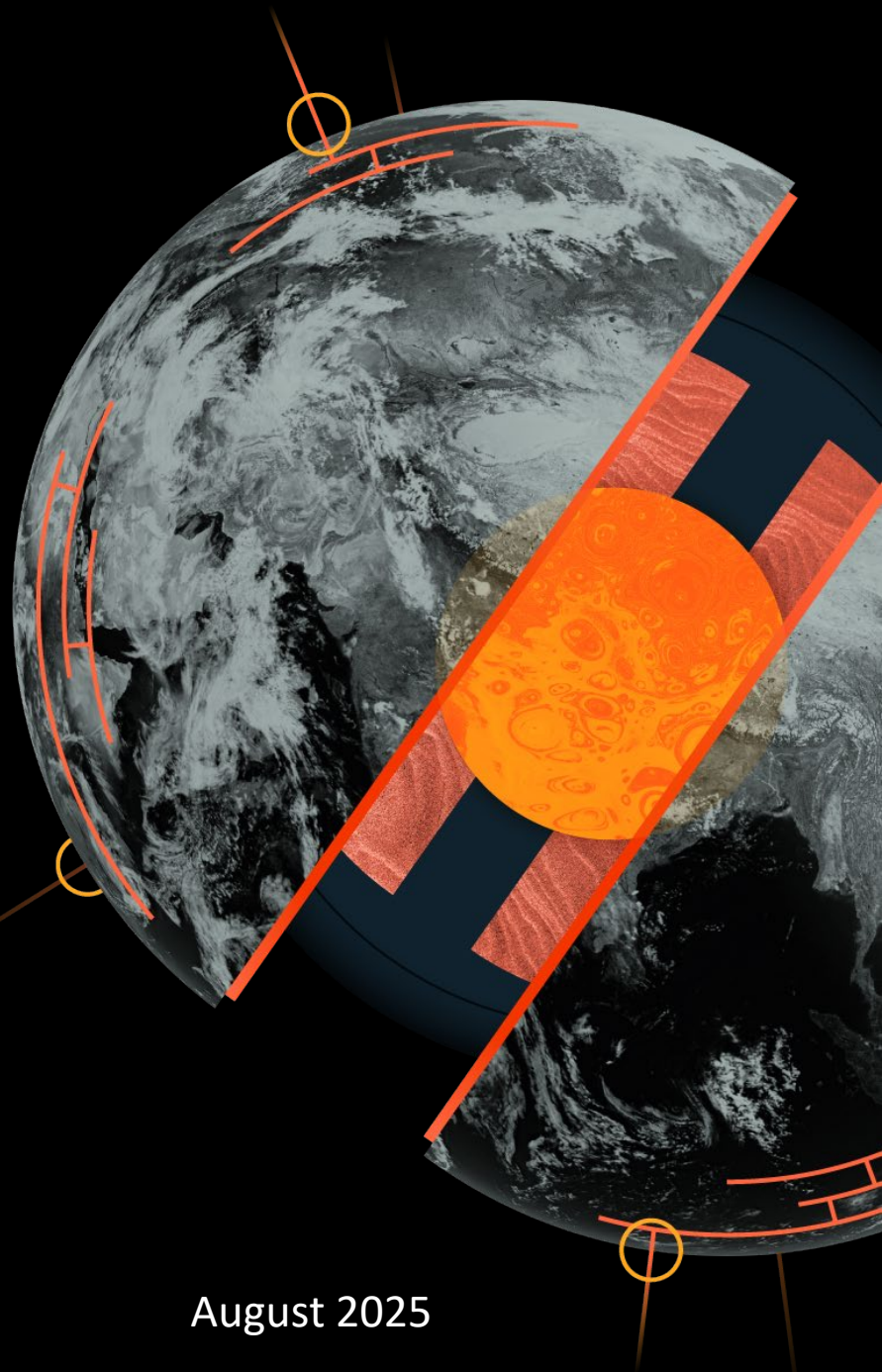
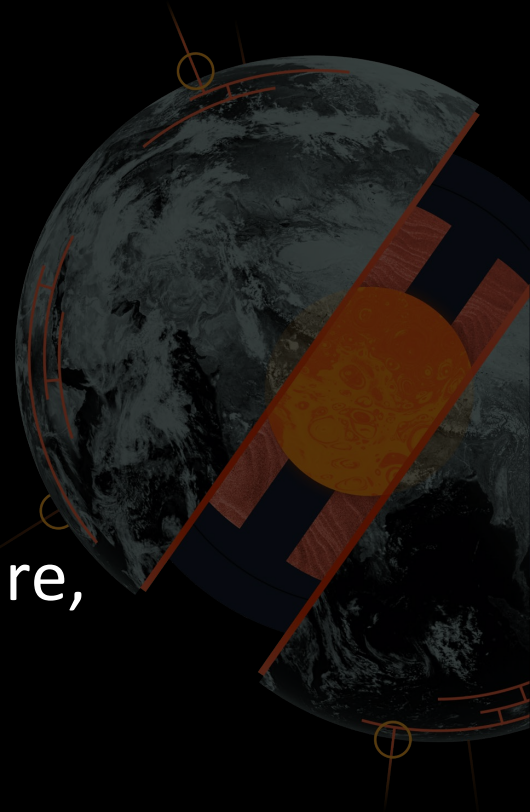
project innerspace™

