchases. PWC conducted a survey and found that 72 percent of companies are seeking more renewable energy as they try to meet sustainability goals, reduce greenhouse gas emissions, and limit exposure to energy price variability.

New Mexico has the potential to produce more power than can be used at home, making the state an ideal location for companies with significant power needs. I would personally recruit these companies to build facilities in New Mexico powered by renewable energy and direct the Economic Development Department to work with other Cabinet agencies and stakeholders on a program to make that happen.

- **Commit the state to supporting responsible carbon action, and join the U.S. Climate Alliance to uphold the goals of the Paris climate accord.** To be a leader in clean energy, New

Mexico must continue to drive clean energy production by supporting responsible carbon action. Under my leadership, New Mexico will join the U.S. Climate Alliance, a growing coalition of other states and Puerto Rico that will adhere to the goals set by the 2015 Paris Climate Agreement. A market-based policy solution is the right approach, and I would work with stakeholders to determine the appropriate venue and approach for setting emission limits.

PNM's plan to decommission the state's two largest coal power plants over the next decade is just one opportunity to cut emissions further. Both the San Juan and Four Corners Plants contribute about 10 million metric tons of CO₂. Eliminating both of these plants will reduce the state's carbon emissions levels. But industrial activity, wood and biomass consumption, agriculture and other sources of greenhouse gas emissions remain, etc.

PNM is decommissioning two of New Mexico's largest coal power plants over the next decade. This is a rare opportunity to dramatically cut our carbon emissions.

- **Allow communities to determine their energy portfolio.** As governor, I will work with the PRC and state legislature modernize the state's public utilities laws to promote competition and diversify the state's energy sources. We must determine how a Community Choice Aggregation (CCA) program could be adopted in New Mexico. CCA programs, like community solar, allow a community to produce or purchase (or both) electricity on behalf of its residents. The community determines its preferred energy portfolio, and by negotiating in bulk, is able to provide renewable energy at a savings.
- **Launch a "New Mexico's Got Sol!" Campaign:** New Mexico should adopt an aggressive "New Mexico's Got Sol!" public outreach, marketing and financing campaign to increase roof-top PV and solar carport deployment dramatically in the next 5 years.
 - We should also set a goal of 15 percent on-site solar for customer-owned properties by 2022, and 30 percent by 2025.
 - Customer-scale (homes and businesses) solar photovoltaics (PV) are now extremely cost-effective vis-à-vis electric utility rates, yet consumer uptake of PV is still slow. Residential rates may slow even further with the recent imposition of a 30 percent tariff on solar equipment. Setting a goal and including customer-scale generation in the RPS standards, along with financial incentives, can help counteract the federal government's

new tax and could dramatically increase use.

- This program will provide information to customers on how to finance solar installations. I also will work with public and private financing organization to expand the use of low-interest loans for low- and moderate-income families seeking to afford solar.

Increasing the supply of clean energy

As demand for clean power grows, we need to help both large- and small-scale energy producers throughout New Mexico increase output and ensure reliable delivery to markets in state and throughout the region.

- **Get transmission infrastructure now being developed online by 2020 to ensure that New Mexico's wind is not stranded.**

Additional high voltage direct transmission lines are needed to deliver wind power from eastern New Mexico to local and regional markets. Development of such lines has begun. But challenges remain. The Production Tax Credit (PTC) is set to expire in 2020 and we must work with developers to ensure that projects already underway are online as quickly as possible to ensure full credit eligibility. As governor, I will strengthen the New Mexico Renewable Energy Transmission Authority (RETA) to facilitate development of renewable energy projects to maximize their use of these credits.

- **Expand access to other markets so that surplus energy can be exported to nearby states like California.** New Mexico has the potential to produce much more electricity via wind than what the population could consume, putting it in a good position to export excess wind power to other markets.

In 2015, California increased its Renewable Portfolio Standard (RPS) from 33 percent by 2020 to 50 percent by 2030. This year the state senate approved legislation to accelerate the standard to 50 percent by 2026 and 100 percent by 2045. California's homegrown solar capacity cannot meet these goals. The California 2030 Low Carbon Grid and NREL's Beyond Renewable Portfolio Standards have identified New Mexico wind as a valuable resource for California to affordably and reliably meet its RPS goals. The state needs New Mexico's wind, which is produced at a time of day that complements California's solar by providing generation as solar ramps down at sunset.

