



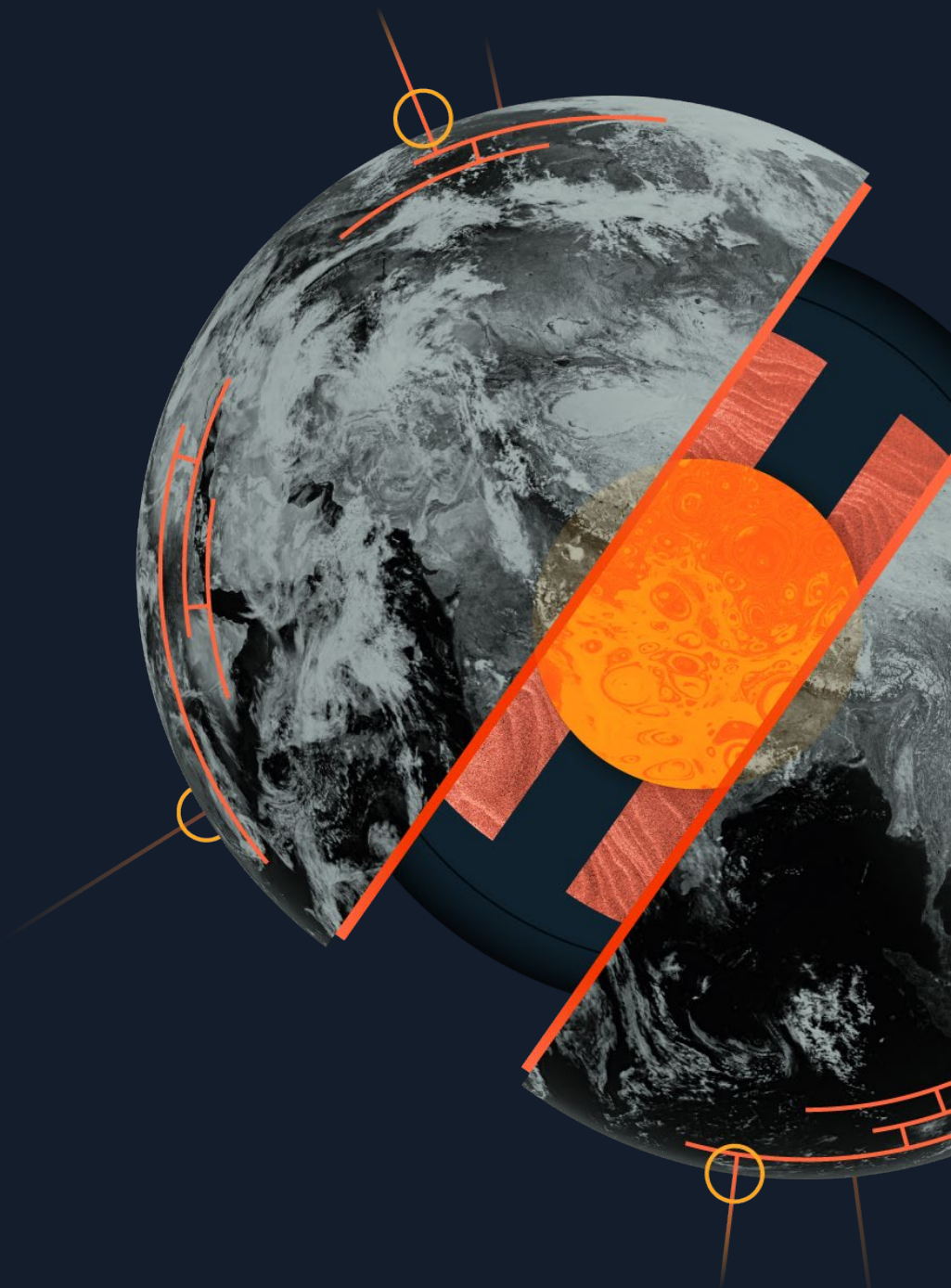
Geothermal in Rural New Mexico

Two statutory corrections and a redesigned tax credit

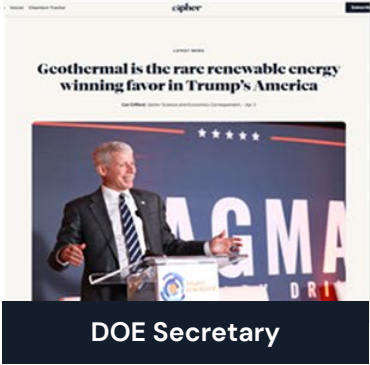
Jackson Grimes · Director of Global Engagement