# *Supporting Geothermal Growth in New Mexico*



August 2025

# *Project InnerSpace*



- Driving rapid geothermal scale-up as an independent nonprofit dedicated to global energy transition
- Leveraging oil & gas technology, workforce, infrastructure, and expertise for geothermal growth
- A multidisciplinary team of experts in geoscience, engineering, policy, finance, and data
- Engaging New Mexico stakeholders since 2023 to support geothermal innovation and policy

project innerspace™

# *Initiatives*

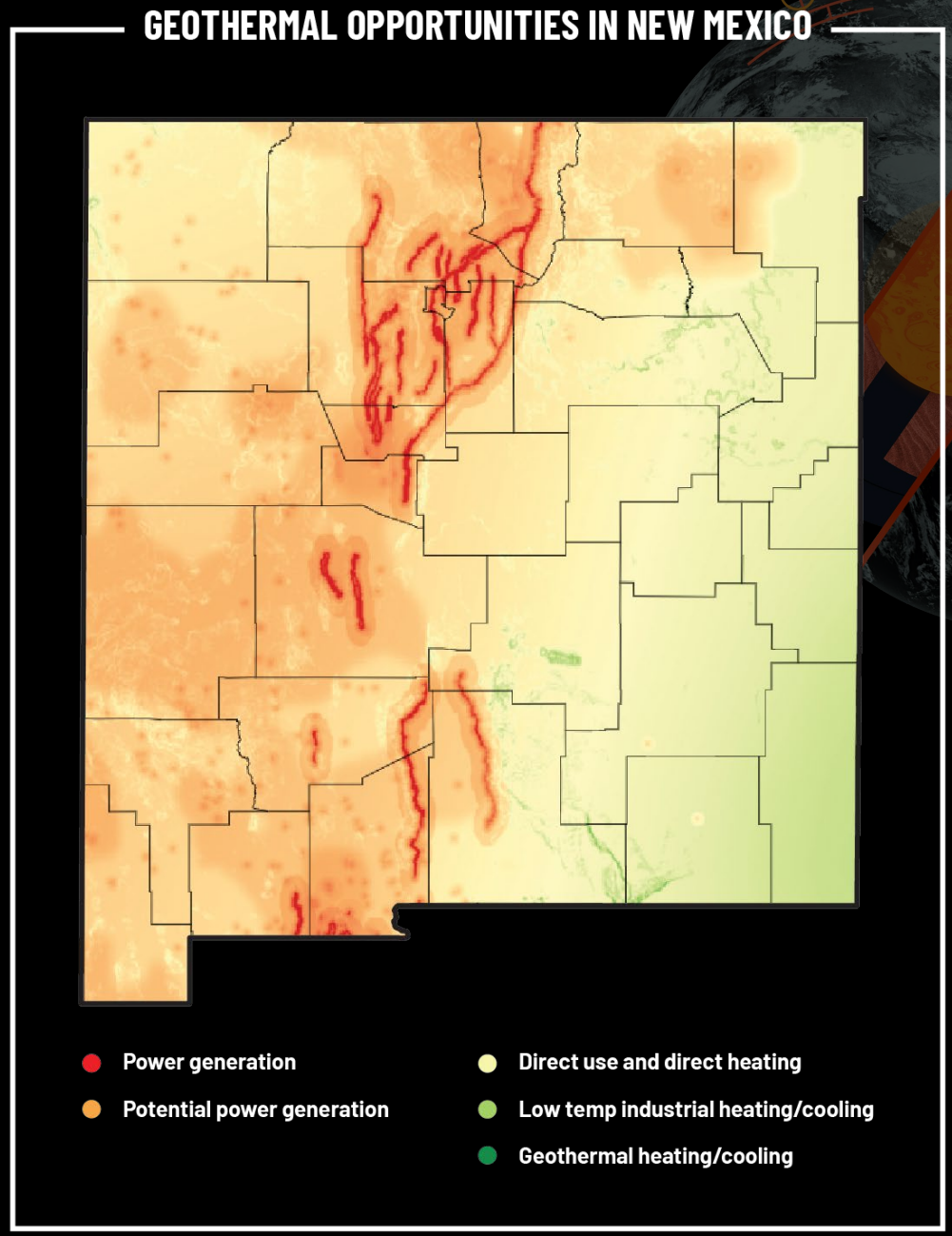
GeoMap

project innerspace™

# *Initiatives*

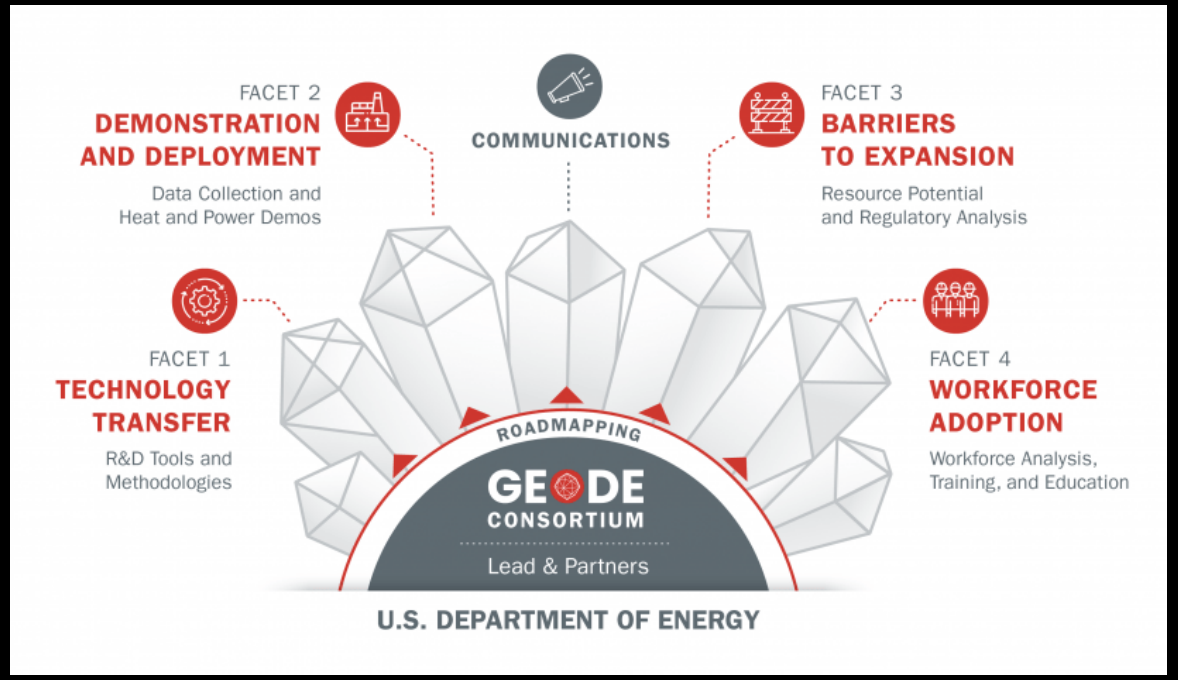
## GeoMap

- Open-access tool co-developed with 85+ global research institutions
- Data adopted by the International Energy Agency to estimate global potential
- Technical capacity can meet global electricity demand 140x over




