New Mexico Environment Department

Data Centers: Large Load Energy Use and Air Emissions

Water & Natural Resources Committee

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What are data centers?

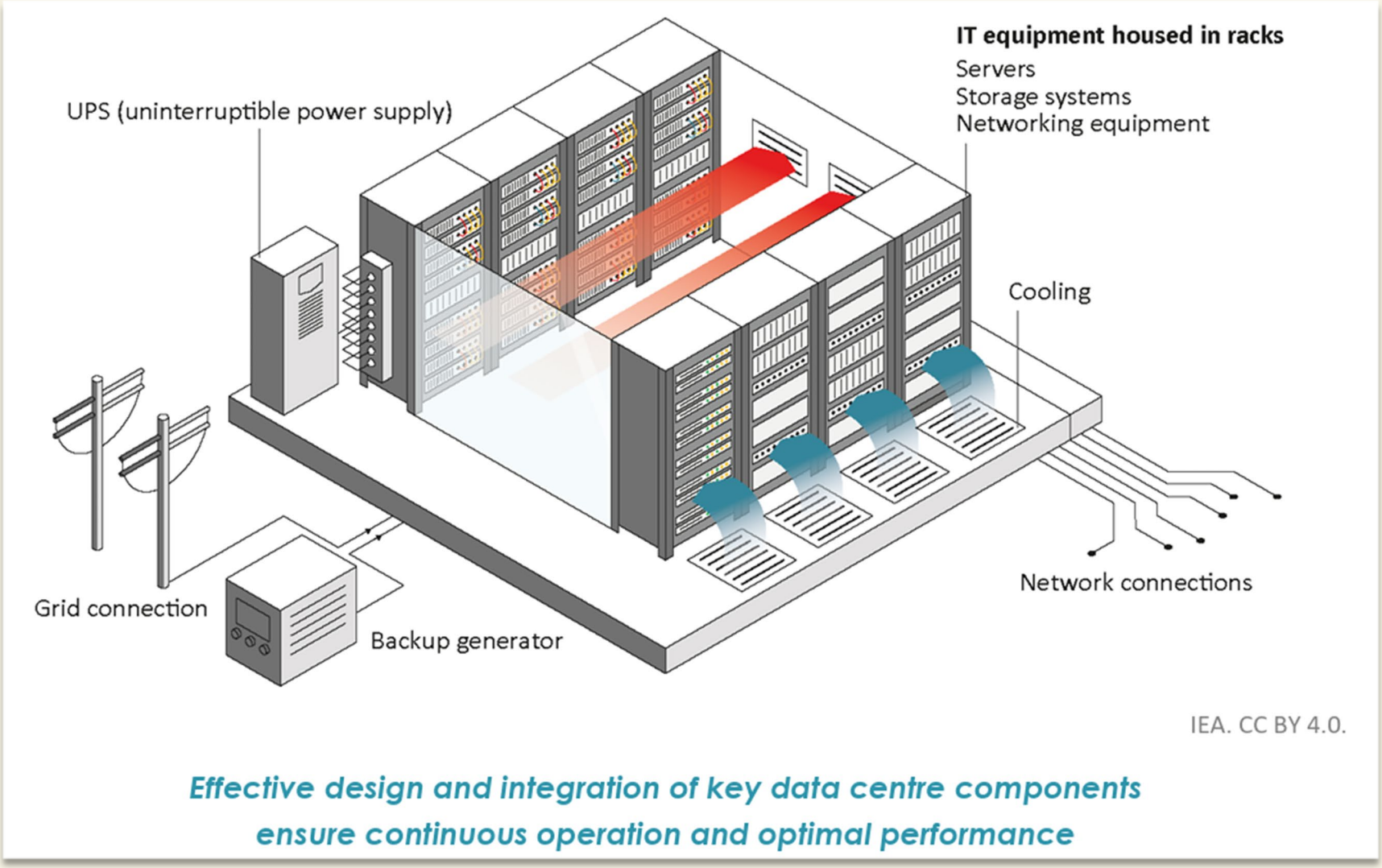
Physical facility that houses and runs large computer systems, including:

- Enterprise data centers – owned and operated by businesses for private data storage and computing
- Co-location or "managed" data centers and services providers – rent facilities to individual businesses
- Hyperscale data centers – Warehouse-sized facilities that store advanced services capable of handling massive processing workloads

https://www.deq.virginia.gov/home/showpublisheddocument/27430/638730583843800000

"Hyperscale" = At least 5,000 computer servers and at least 10,000 sq ft of physical space with an electric power rating (power draw) exceeding 100 MW

How do they work?



Effective design and integration of key data centre components ensure continuous operation and optimal performance

International Energy Agency, "Energy and AI," April 10, 2025, Figure 2.1

How many are in New Mexico?

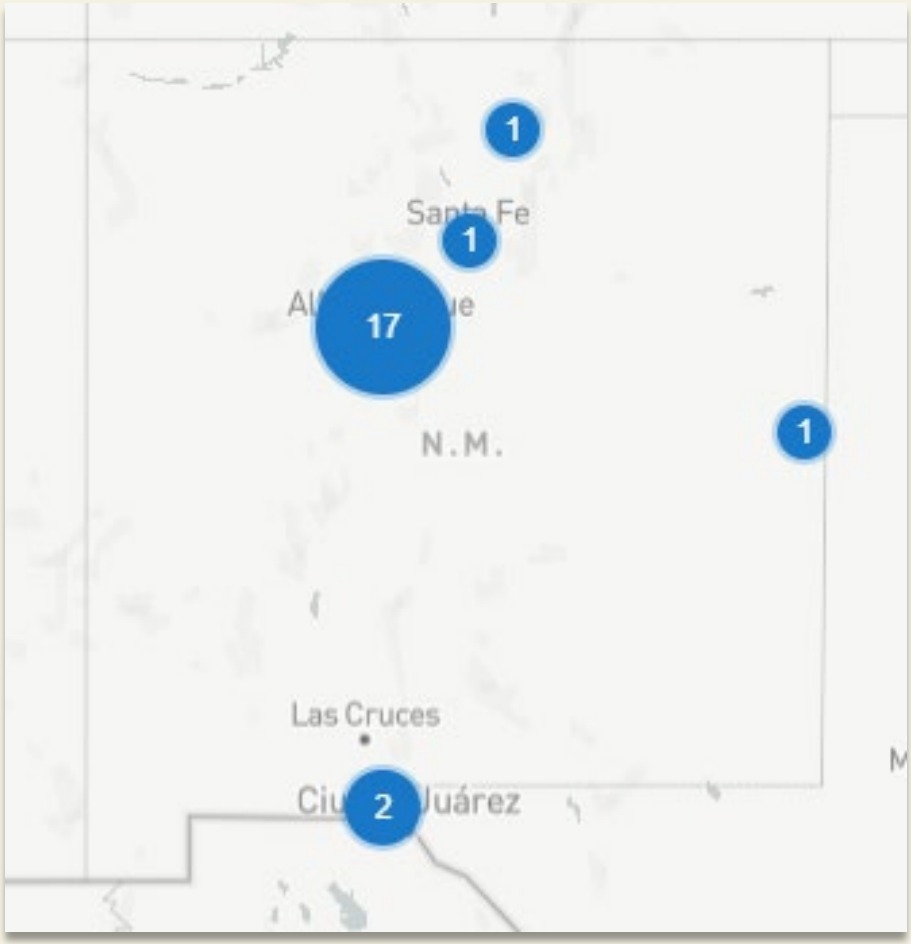
Enterprise or co-location:

ABQ (7)
Santa Fe (1)
Taos (1)
Clovis (1)
Santa Teresa (1)

Hyperscale:

- Los Lunas Greater Kudu/Meta Campus (10 centers counted separately here)

- Santa Teresa (1)



https://www.datacentermap.com/usa/new-mexico/

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Data Centers and Air Quality

- What is impact on air quality?
- What energy sources do they use?
- What emissions are regulated in New Mexico?
- How are they regulated?
- High ozone areas?
- Legislation?