InnerSpace Action

Economic and Rural Development and Policy Committee – Roswell, August 3rd



InnerSpace: Who We Are



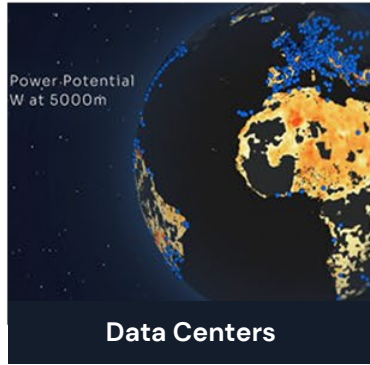
DOE Secretary



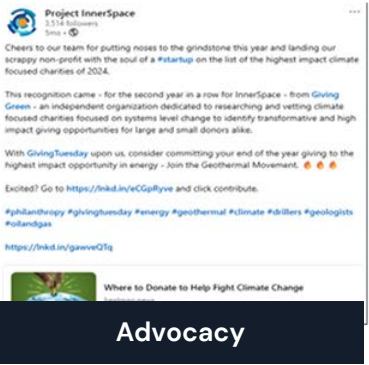
Davos WEF



Partnerships



Data Centers



Advocacy



IEA Collaboration



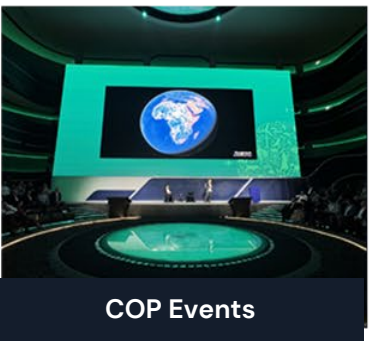
Impact



Demonstrations



Immersive Learning



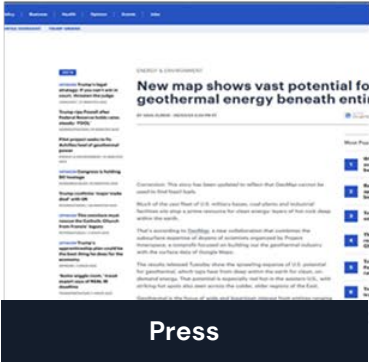
COP Events



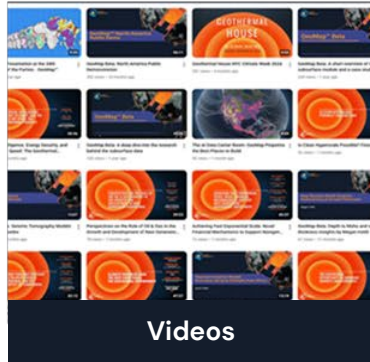
