Geothermal in New Mexico

Two statutory corrections and a redesigned tax credit

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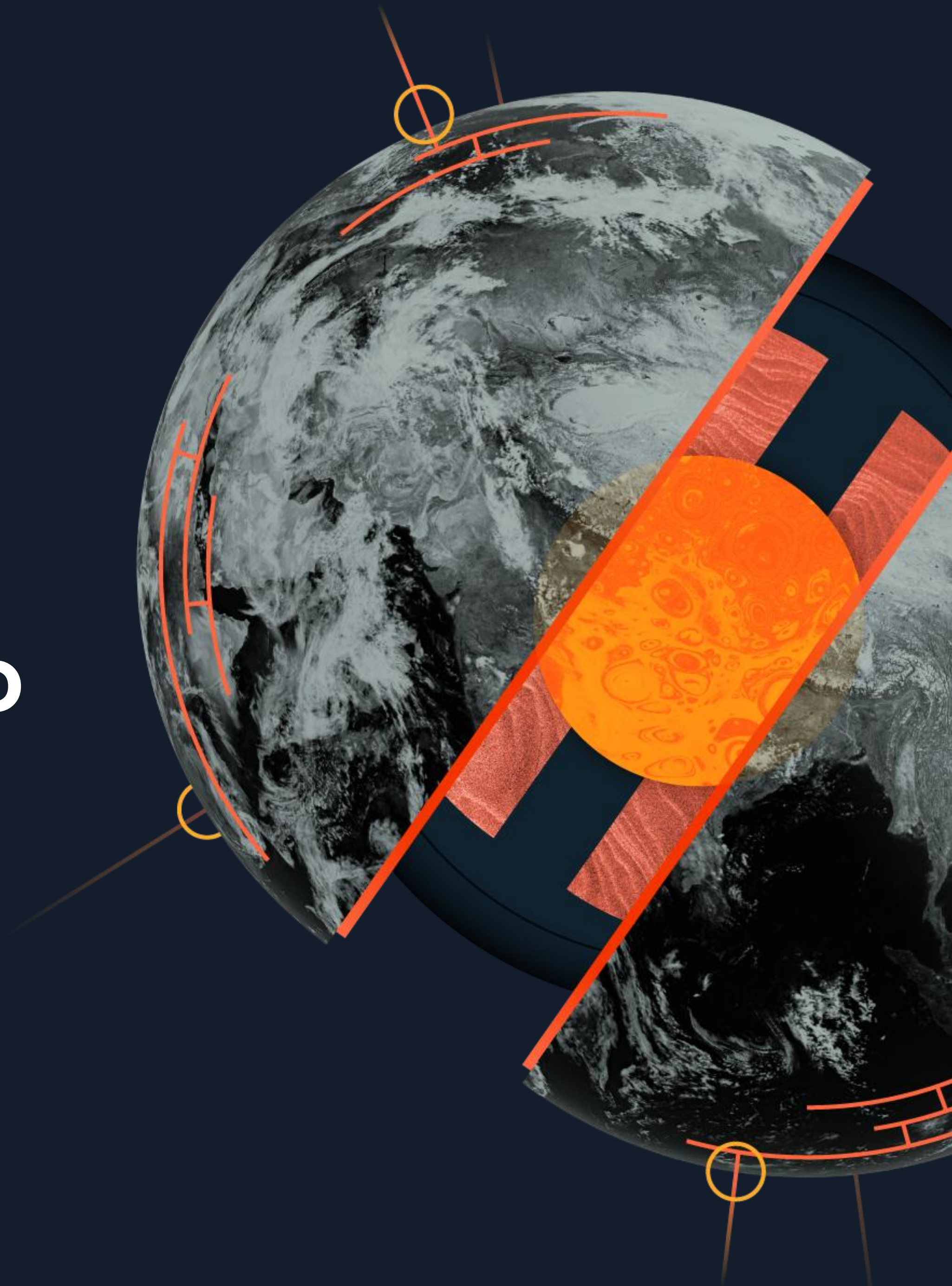
InnerSpace Action

