

NEW MEXICO
PUBLIC REGULATION
COMMISSION

2026 Report

STATE OF ENERGY TRANSITION IN NEW MEXICO:

A Public Regulation Commission Report on Progress to Implement the Energy Transition Act of 2019

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INTRODUCTION

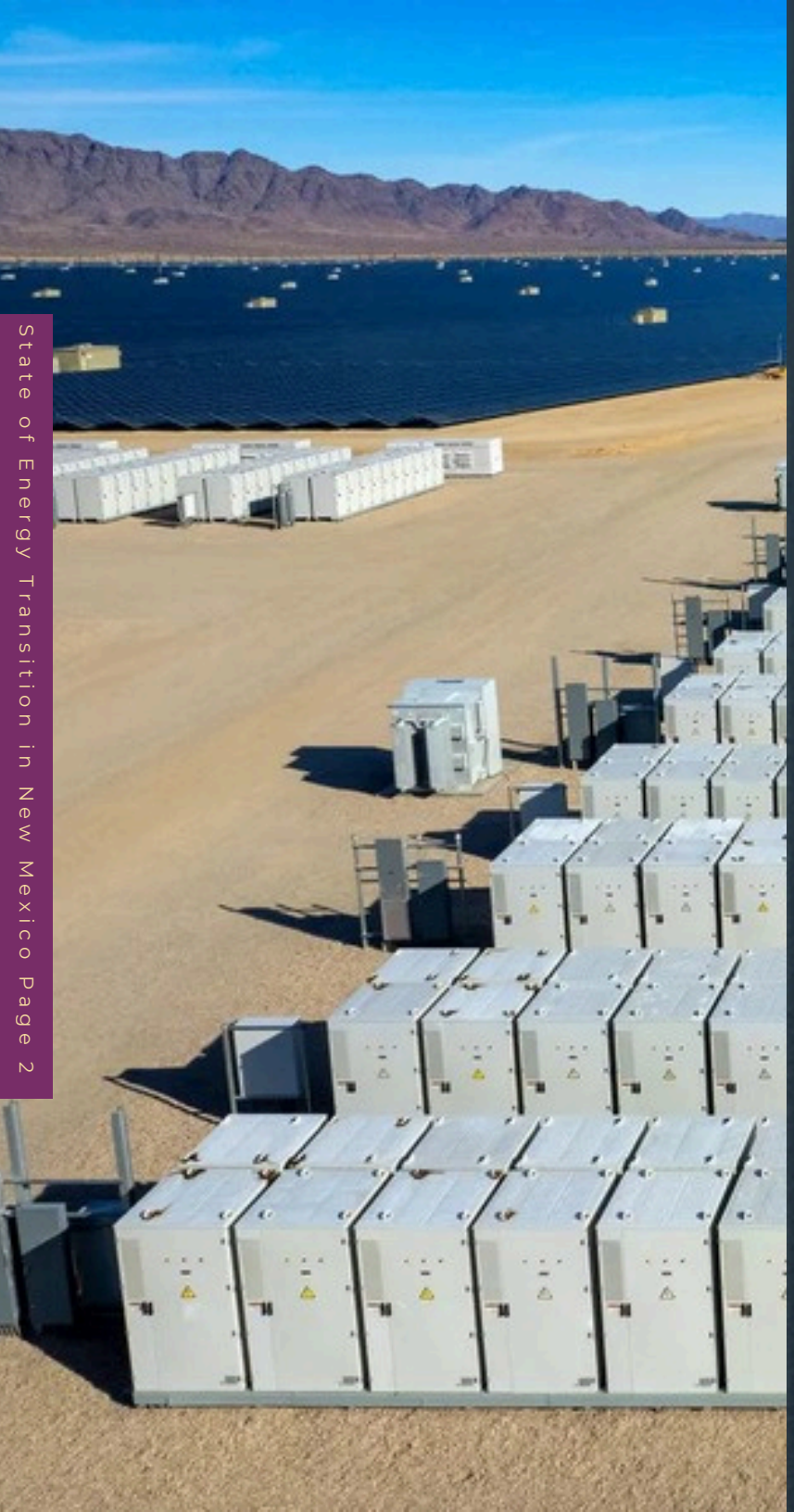
If this report were focused solely on the text of the Energy Transition Act (ETA), it could comprise a single sentence: The New Mexico Public Regulation Commission (PRC) has fulfilled its legislative charge in the ETA of 2019. First, the ETA required the PRC to adopt rules limiting qualifying utilities' energy generation to not more than four hundred pounds of carbon dioxide per megawatt-hour by 2023, and not more than two hundred pounds by 2032. *See* NMSA 1978, § 62-18-10(D). The Commission adopted those rules in November 2024.