Google



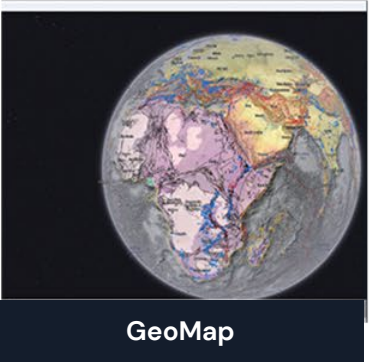
Reports



Press

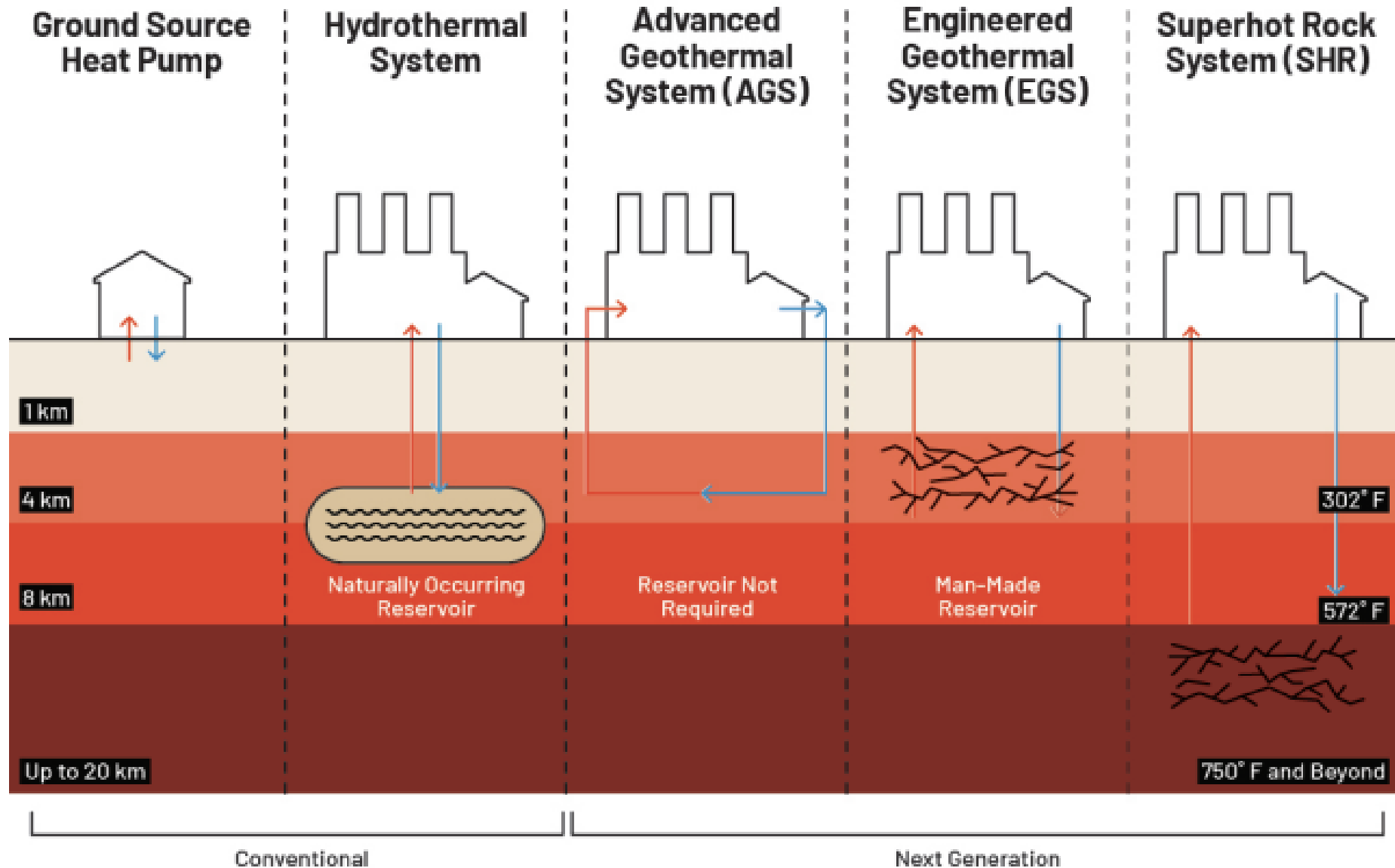


Videos

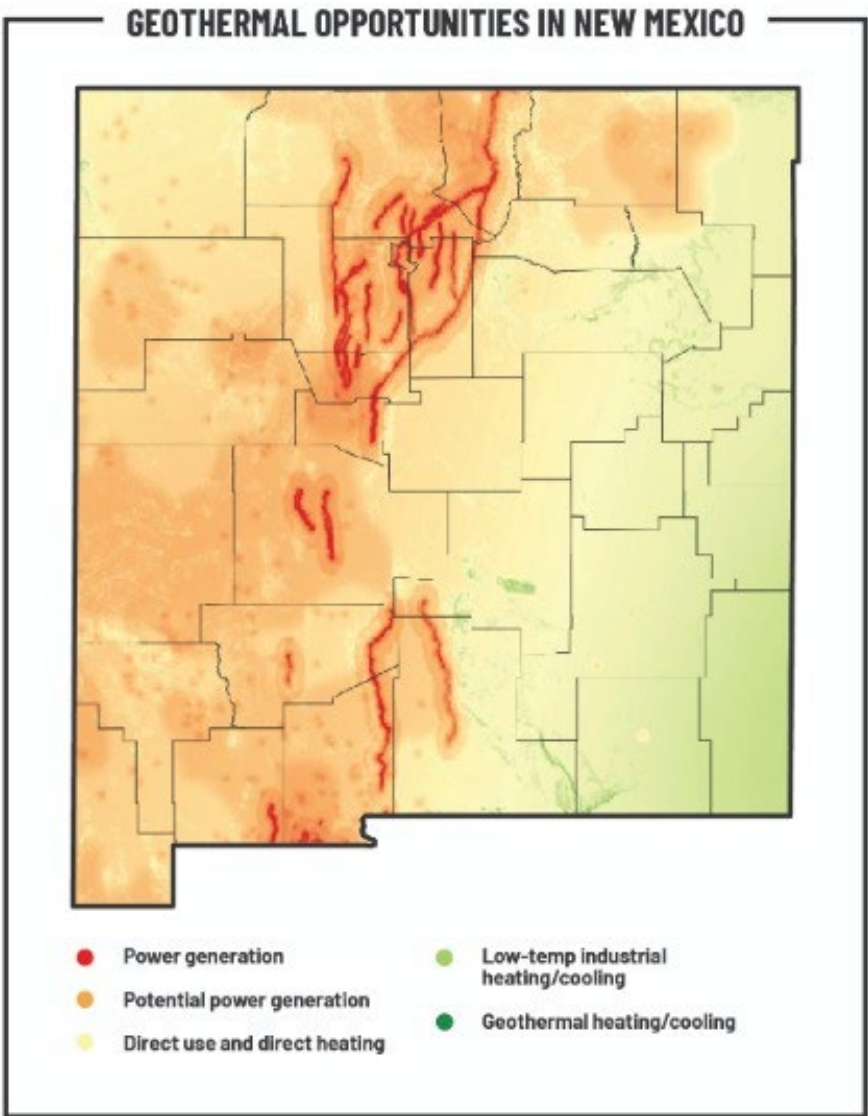


GeoMap

Types of Geothermal Systems



New Mexico has the resource in abundance. Statutes are the barrier.



WHERE WE ARE TODAY

163 GW

Of next-generation geothermal electricity potential

Zero

Applications have ever been filed for the existing geothermal tax credit.

The incentive exists, but no one can utilize it