Water and Natural Resources Committee – Socorro, September 1st

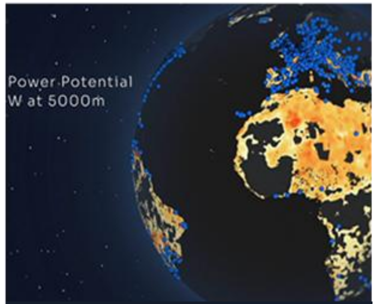


InnerSpace: Who We Are

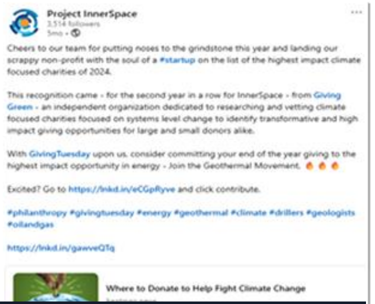
DOE Secretary

Davos WEF

Partnerships

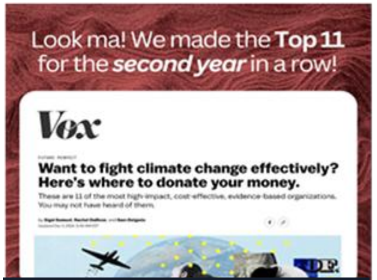


Data Centers



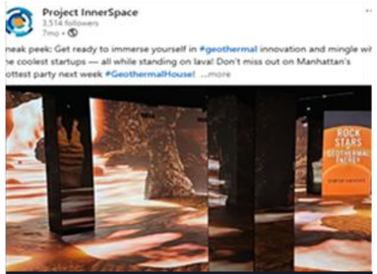
Advocacy

IEA Collaboration



Impact

Demonstrations

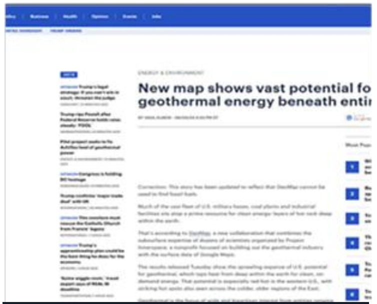