project innerspace™

# *Initiatives*



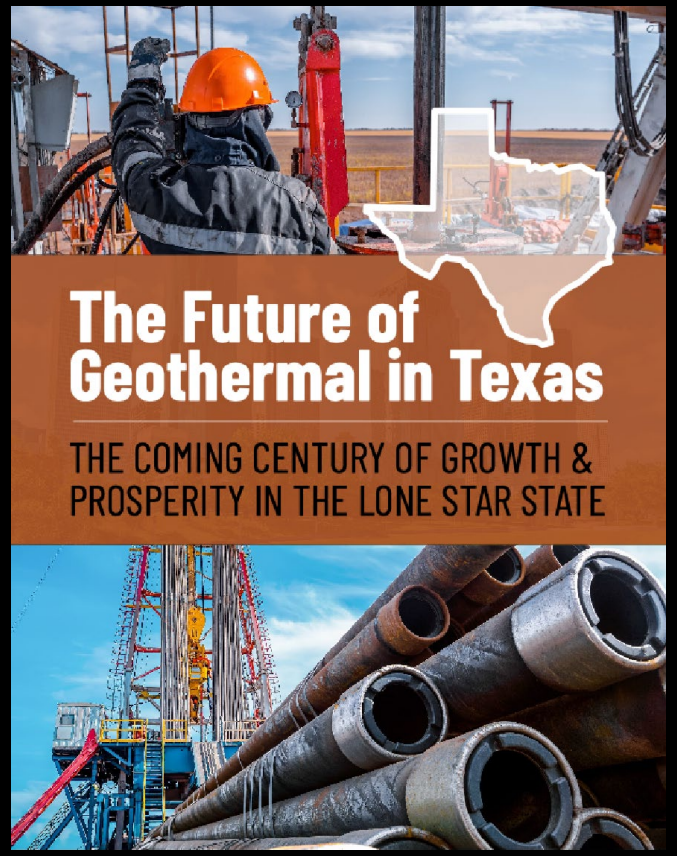

*Geothermal Energy from Oil + Gas Demonstrated Engineering*

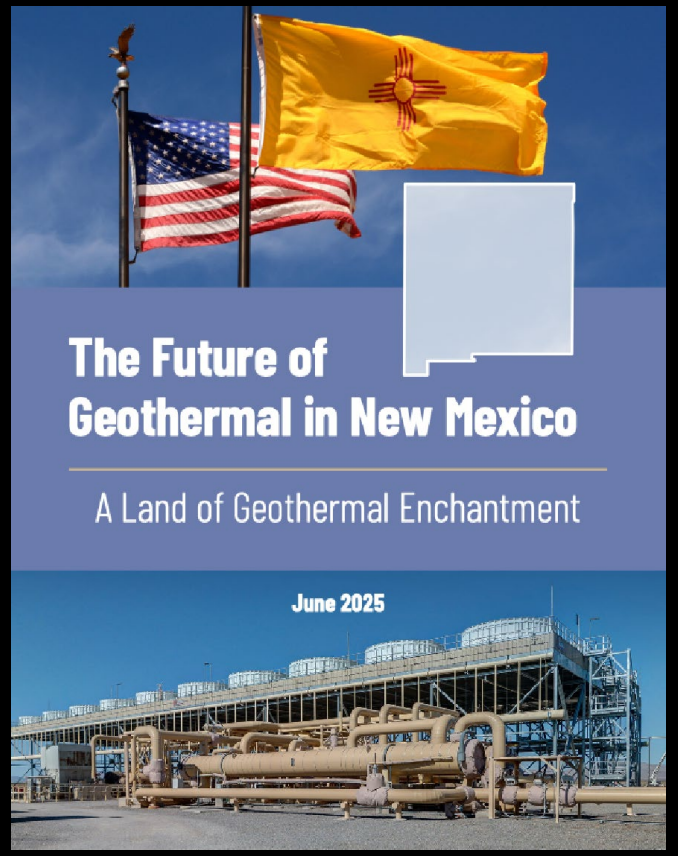
*Geothermal House*

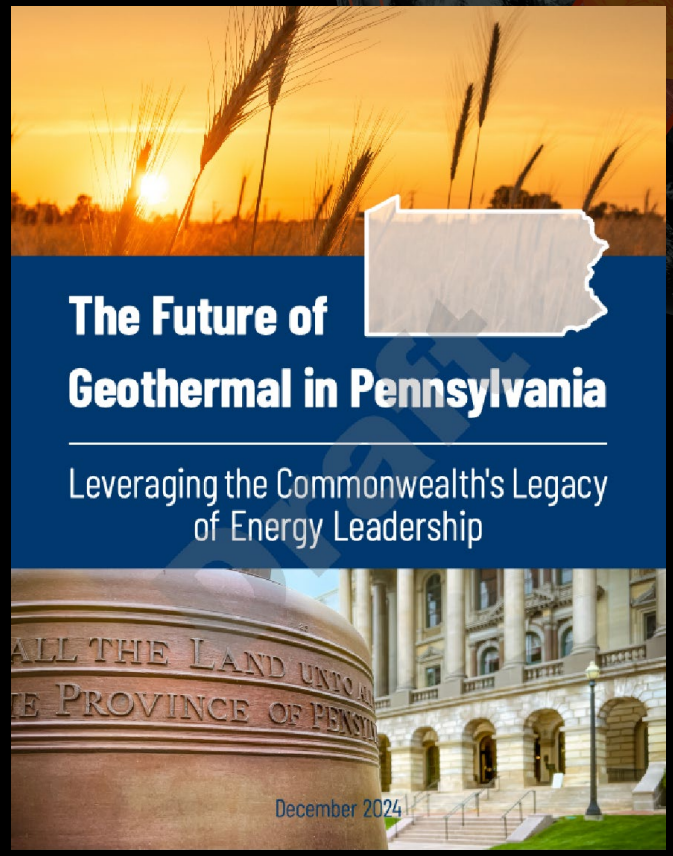
project innerspace™