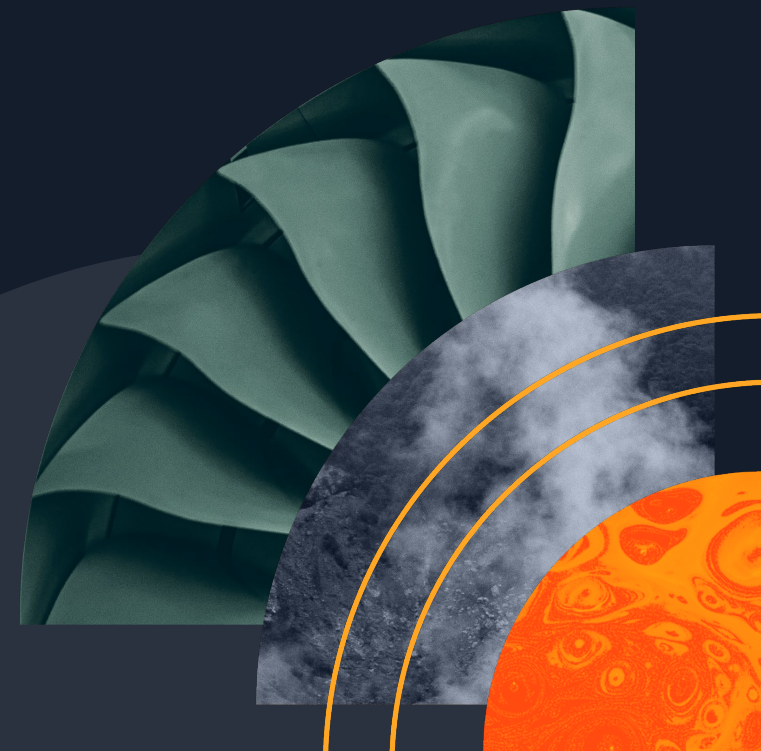
- 1 One definition of geothermal No appropriation
- 2 Let projects sell the heat No appropriation
- 3 A credit companies want \$100M cap to 2037

FIX ONE OF THREE · NO APPROPRIATION

The 250-degree problem

Geothermal Definition Unification

Amends three sections of NMSA Chapter 71



One resource, five definitions

1 One law, two different numbers

The same act calls a project geothermal above 100°F but the resource geothermal only above 250°F.