Immersive Learning

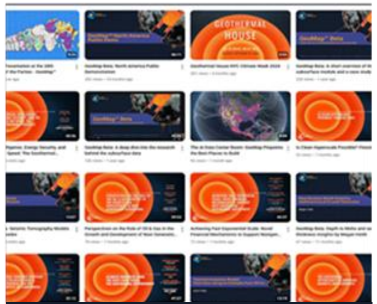

COP Events

Google

Reports

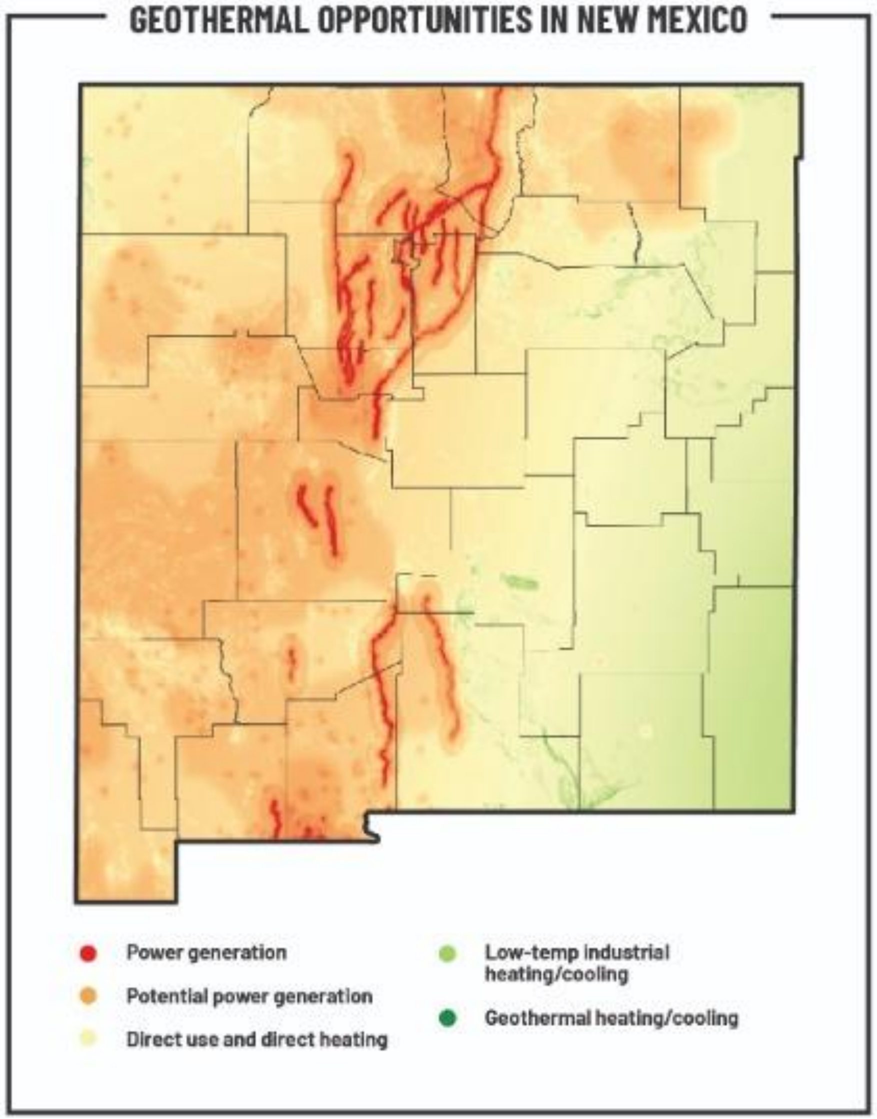


Press


Videos


GeoMap

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

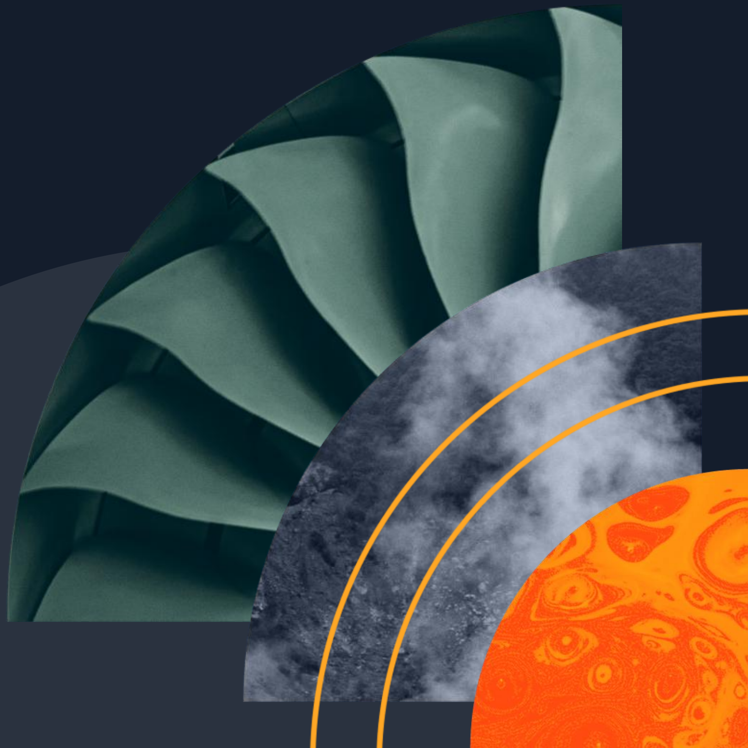
1	One definition of geothermal	No appropriation
2	Let projects sell the heat	No appropriation
3	A credit companies want	$100M cap to 2037