# *Initiatives*

## *Future of Geothermal* – Report Series

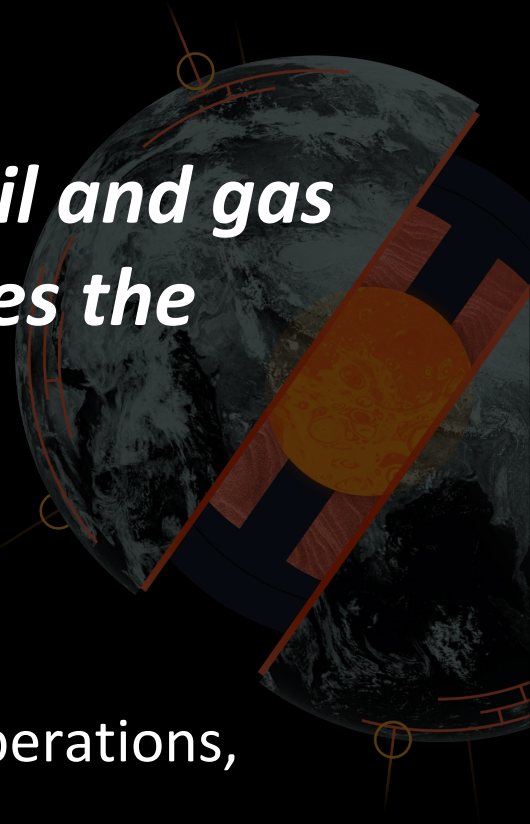



project innerspace™

***"No other state combines such favorable geology, oil and gas expertise, political will, and raw potential as does the Land of Enchantment"***