2 The water permit is stuck to that number

A closed-loop project that returns every drop it borrows still needs a permit if it runs cooler than 250°F.

3 The definition is copied in four more places

Well repurposing, state land leases, both tax credits. Each amended separately or fixed here.

4 Converted oil and gas wells fall into the gap

A repurposed well running at 180°F may not legally be producing geothermal at all.

THE AUDIT

14

Places geothermal is defined in New Mexico law or rule

250°F

The physics-irrelevant threshold that decides jurisdiction, water and tax eligibility alike

Amend the science once, in one place, not five times

Define it once. The rest of the codes will follow.

1 One definition, without regard to temperature

Geothermal means the earth's heat, at any temperature, for power, heat or networks

2 Everything else points back to it

Four copied definitions become one cross-reference

3 Water certainty, safeguards untouched

Closed-loop projects that put the water back qualify at any temperature. The State Engineer's review stays, and no water right is created.

4 The rules update themselves

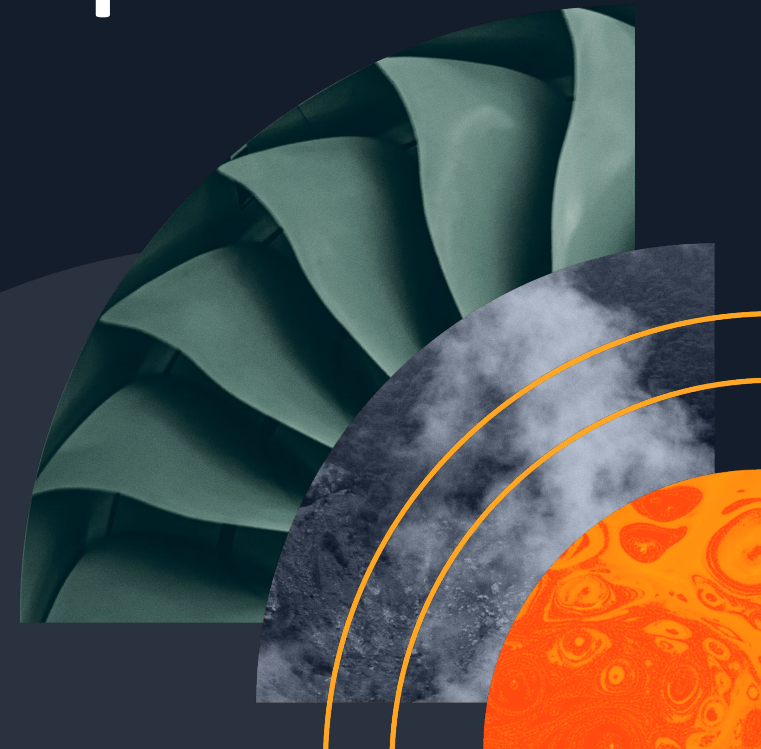
Agency rules citing the definition follow automatically within a year.

The Ask: Endorse the unified definition as the foundation the other two bills depend on.

