

LFC Requester: _____

AGENCY BILL ANALYSIS

SECTION I: GENERAL INFORMATION

Check all that apply:
Original xx **Amendment** _____
Correction _____ **Substitute** _____

Date 2/6/2025
Bill No: HB 289

Sponsor:	Rep. Patricia Roybal Caballero	Agency Name and Code	EMNRD 521
Short Title:	Geothermal Projects Development	Number:	_____
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$20,000		Nonrecurring	Geothermal Projects Development Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
				NA

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						NA

(Parenthesis () Indicate Expenditure Decreases)

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

This bill amends NMSA 71-9-12 Geothermal Projects Development Fund to:

- 1) Appropriate \$20 million to the Geothermal Projects Development Fund, and
- 2) Allow “other entities” to receive grant funds through “a competitive bidding process conducted in accordance with the Procurement Code” for geothermal development projects. (Political subdivisions and state universities, are currently eligible.) Any such projects would need to be approved by the secretary of energy, minerals and natural resources (EMNRD).

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

Advanced geothermal electricity is “clean firm” power, meaning it’s zero-emissions electricity that’s available 24/7 and is dispatchable. When combined with intermittent renewables such as solar and wind, geothermal electricity can allow New Mexico to achieve its emissions goals of the Energy Transition Act while also increasing generation and thus enabling economic growth.

In addition to clean firm electricity, geothermal plants offer the following benefits to New Mexico:

- “Green” jobs for oil & gas field workers, as the mechanics of drilling geothermal and O&G wells are nearly identical.
- Abundant electricity to attract investment and spur economic development
- “Islandable” electricity that continues to offer power during blackouts.
- Dispatchable electricity that can ramp up and down to balance intermittent renewables
- “Black start” services that can re-start the grid after total blackouts (solar and wind cannot do this)

The state of New Mexico not only already hosts an existing successful geothermal plant, but the state also has successfully supported new technologies to advance the industry here: [Think GeoEnergy](#) reports that the state’s existing geothermal plant, Lightning Dock, recently used new techniques to increase its capacity to 200 thermal MW, meaning it’s now “positioned to become the most productive pumped geothermal well in operation in the USA.”¹

However, while geothermal electricity is reasonably priced and geothermal plants can operate for decades with very low maintenance costs, the initial capital expenditure can present an expensive one-time investment. While the existing appropriation of \$2.5m is significant (and forward-looking of the state at the time), is it too little to offer meaningful support to geothermal projects. Twenty million dollars is the right “scale” to meaningfully help offset this capital expense and spur the development of geothermal electricity in NM.

This appropriation would support and accelerate ECAM’s ongoing efforts, which include:

- hiring its first geothermal staffer and planning the hiring of its second
- supporting multiple interested geothermal developers

¹ [Zanskar reports exceptional results of new geothermal well at Lightning Dock, NM](#)

- establishing a permitting program (rulemaking)
- ensuring regulatory compliance
- conducting facility inspections
- building a database of subsurface information
- building new digital solutions related to data handling, records, scheduling and approvals, requiring network infrastructure, storage and programming solutions.

While the “other entities” language found in Section 1(D) could potentially implicate the Anti-Donation clause, the competitive process involved in selecting grant recipients that EMNRD undertakes will ensure that the State is receiving adequate consideration in exchange for the grants. *See State ex rel. Office of State Eng’r v. Lewis*, 2007-NMCA-008, ¶ 51, 141 N.M. 1, 15, 150 P.3d 375 (observing that the anti-donation clause is not violated when the state receives adequate consideration in return for the funds). Additionally, the exceptions in the clause explicitly contemplate private recipients of public funds under certain conditions, including ‘infrastructure that allows...energy.’ Private geothermal developers serving primarily residential load would qualify under this exception. EMNRD is able to make assessments as to whether competitive respondents meet the constitutional criteria without additional resources.

PERFORMANCE IMPLICATIONS

EMNRD would need to develop rules, run competitive procurement, and administer grant program activities.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If the bill is not enacted, the geothermal program for the state will not be accelerated.

AMENDMENTS