- **Ensure that the state's energy infrastructure keeps pace with supply and demand.** As the state's clean energy industry grows, we must ensure that the power generated makes it to the grid, not just for use in New Mexico but throughout the region.

New Mexico's proximity to three of the nation's regional transmission organizations, means excess power can be sent to other states like Arizona, Colorado and California which will need additional clean energy to meet their state's RPS. But New Mexico's clean power can only be exported to other states if we can get it to market.

- We need a comprehensive transmission plan to identify current gaps in transmission and storage. Developed with input from RETA, the PRC and other public, private and academic stakeholders, the transmission plan will provide a roadmap for modernizing the state's delivery system.
 - We need to support the development of bulk electric transmission lines designed to export renewable energy and work with communities and landowners to ensure that such high capacity lines are sensitively sited.
 - As governor, I also will order a review to determine if New Mexico's geothermal industry should be an approved power source for compliance with the state's more robust RPS.
- **Expand New Mexico's solar capacity for use in state.** New Mexico has the technical potential to develop **7,087 GW** of rural utility-scale solar, which would generate **16 million GWh** annually. Our most likely markets for surplus power - California and Arizona, which already produce more solar energy than they use at home - need New Mexican wind power after sunset. By developing utility-scale solar to use here at home, New Mexico can reach its renewable energy goals and leave more wind power available for export to other states in the region.
 - **Expand New Mexico's incentives to drive renewable energy deployment and the adoption of energy efficient technologies.** Several important state tax policies have recently expired, including the residential/agricultural Solar Market Development Tax Credit and the utility-scale renewable energy production tax credit that expired at the end of 2017. I will work with the Legislature and stakeholders to reform our tax policies to better encourage the use of renewable energy, as well as the development of new technologies like battery storage.

The federal Renewable Electricity Production Tax Credit (PTC) and the Investment Tax Credit (ITC), which spurred the development of wind and solar power nationwide, have started to

wind down. State incentives combined with the federal tax credits will ensure that we can most affordably transition more of our power plants to clean, renewable sources.

This is especially true for solar energy. President Trump's ill-advised decision to impose a new solar tariff is expected to be a drag on the solar industry. Just how much it hurts adoption of solar, remains to be seen, however, since demand for clean energy is still growing.

For New Mexico to remain competitive, it is even more important that we renew our commitment to renewable energy and increase our support for solar. For example, some states provide more generous solar rebates for homeowners. New Mexico is currently ranked 7th for favorability of solar investment, based on 12 factors including state policies such as property and sales tax exemptions, rebates and tax credits, net metering, as well as local electricity prices.

We need to revitalize incentives like the state's Solar Tax Credit program that ended in 2016. It allowed homeowners and businesses to deduct up to 10% (capped at \$9,000) of solar installation costs. These incentives were associated with a 2,000 percent increase in residential solar installations alone between 2009 and 2014. New Mexico's legislature is currently considering a bill (HB 87) which would restore the solar credit and give individuals installing solar in their homes, businesses or farms a 10 percent credit, up to \$9,000. As governor, I would be happy to sign such legislation into law and work with the legislature and private sector to keep driving this sector forward.

We also need to respond to changing technologies and economies of scale. For example, the Trump tariff may make Concentrating Solar Power (CSP) a more price competitive technology. As governor, I will work with industry and community leaders to identify emerging trends and technology to make sure that state policy allows us to respond to such possible opportunities.

Finally, the full impact of the federal tax bill passed in December is still unclear as developers scramble to determine if changes will help or hinder the economics of their projects.

We must re-energize and enhance state incentives to maximize the benefit of federal credits while they are still available. Once the federal incentives are gone, state credits can help continue driving our transition to a clean energy economy.

- **Create a public / private financing model to address financial constraints for businesses seeking to lower bills and emissions.** Businesses have significant challenges financing solar

installations. I will work to expand programs such as Property Assessed Clean Energy (PACE) to cover energy efficiency improvements, and work with the public and private sectors to provide more financing solutions that can help reduce the heavy upfront costs of solar installations and supporting technologies like energy storage.