FIX TWO OF THREE · NO APPROPRIATION

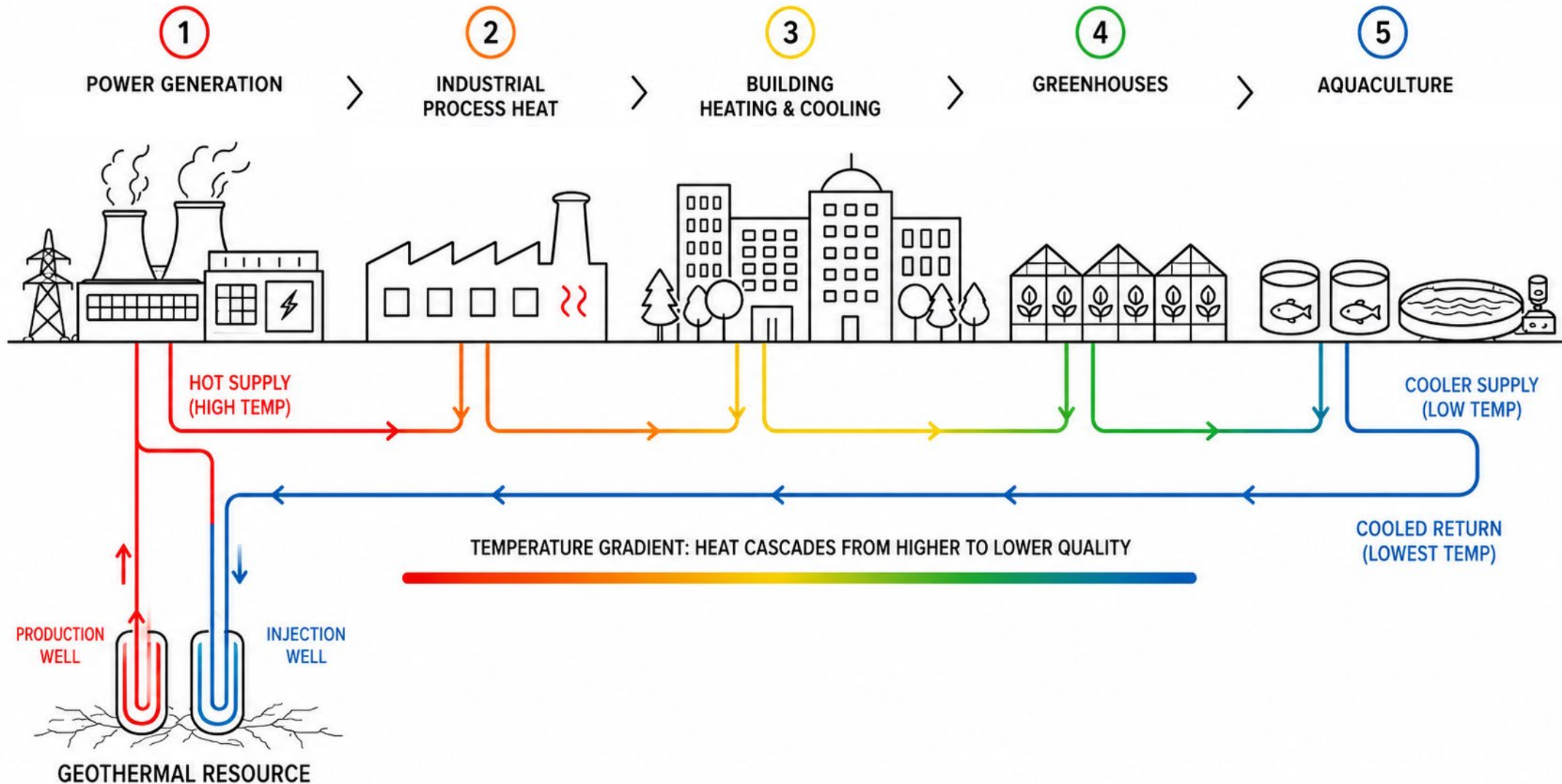
Selling heat, not just power

Thermal Energy Network Authorization
Amends the Public Utility Act



TENs - Thermal Energy Networks

A thermal energy network is a shared loop of underground pipe that delivers heat from a single source to many users at successively lower temperatures. One geothermal well can supply power generation, then industrial process heat, then heating and cooling for buildings, then greenhouses and aquaculture.



In New Mexico, a geothermal project can sell power, but not heat

1 Heat isn't a category in the law

Utility code recognizes electricity and gas. Not heat. There is no lawful way to sell it.

2 Every project is priced on one revenue line

The heat a well already produces stays stranded, because no one can buy it.

3 No permit exists to build the pipeline

Not for a utility, not for a developer.

4 Developers price that in, or build elsewhere

With no permitting pathway, there is no way for this revenue stream to be considered.

WHAT IT COSTS TO NEW MEXICO

0

Currently no lawful way to sell thermal energy in the state today, this fixes that

4

States that already authorized thermal networks and can offer developers both revenue lines

*Same well. Same drilling cost.
One regulatory update to let you
sell the heat twice*

Let projects sell the heat they already produce

1 Sell heat without becoming a utility

A limited-purpose certificate lets a power developer, university, tribe or county run a thermal network without full utility regulation.