FIX ONE OF THREE · NO APPROPRIATION

The 250-degree problem

Geothermal Definition Unification

Amends three sections of NMSA Chapter 71



Define geothermal once, at any temperature

14
Places geothermal is defined in New Mexico law or rule

250°F
The threshold that decides jurisdiction, water and tax eligibility

100°F
What the same act calls geothermal, three sections earlier

THE BILL

1. One act, two numbers. A project is geothermal above 100°F; the resource only above 250°F. A repurposed oil and gas well at 180°F may not be producing geothermal at all.

▶ **One definition.**
The earth's heat, at any temperature, for power, heat or networks.

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

▶ **Water certainty, safeguards untouched.**
Closed-loop projects qualify at any temperature. State Engineer review stays. No new water right is created.

3. The same definition is copied into four more places — well repurposing, state land leases, both tax credits.

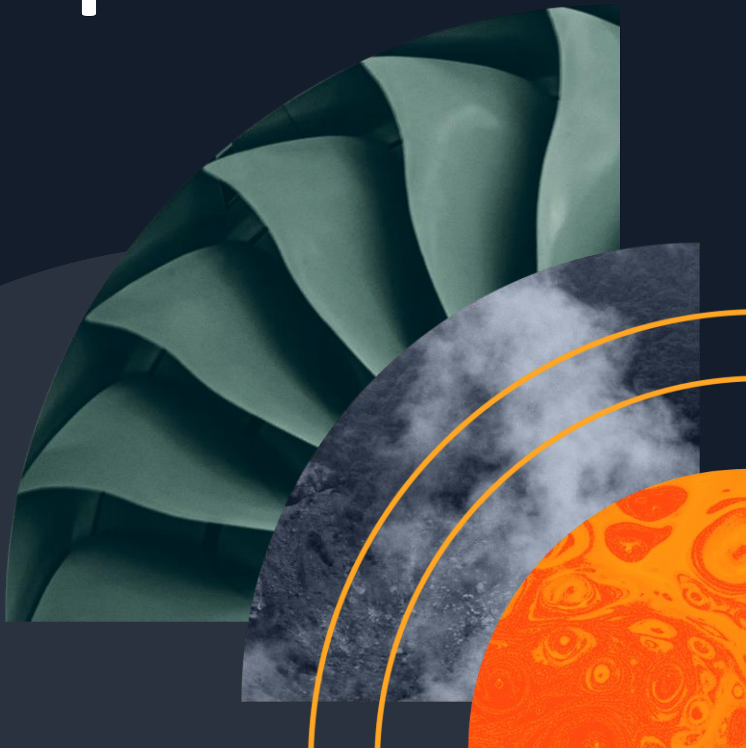
▶ **Four copies become one cross-reference.**
Agency rules citing the definition follow automatically within a year.