- Unlock up to 163 GW of technical generation capacity
- Utilize New Mexico's oil & gas workforce for geothermal drilling, operations, and construction
- Deliver environmental benefits including low emissions and small land footprint
- Supply clean heat for industry, agriculture, and thermal energy networks

project innerspace™

## Create clear pathways and legal and regulatory certainty for industry

- Clarify heat ownership
- Streamline and simplify legal definitions of *geothermal energy*
- Further enable geothermal reuse of depleted or abandoned oil and gas wells
- Identify priority leasing areas and create geothermal Special Economic Zones at the State Land Office
- Proactively plan for and prepare transmission for geothermal electricity projects
- Produce and maintain a "developer tool kit," a one-stop shop for geothermal project development

## Create the conditions that will accelerate geothermal production in New Mexico

- Set a regulatory goal of 5 gigawatts of geothermal energy on the New Mexico grid by 2035
- Work with the federal government to catalyze geothermal deployment on federal lands

## Expand state geothermal incentives

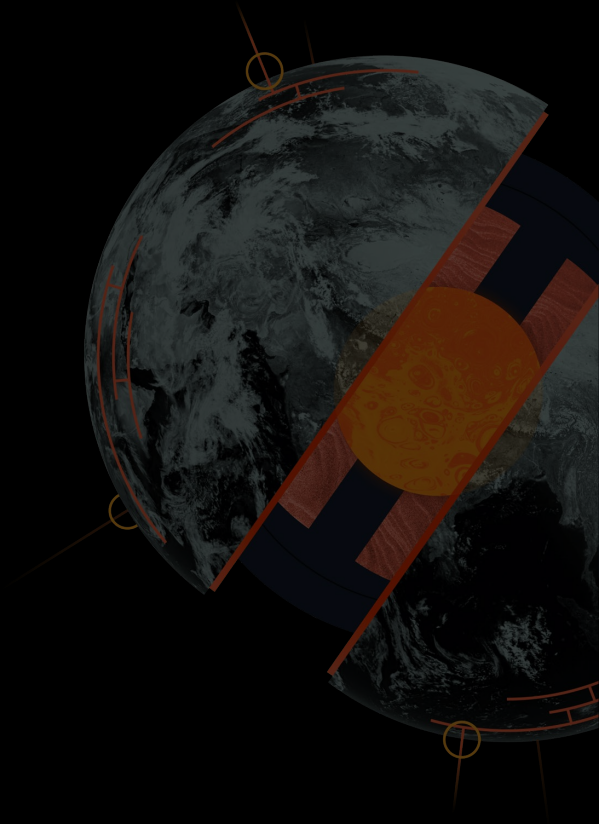
- Expand the grant and revolving fund to include commercial and private sector projects on state lands
- Establish targeted grants and loans for geothermal power and industrial process heat
- Incentivize geothermal-powered data centers

## Catalyze the development of geothermal heating and cooling

- Allow utilities to build, own, and operate Thermal Energy Networks (TENs)
- Improve utility efficiency with expanded geothermal heating and cooling (GSHP)

## Expand educational programs for energy workers and the public

- Expand geothermal-specific apprenticeships and workforce trainings
- Update public education materials and improve outreach for funding opportunities