- **Create more incentives for clean energy production in rural locations.** New Mexico's natural resources and unique geography are ideal for renewable energy generation. Projects should be installed throughout the state.
 - Our RPS should encourage locating renewable projects in rural areas. Recent efforts in Taos have demonstrated the feasibility and cost-effectiveness of rural renewable energy, with the community on track to reach 100% renewable daytime generation by 2022 and save the community over \$50 million over the next ten years.
 - The state's enterprise zones program should be enhanced to provide additional tax incentives for renewable energy projects. These incentives will include property tax abatement, and increasing the size of existing tax credits such as the rural job and job training credits. Such programs have proven effective in other states.
- **Protect and defend net metering.** Customers who generate more solar power than they use should be compensated for the power they generate and add to the grid at the full retail price. New Mexico is one of 41 states with a statewide net metering policy that allows customers to export extra power onto the grid and earn credits against their power bill. Some investor owned electric utilities (IOUs) have challenged net metering. But as we make the transition to clean energy, net metering is the single greatest incentive for making PV financially viable. We need to keep this incentive intact. While the New Mexico Public Regulation Commission has jurisdiction over the utilities, I will work with the legislature to ensure that net metering remains available and provides a fair credit for those who put renewable energy back into the power grid. I will oppose any effort from our utilities to limit or eliminate protections for net metering.

Promoting efficient and clean energy technologies in New Mexico

Energy efficiency and conservation remain the most immediate and cost-effective ways to cut energy costs, consume fossil fuels more efficiently and reduce carbon emissions. As the nation continues its move towards more sustainable development and clean energy, demand for more energy efficient technologies and clean energy solutions will continue to grow. For New Mexico to meet its sustainability commitments, strengthen its economy, and create new jobs, we must fully

support this emerging economic sector. As governor, I will promote such technologies in New Mexico by creating a tax and investment system that encourages commercialization here at home.

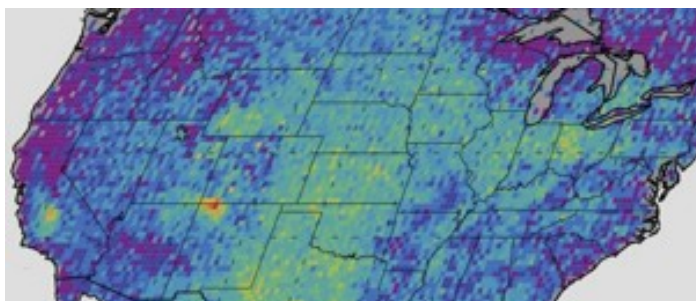
- **Promote the commercialization of various emerging technologies that support clean energy or lower emissions and modernize traditional energy sources like oil and gas production to make them more efficient and reduce greenhouse gas emissions.** New Mexico is currently a leader in oil and gas production. As we expand our portfolio to include clean energy alternatives, the state is uniquely suited to become the proving ground for a wide array of emerging energy technologies. As governor, I will seek creative opportunities to support new technologies and innovative solutions for every energy subsector.

Emerging technologies such as anaerobic digestion of agricultural waste, geothermal, small/micro hydro, carbon sequestration in agricultural fields, waste heat recovery, and related technologies hold the promise of increasing efficiency and reducing adverse environmental impact. New Mexico is an ideal testing ground for these technologies, and we need to support their development.

New Mexicans also should receive the full benefit of developing all of our natural resources, including oil and gas. To do this, we must ensure our lease rates are fair and in line with neighboring states, and make oil and gas production as efficient as possible by limiting the waste of natural gas resources due to venting, flaring, and leaks from oil and gas infrastructure.

- **Develop New Mexico's homegrown methane mitigation industry.** New Mexico is ranked 10th in the nation for jobs focused on tackling methane emissions. Failure to capture methane - the primary component of natural gas and a dangerous greenhouse gas - is lost revenue for oil and gas producers and New Mexico taxpayers, and an environmental threat to our state.

It has been three years since NASA first identified the 2,500-square-mile methane cloud hovering over the San Juan Basin. Each year we waste about \$2 billion of natural gas through leaks and intentional releases of methane nationwide – more than \$100 million worth of natural gas from federal and tribal lands in New Mexico alone.



NASA scientists recently identified a giant cloud of methane emissions over the Four Corners area. The yellow and red "hot spot", on the image above, is the largest concentration of methane in the United States. (NASA/JPL)

As governor, I will work hard to address methane waste. I will put in place common sense statewide rules to require oil and gas companies to cut methane waste and pollution at both new and existing wells. By improving the air quality requirements of oil and gas wells, we can

Methane mitigation companies have seen some 30% business growth in states with methane regulations. Jobs in this sector pay annual salaries of up to \$113,110.

create more jobs in methane mitigation, and better protect our citizens from the health risks associated with this toxic greenhouse gas.