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

FIX TWO OF THREE · NO APPROPRIATION

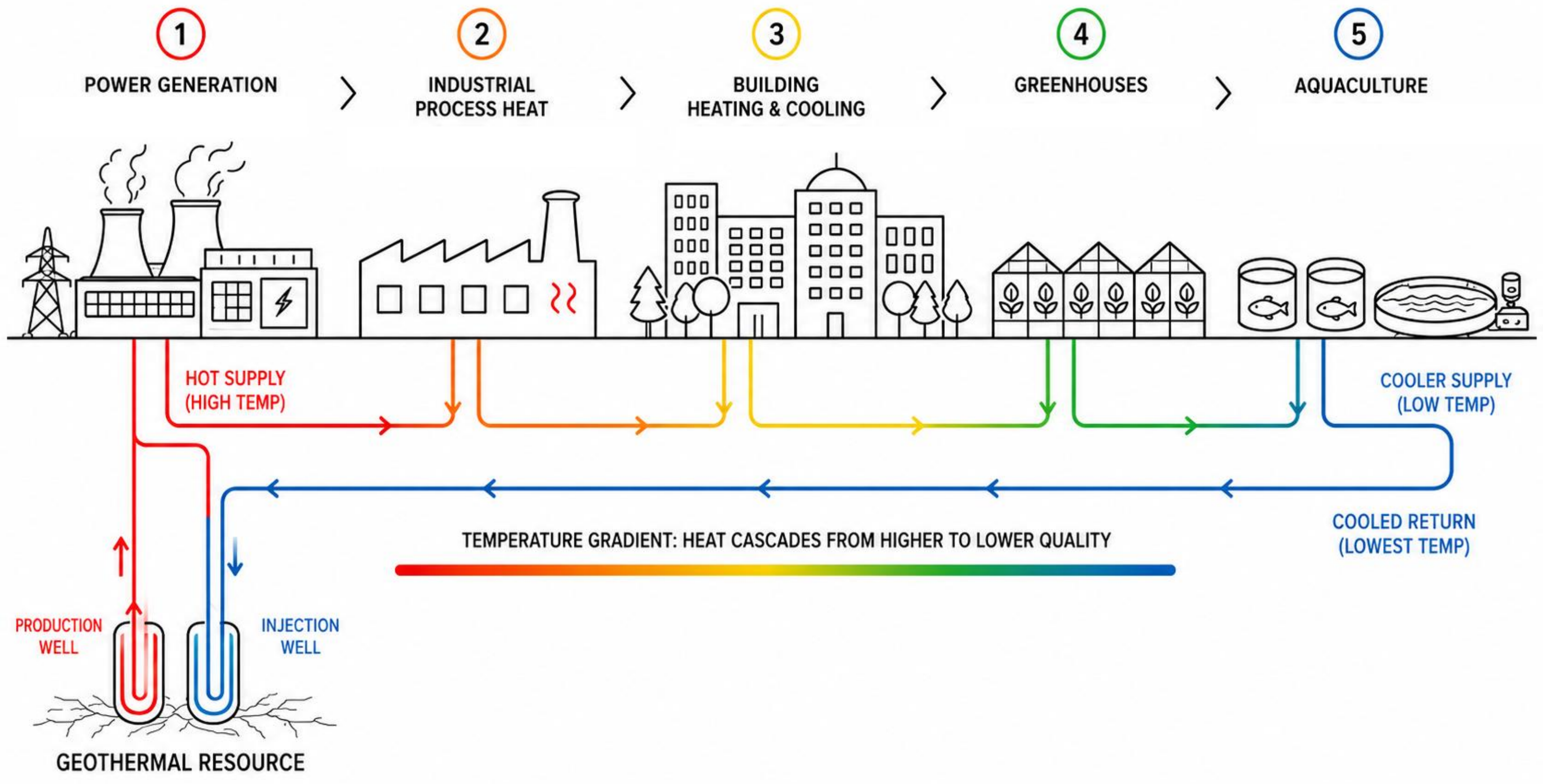
Selling heat, not just power

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.



Let projects sell the heat they already produce

Zero
Lawful ways to sell thermal energy in New Mexico today

One well
Same drilling cost, two revenue lines

4
States that have already authorized thermal networks, with five more in progress

THE BILL

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

   Sell heat without becoming a utility.
   A limited-purpose certificate lets a developer, university, tribe or county run a thermal network.

2. Every project is priced on one revenue line. The heat the well already produces stays stranded, because no one can buy it.

   A second revenue line helps projects pencil.
   Heat sold to co-located greenhouses, food processing or data centers, on the same well.

3. No permit exists to build the pipeline — not for a utility, not for a developer. Developers price that in, or build elsewhere.

   No appropriation. No new ratepayer mandate
   Costs still face standard regulatory review. The state spends nothing to open the market.