2 A second revenue line helps projects pencil

Heat sold to co-located businesses (greenhouses, food processing, data centers) turns one revenue stream into two on the same well.

3 A clock developers can finance against

Thirty days to confirm an application is complete, one hundred eighty to approve or deny.

4 No appropriation. No new ratepayer mandate

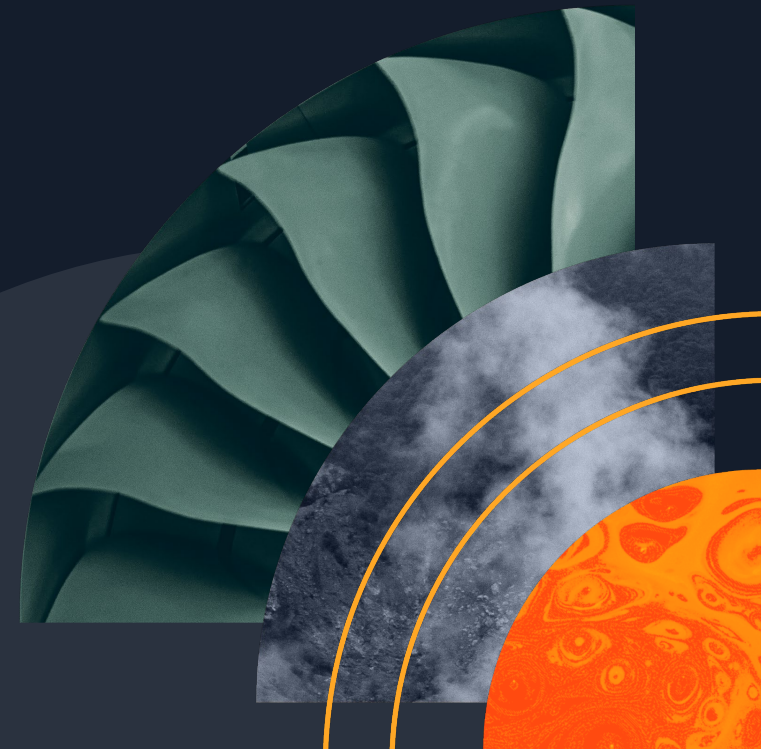
Costs still face standard regulatory review. The state spends nothing to open the market.

The Ask: Endorse the thermal energy network authorization in the committee's 2026 final report.

FIX THREE OF THREE · \$100M CAP THROUGH 2037

An unused credit

Geothermal Energy Investment Tax Credit
Amends two income tax credits



The geothermal credit on the books has never been used

1 It pays only after the power flows

A penny and a half per kilowatt-hour sold, meaning the credit arrives years after the drilling that carried the risk

2 The cap is small and shared

Five million a year split, spread across the personal and corporate credits, not five million each.

3 Most of New Mexico doesn't qualify

Only resources above 250°F, and only for making electricity. Cooler resources and heat sales are excluded by definition.

4 The entities we want building cannot use it

Non-refundable and non-transferable, so a tribe, a county or a pre-revenue developer gets nothing

UPTAKE

Zero

Applications in the credit's entire history, per EMNRD

250°F

Minimum to qualify

2032

The credit expires

A credit with zero uptake is not a credit worth rerunning

A credit a bank will lend against

1 Up to thirty percent of what's actually spent

Verified costs, paid when the plant starts running. Approval is automatic if you qualify.

2 \$100 million total, across both credits

A lifetime ceiling through 2037, ten million per project phase.

3 Fifteen million reserved for direct-use thermal

Industrial and commercial process heat qualifies regardless of how many buildings are served. Which is what makes a single-site food processing, greenhouse or aquaculture project eligible.

4 Fifteen million reserved for tribal or local applicants

A tribe, pueblo or county with no tax bill gets full value. Fifteen million is reserved for them and New Mexico small businesses.

The Ask: Endorse converting the unused production credit to an investment credit for the 2027 session.



**innerspace[™]
action**



Director of Global Engagement

Jackson Grimes

Jackson@innerspaceaction.org