project innerspace™

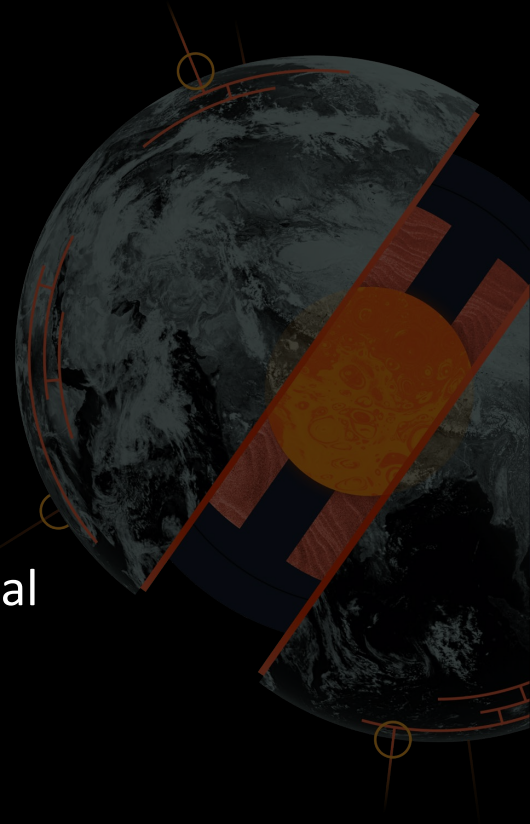
***Full Report***

# *Near Term Policy Priorities to Catalyze Geothermal*

- Set a 5 GW statewide goal to establish geothermal as a pillar of the energy mix
- Prioritize geothermal in state loan and grant programs (e.g., GPDF, GPRLF)
- Allow utilities to build, own, and operate Thermal Energy Networks (TENs)
- Expand geothermal production tax credit (PTC) to match solar PTC terms

project innerspace™

# *Production Tax Credit Parity*



**The Current Incentive Imbalance**

- Solar PTC: Up to 4¢/kWh for 10 years, $8M/year per project
- Geothermal PTC (2024): Flat 1.5¢/kWh, capped at $5M total for all projects

**The Consequences of Under-Incentivizing Geothermal**

- Slower geothermal deployment due to weaker incentives despite major potential
- Investors prioritized solar due to  better state-level tax credit terms

**Economic & Workforce Benefits**

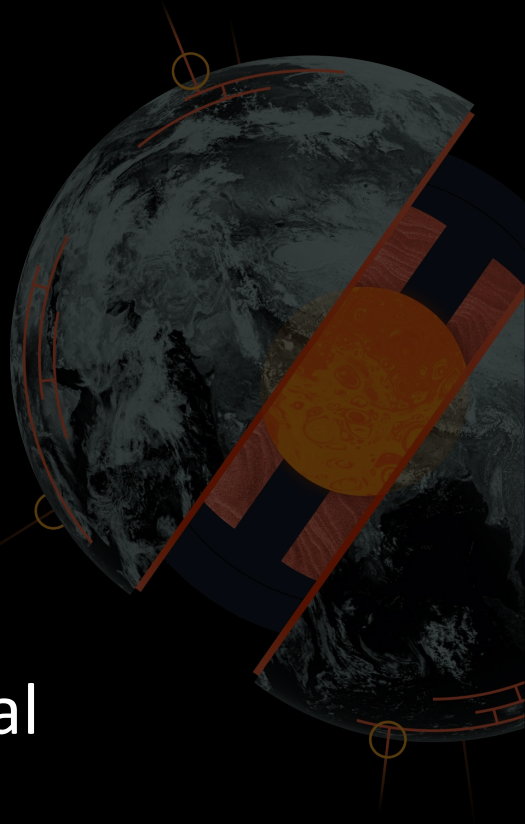
- Create local jobs in drilling, construction, and plant operations
- Balance intermittent renewables by complementing wind and solar with firm geothermal

**A Missed Opportunity in Industrial Heat**

- Reduce fossil fuel reliance in industrial sectors like refining and agriculture
- Expand PTC eligibility to include direct-use geothermal for heat-intensive industries

project innerspace™

# *Opportunities for 2026 Session*



- Match geothermal PTC to solar's tiered structure (1.5¢ → 4¢ over 10 years, $8M/project cap)
- Lift the annual PTC cap to support multiple geothermal projects
- Include direct-use geothermal in PTC eligibility for industrial and commercial heating
- Direct funding from GPDF/GPRLF toward clean industrial heat projects

project innerspace™