What are data centers' impact on air quality?

- Directly related to the kind and quantity of energy used: fossil fuel versus renewable
- Need continuous power so require a back-up: batteries, diesel generators
- 24/7 and 99.99% reliability is driving business power choices

What energy sources do data centers use?

- May be connected to grid, or partly connected to grid
- May create own power source (e.g. microgrids; behind the meter): natural gas, renewables, fuel cell, geothermal, nuclear
- May bring a percent of renewables into mix
- Change in techno-economic equation given federal administration shift on tax credits

What emissions are currently regulated by NMED?

CLEAN AIR ACT (FEDERAL LEVEL) AND AIR QUALITY CONTROL ACT (STATE-LEVEL)

- Six criteria pollutants dangerous to human health are regulated through national standards for ambient air concentration:
  - Ozone;
  - Particulate Matter;
  - Nitrogen Dioxide;
  - Sulfur Dioxide;
  - Carbon Monoxide;
  - Lead.
- Volatile Organic Compounds (VOCs) and Nitrous Oxides (NOx) are regulated as ozone precursors.
- Although NMED does not directly regulate greenhouse gases at this time, it works hard to meet the state's reduction targets pursuant to Executive Order 2019-003.

How are data centers regulated?

Any equipment/facility that is a stationary or portable stationary source of regulated air pollutants must apply for an Air Quality Construction Permit before construction or modification.

Data centers are treated no different from any other source.

- Minor Source: Facilities emitting more than 10 lbs per hour or 25 tons per year of Criteria Pollutants must apply for Construction Permit before construction start.
- Major Source: Facilities with potential to emit more than 100 tons per year for any regulated pollutant, including VOCs, must apply for Title V Operating Permits which must be renewed every five years. The application must be submitted within one year of start of operations. This is in addition to the initial Construction Permit.
- Prevention of Significant Deterioration (PSD): Facilities emitting between 100 tons per year and 250 tons per year for specific pollutants may require a PSD Construction Permit before start of operations.

Non-NMED Related Legislation

NM Energy Transition Act (2019)

- NM landmark clean energy law requiring utilities to use:
  - 50% renewable energy by 2030
  - 80% renewable energy by 2040
  - 100% renewable energy by 2045

SENATE BILL 489

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

INTRODUCED BY

Jacob R. Candelaria and Nathan P. Small and Mimi Stewart and

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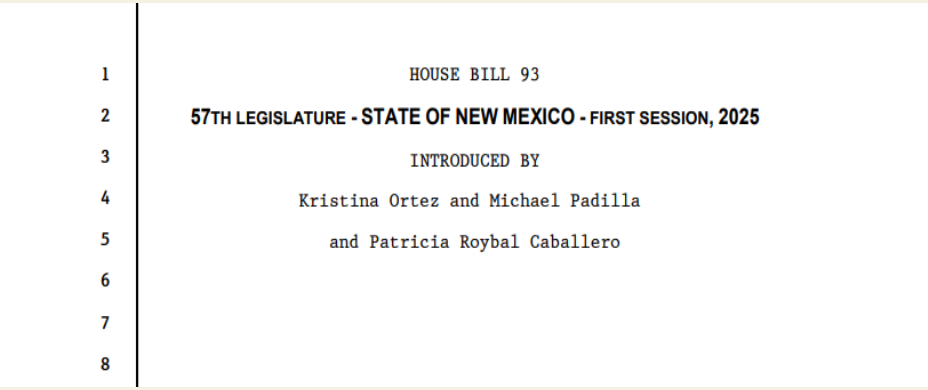
NM HB 93 (2025)

- Amended NM Energy Transition Act
  - Energy generated within a privately owned micro-grid "shall not be considered retail sales" until 2035
  - By 2045, all of the energy that a qualified microgrid generates and sells shall be from net-zero carbon resources



HOUSE BILL 93

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

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