- **Adopt decoupling rate structures.** Traditionally, power rates are fixed and the utility's revenue comes from how much energy it sells at that price rate. The more power it sells, the more profit it makes. It is an economic structure that encourages more energy use and discourages interest in energy efficiency and investment in new technologies. It is time to change that outdated business model.

We need to separate consumption from profit – a policy known as decoupling. Under this rate making structure, New Mexico's utilities would annually submit revenue requirements and expected sales to the NM Public Regulation Commission, which would then regularly adjust rates to reflect real sales. The commission sets the power rate by dividing sales into fixed revenue requirements. The utilities still make a profit, but it is based on how many customers are served, not how much energy is sold. Excess revenues are credited back to the customers. By separating ("decoupling") energy usage from profit, we can ensure that utilities provide a fair return to shareholders; while giving customers a break in rates.

The policy has proven effective. California first decoupled profits from consumptions in the 1970s and now credits the policy as the reason the state's energy efficiency policies work. Since decoupling was adopted, energy use per capita has increased almost 50 percent nationwide, while California's per capita energy use has remained relatively flat.

- **Protect consumers by ensuring that power bills are affordable, and promote energy efficiency.** New Mexico's average electricity price – about 13 cents per kilowatt hour – ranks 20th highest in the country, but our state is 44th in median household income. And with one of the highest unemployment rates in the country, New Mexicans are particularly sensitive to rate increases. As Governor, I will work to ensure that consumers are not burdened with higher rates. I also favor more support for low-income consumers to ensure they can afford basic

energy services, without the threat of losing access to electricity, and have access to programs such as low-income weatherization and energy efficiency improvements.

- **Create a state-level Low-Income Energy Efficiency (EE) Renovations Program.**
 - Energy efficiency renovations (weatherization improvements, windows, insulation, more efficient furnaces, appliances, etc.) reduce utility bills for the customer, create jobs for New Mexicans and reduce overall energy demand and carbon emissions.
 - We expect continued efforts to cut funding for the federal LIHEAP program. If successful, it would disproportionately hurt low-income households because of the high proportion of their income used for electric and natural gas bills.
 - NM Mortgage Finance Authority (NMFA) should administer a statewide low-income energy efficiency renovation program since it has the expertise as the implementer of the federal LIHEAP program.
- **Use the state's regulatory and tax programs to encourage broader adoption of energy efficient and conservation technologies and practices.**
 - New Mexico should follow the example of other states by expanding its energy efficiency resource standard in its next Renewable Portfolio Standard.
 - The sustainable building income tax credit should be increased and expanded so more businesses and residences can take advantage of it each year.
 - New Mexico's building energy codes must be updated to ensure New Mexico's buildings are sustainable and reflect the latest technologies and industry standards. I would call on the Construction Industries Division to immediately start the process of updating New Mexico's building codes in consultation with all stakeholders.
- **Create a tax and investment system that encourages clean tech commercialization in New Mexico.**
 - **Improve and extend New Mexico's Research and Development tax credit.** The current tax credit provides gross receipts tax (GRT) incentives for small businesses for which R&D makes up at least 20% of expenditures.
 - **Expand and improve the Small Business Assistance program.** This successful program provides small businesses, providing up to \$20,000 in research support from the National Labs. We will fund and improve the program so that businesses with high potential can receive a higher level of research support. We will also work to create a program that will allow small businesses to purchase further research assistance.

- **Expand State Investment Council (SIC) New Mexico Private Equity Program investment**, and coordinate with our commercialization strategy while maintaining a focus on returns.
 - The SIC program has had a major role in encouraging venture capital investment in New Mexico, but there is much more to be done.
 - Direct the SIC to invest 9% (the greatest amount allowed under statute) of the Severance Tax Permanent Fund into its New Mexico Private Equity Program.
 - Encourage coordination with commercialization, industry, and venture investment experts.
 - These investments are made in partnership with experienced private equity investors, so the nearly \$450 million investment will have a major role in promoting research and commercialization in New Mexico in a variety of technologies in clean energy and other industries.
- **Develop a green energy workforce.** New Mexico's population provides an ideal mix of workers to fill jobs in the green energy economy. New Mexico is positioned to meet the demand for workers, with training programs already in place to help students and energy sector workers prepare for careers in renewable energy. I will work with our schools and private sector to grow these programs and ensure that New Mexicans have the skills and education they need to work in this industry.