Second, the ETA required that the PRC approve up to 450 MW of resources to be located in the school district in which the abandonment of a qualifying generating facility is approved. At the time, the "qualifying generating facility" that was top of mind was the San Juan Generating Station (SJGS) between Farmington and Shiprock.

On July 29, 2020, the PRC unanimously approved a plan to replace around 500 MW of electricity that the Public Service Company of New Mexico (PNM) received from the SJGS with 100 percent renewable energy. Initially, PNM proposed to replace the power with the following resources:

- *Arroyo Solar and Storage Project, producing 300 MW of solar and including 150 MW of battery storage;*
- *Jicarilla Solar 1, with 50 MW of solar and 20 MW of battery storage;*
- *San Juan Solar 1, with 200 MW solar and 100 MW of battery storage; and*
- *Rockmont Solar Project, with 100 MW solar and 30 MW of battery storage.*





The Rockmont contract was terminated due to developer default, and in case 23-00353-UT, the PRC determined that an additional project, Quail Ranch Solar (100 MW), could not be a replacement resource for the failed Rockmont project because it was not located in the Central Consolidated School District (CCSD) where SJGS had operated. Subsequently, in Case 24-00271-UT, PNM applied for a Certificate of Convenience and Necessity (CCN) for the SunBelt Project, a utility-owned 100 MW solar and 30 MW battery storage facility located within the CCSD. PNM also included an option to increase the battery component from 30 MW to 50 MW. On June 26, 2025, the Commission approved the Unopposed Comprehensive Stipulation, which included the CCN for the SunBelt Project. With SunBelt included, the total San Juan replacement portfolio comprises 650 MW of solar and 300 MW of battery storage, or 320 MW if PNM exercises the larger battery option.

PNM could still utilize the ETA to obtain securitization when it fully retires the Four Corners Power Plant, and if PNM opts for securitization, the retired power would be replaced by renewable energy. The PRC would then have an ETA-related role in approving the replacement resources. Otherwise, because PNM met its requirements to replace energy from SJGS with renewable energy, the PRC's role has ended.

But that is not the end of the story. The ETA is one facet of a broad push to move New Mexico away from energy production from fossil fuels and toward 100 percent zero carbon resources by 2045. This ambitious goal encompasses additional laws including the Renewable Energy Act of 2019, 2019 amendments to the Public Utility Act that provide for transportation electrification, the Grid Modernization Act of 2020, and the Community Solar Act of 2021, all of which have necessitated active engagement from the PRC. This report captures the PRC's efforts on all these fronts.

UTILITY PROGRESS TOWARD RENEWABLE ENERGY PORTFOLIO STANDARDS

IOUs and Electric Cooperatives

In 2019 the ETA expanded on the Renewable Energy Act and set the following RPS targets:

Investor-owned utilities:

- 15% by Jan 2015
- 20% by Jan 2020
- 40% by Jan 2025
- 50% by Jan 2030
- 80% by Jan 2040
- 100% zero carbon by Jan 2045

Electric cooperatives:

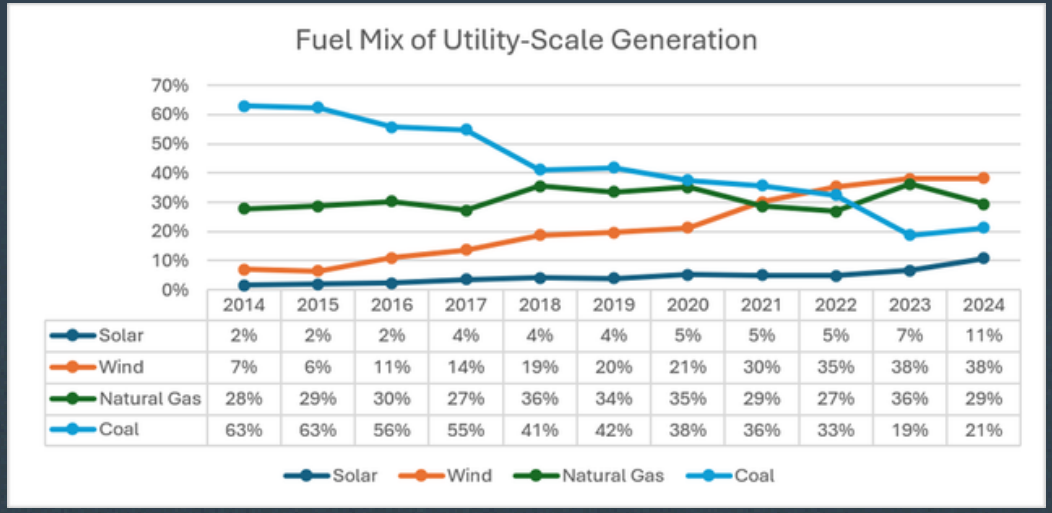
- 5% by Jan 2015
- 10% by Jan 2020
- 40% by Jan 2025
- 50% by Jan 2030
- 80% by Jan 2050

To implement the Renewable Energy Act, Sections 62-16-1 to 62-16-10 NMSA 1978, the Commission passed the rule 17.9.572 NMAC, Renewable Energy for Electric Utilities. The rule became effective on February 28, 2023, and identified specific Renewable Energy Portfolio Standards (RPS) for the state's utilities, framed as the percentage of the utility's total retail sales to New Mexicans:

- 40 percent by **January 1, 2025**, renewable energy shall comprise no less than forty percent of each public utility's total retail sales to New Mexico customers;
- 50 percent by **January 1, 2030**, renewable energy shall comprise no less than fifty percent of each public utility's total retail sales to New Mexico customers;
- 80 percent by **January 1, 2040**, provided that compliance with this standard until December 31, 2047, shall not require the public utility to displace zero carbon resources in the utility's generation portfolio as of June 14, 2019; and
- 100 percent zero carbon by **January 1, 2045**.

As of November 2025, the Commission had approved renewable energy accounting for all three utilities — PNM, Southwestern Public Service Company (SPS), and El Paso Electric (EPE) — showing that they met the January 1, 2025, RPS target.

The PRC is optimistic that New Mexico will achieve the 2030 renewable energy target of 50 percent. However, there is some concern that progress beyond that benchmark could face headwinds arising from federal policies including tariffs on components required to develop facilities and infrastructure, a new resistance to wind and solar facility leasing on federal lands, and the end of Biden Administration grants to states for renewable energy that were part of the Infrastructure Investment and Jobs Act (IIJA).



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Solar	2%	2%	2%	4%	4%	4%	5%	5%	5%	7%	11%
Wind	7%	6%	11%	14%	19%	20%	21%	30%	35%	38%	38%
Natural Gas	28%	29%	30%	27%	36%	34%	35%	29%	27%	36%	29%
Coal	63%	63%	56%	55%	41%	42%	38%	36%	33%	19%	21%

New Mexico Fuel Mix Graph produced by the Energy, Minerals and Natural Resources Division (EMNRD), showing annual energy percent generation by fuel type. Collectively, all other fuels—including petroleum liquids, petroleum coke, other gases, nuclear, conventional hydroelectric, geothermal, biomass, hydroelectric pumped storage, and the EIA "other" category—accounted for approximately 1% or less of New Mexico's annual generation fuel mix, averaging 0.71% over the 2001–2024 period.