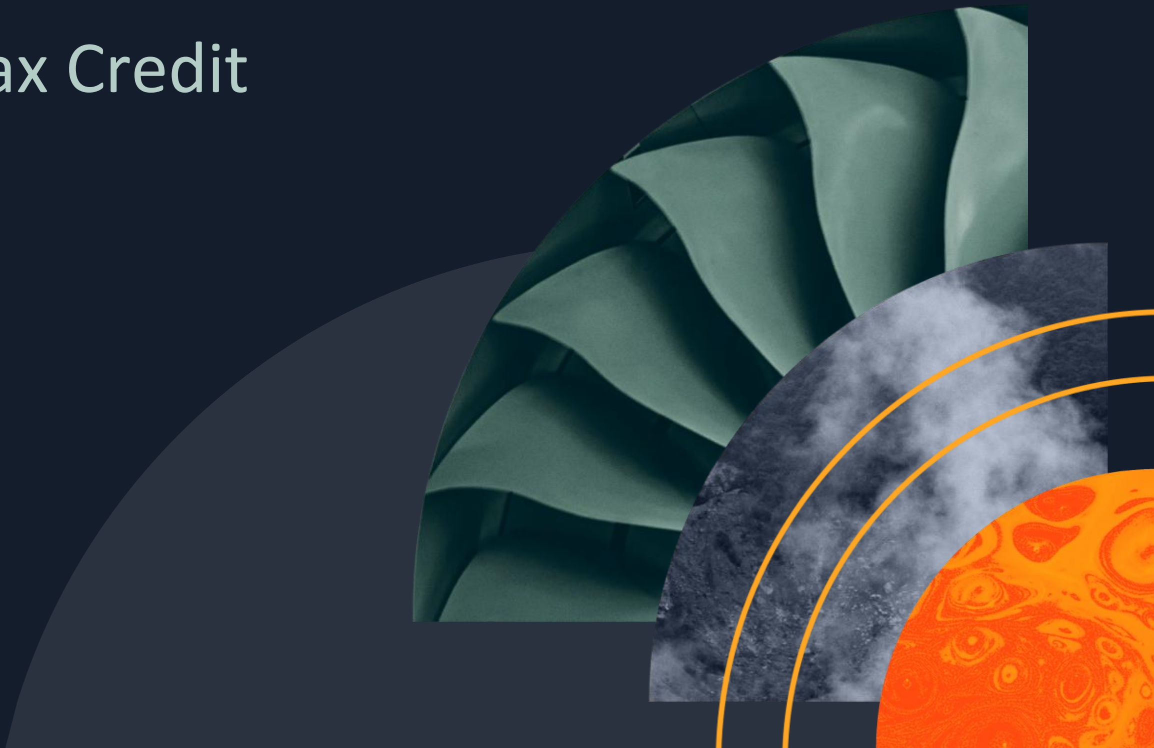
The Ask: Endorse the thermal energy network authorization in the Committee's 2026 final report.

FIX THREE OF THREE · $100M CAP THROUGH 2037

An unused credit

Geothermal Energy Investment Tax Credit

Amends two income tax credits



A credit a bank will lend against

Zero
Applications in the credit's entire history, per EMNRD

2032
When the credit on the books expires

$100M
Lifetime ceiling on the replacement, through 2037

THE BILL

1. Pays a penny and a half per kilowatt-hour sold — arriving years after the drilling that carried the risk.

Up to thirty percent of what's actually spent.
Verified costs, paid when the plant starts running. Approval is automatic if you qualify.

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

$100 million lifetime, across both credits.
Ten million per project phase, through 2037.

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

$15 million reserved for direct-use thermal.
Process heat, greenhouses, food processing, aquaculture — single-site projects qualify.

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

$15 million reserved for tribal, pueblo, local and NM small business.
Refundable, so no tax bill is needed to get full value.

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

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