The number of solar jobs in New Mexico grew 179 times faster than the state's overall economy in 2016.

New Mexico's community college network, high schools and vocational programs should continue developing programs to meet the needs of these emerging industries.

Make New Mexico's transportation sector more sustainable

Each year, more consumers are moving to electric vehicles. Under the Martinez Administration, New Mexico fell far behind other states in promoting electric vehicles. As Governor, I will work to ensure that our residents can enjoy the lower operating costs, higher fuel efficiency rates and lower carbon emissions that electric cars offer. Under my leadership, New Mexico will:

- **Build the infrastructure necessary to support greater usage of electric vehicles (EVs).**

New Mexico needs to expand the charging infrastructure that residents need if they are to use electric vehicles.

- New Mexico's Department of Transportation (DOT) and Energy, Minerals, and Natural Resources Department (EMNRD) should work with car manufacturers and the local electric utilities to deploy car-charging stations statewide.
 - New Mexico will incentivize expansion of the charging infrastructure network through grants, rebates, and reduced electricity rates – an approach that has proven effective in other states.
- **Facilitate the development of this infrastructure while maintaining wildlife, natural resource and environmental protection.** We will establish a responsive permitting system and provide adequate fueling and electric charging stations along our Interstates.
- **Use the state's purchasing power to build the EV market in New Mexico.** Transitioning the state's automotive fleet to hybrid and electric vehicles would help jumpstart the state's electric vehicle market and lower carbon emissions. It would also improve the state fleet's overall efficiency, air quality, and public health while saving taxpayers money and operating more efficiently.
- **Adopt enhanced emission standards for vehicles.** As governor, I will support adoption of enhanced standards for vehicles as a way to promote clean technologies such as alternative fuels, advanced tire technology, engine adjustments and improved air conditioning systems. Ten years ago, New Mexico was a leader in fighting climate change when it adopted tougher emissions standards for cars that would have brought cleaner cars to our roads. But the Martinez Administration repealed that initiative, leaving the state behind other states in driving widespread market adoption of technologies to reduce tailpipe emissions.
- **Attract battery manufacturers and other energy storage technologies.** These technologies help address the occasional intermittency of renewable power and increase solar penetration. New Mexico's potential as an energy producer makes the state a natural testing ground for energy storage companies.
 - To help drive the deployment of energy storage equipment such as lithium ion battery packs, and make the state attractive to this emerging field, I will work with stakeholders to promote and expand financing programs like making the Property Assessed Clean Energy (PACE) model available for commercial properties.
 - New Mexico will also use the purchasing power of the state government to help drive adoption of energy storage technologies.

A Clean Energy Economy is Possible

It is time to expand our energy economy. For decades, New Mexico has been a leader in fossil fuel energy exports. We are the seventh largest energy supplier in the nation, thanks to our petroleum, natural gas, and coal resources. The Permian Basin is one of the prime areas for new oil development and exports, but across the state, opportunities are more mixed. Lower oil prices, declining production levels, and the cyclical nature of fossil fuel commodities mean we need to stop relying on fossil fuels to pay the state's bills and diversify our energy sector to provide new jobs.

Energy production, and the jobs it creates directly and indirectly, is a critical foundation of our state's economy. But the demand for sustainable power and the threat of climate change are driving the nation's transition to a more diverse portfolio of energy sources. This is a tremendous opportunity for New Mexico and essential to the state's economic future.

This is not just about energy jobs. Demand for clean energy is rising across every economic sector. New Mexico's broader economic development plans require the state to increase its clean energy production. Countless major U.S. corporations are part of this effort. They recognize that climate change is a reality and they will have to adapt their operations to changing real-world factors, public demand, and regulatory pressures here and across most of the globe. This is true of the power industry, as well. They know that, like it or not, change is coming: Sustainable energy development and use will be more and more a reality of the future, and they want to get ahead of that curve.

Alongside good policies that will increase demand and supply of renewable energies, we will also align our resources to enhance the attractiveness of New Mexico as a place for innovation and talent. The failure of the Martinez administration to embrace this industry has put New Mexico behind our neighboring states. We must leverage New Mexico's competitive advantages in clean energy and energy technology, develop incentives to enhance our manufacturing capacity, and generate opportunities to raise New Mexico's profile and attract out-of-state public and private investment. It's time to let industry leaders know that New Mexico is open for business again.