Additional concerns have been raised about affordability and reliability. Regarding costs, methods to achieve RPS targets—discussed in depth in the coming pages—can be expensive. Broadly, it is not yet clear how energy costs will differ between serving New Mexico's load requirements with renewables compared to conventional power sources like natural gas. The cost calculation can vary between projects and over time, influenced by, for example, fluctuating natural gas prices. Another example is that battery storage does not discharge 100% of the energy that went into the charging process. Typically, batteries yield about 80% of the energy input. If you consider reliability, then the cost associated with a wind or solar project may need to include the cost of battery storage or natural gas combustion turbine generation. In addition, energy sources differ in terms of their ability to meet critical load requirements such as weather-related peaks. Battery storage, for example, can be tapped immediately in an unexpected energy shortage while a natural gas plant can take up to 15 minutes or more to ramp up, which could make the difference between steady supply and a blackout. Putting aside battery storage, wind and solar are only available when the wind is blowing or the sun is shining, respectively.

Table 10: El Paso Electric (EPE) projects

Project	Type	Estimated 2026 RECs (Mwh)	Estimated 2027 RECs (Mwh)
NRG	Solar	45,588	45,360
SunEdison	Solar	56,128	55,848
Macho Springs	Solar	26,344	26,212
Hatch	Solar	9,961	9,911
Holloman	Solar	9,961	9,911
Buena Vista Energy Center 1	Solar	59,977	59,677
Buena Vista Energy Center 2	Solar	60,330	60,029
Carne Solar Project	Solar	331,953	398,343
Came Solar Project Battery	Battery	N/A	N/A
DG REC	Solar	18,255	19,692
Community Solar	Solar	49,804	59,466
Santa Teresa Solar	Solar	277,983	476,542
Santa Teresa Battery	Battery	N/A	N/A
Total RECs for RPS		946,284	1,220,991

see PRC docket 25-00038-UT

Table 11: Public Service Company of New Mexico (PNM) projects

Project	Type	Estimated 2026 RECs (Mwh)	Estimated 2027 RECs (Mwh)
New Mexico Wind Energy Center 1	Wind	552,444	553,072
Red Mesa	Wind	187,000	187,000
La Joya II	Wind	450,267	450,267
DG various	Solar	50,919	50,639
PNM PV 2011-2019	Solar	376,963	374,502
Algodones/Aztec	Solar	47	46
Community Solar	Solar	286,543	316,199
Jicarilla	Solar	133,214	132,246
Arroyo	Solar	680,514	675,560
San Juan	Solar	565,112	562,271
Atrisco Solar	Solar	869,810	863,671
Qual Ranch	Solar	185,073	275,186
Dale Burgett	Geothermal	33,786	33,786
Total RECs		4,371,692	4,474,445
2026 Vintage RECs		(1,017,440)	(960,623)
Total RECs for RPS		3,354,252	3,513,822

see PRC docket 25-00042-UT

Table 12: Southwestern Public Service Company (SPS) projects

Project	Type	Estimated 2026 RECs	Estimated 2027 RECs
Hale Wind	Wind	968,000	1,095,000
Sagamore Wind	Wind	1,021,000	1,155,000
Caprock	Wind	-	-
San Juan	Wind	-	-
Sun Edison 1 - 5	Solar	117,000	116,000
Mesaland	Wind	1,000	1,000
Palo Duro	Wind	409,000	437,000
Mammoth	Wind	303,000	327,000
Bonita II	Wind	267,000	270,000
Bonita I	Wind	142,000	143,000
Chaves	Solar	83,000	93,000
Roswell	Solar	84,000	94,000
NM DG	Solar	1,000	1,000
Community Solar	Solar	97,000	115,000
Plant X1 & X2 Solar	Solar	159,000	227,000
Cunningham 1 Solar	Solar	79,000	112,000
Cunningham 2 Solar	Solar	-	236,000
Total RECs		3,729,000	4,423,000
Banked RECs		2,170,600	2,108,103
Total RECs for RPS		5,899,600	7,999,200
*Final Position			(1,468,097)

see PRC docket 25-00027-UT

**SPS's current projections show a shortfall of RECs to achieve RPS compliance beginning in two years*

BATTERIES AND BUFFERS – ENERGY STORAGE AND SHARING

Battery Storage

Whereas conventional forms of energy like coal or gas plants can be ramped up or down to adjust to changing energy demands, renewable resources like solar and wind operate intermittently and outside human control. Because of that, a key aspect of integrating renewables into New Mexico's energy portfolio means developing new ways to store excess energy, selling it in a mutually beneficial energy marketplace, and supplementing New Mexico's supply from elsewhere when needed. The PRC has been actively developing capacity on these fronts, through its energy storage project approvals and its participation in the governing bodies of several western regional energy markets. These efforts are important as an increased reliance on renewable energy necessarily requires additional transmission for access to energy to lend a measure of reliability to New Mexico utilities.



Recognizing that energy storage will be a necessary component of renewable energy projects, the Commission has been requiring—and utilities have been delivering—proposals for storage along with their proposals for new facilities. The Commission has approved about a gigawatt of storage for PNM, which is roughly a third of what the utility will need in its portfolio through about 2042. Currently, New Mexico's roughly 1.3 GW of energy storage compares to 16 GW in California and 17 GW in Texas, respectively. Even considering this difference, New Mexico ranks seventh in the nation for energy storage[1]. For scale, New Mexico's highest single utility peak load is currently about 2100 MW. PNM has 820 MW of storage now, and the Commission has approved about the same amount of additional storage to be added by 2028.

[1] See "US States ranked by installed battery capacity," CTRM Center March 26, 2025, available at https://www.ctrmcenter.com/blog/industry-news/us-states-ranked-by-installed-battery-capacity/ (last visited November 19, 2025).

Battery storage is measured on a four-hour scale. That means if all other sources of power somehow become inoperable at some point in 2028, batteries could supply about 75 percent of PNM's power needs for about four hours.

Among its planned and proposed projects, PNM applied for a CCN in August 2025 to construct, own and operate 30 megawatts of battery energy storage facilities connected to its distribution system (PRC Case No. 25-00055-UT). Approved by the Commission in April 2026, the facilities will be located at five existing PNM solar facility sites and will store a total of 30 MW of existing, co-located solar power at sites in Otero, San Miguel, Luna, and Valencia counties. Four of the sites are located outside of existing municipal boundaries, and one of two facilities in Valencia County is within the City of Rio Communities. PNM recently received regulatory approval for an Amended Special Service Contract with Greater Kudu, LLC, along with three Purchased Power Agreements and three Energy Storage Agreements to support the ongoing expansion load of the Meta Data Center near Los Lunas.



Utilities are able to recover storage costs from ratepayers. If the utility owns the storage facility, this cost may be assessed through base power rates and customers may pay more initially but see a decrease in cost as the resource depreciates. If the utility contracts for power from a developer that owns the site, the cost will be billed to customers at a consistent rate over the life of the contract.

Regional Energy Markets

Regional electric markets have been evolving since the 1990s but have only garnered widespread participation among western states in the past decade or so. These markets in their most common form benefit participants by modeling all available electric generation resources and "dispatching" them in the most economical way possible, thereby correcting market imbalances in real time and reliably meeting electricity demands.

PNM has participated in the Western Energy Imbalance Market (WEIM) since 2021, and EPE joined in 2023. Commissioner Gabriel Aguilera serves on the Body of State Regulators for the California Independent System Operator, or CAISO, which administers WEIM.

SPS in southeastern New Mexico is a participant in the Southwest Power Pool (SPP), a nonprofit corporation mandated by the Federal Energy Regulatory Commission (FERC) to ensure reliable supplies of power, adequate transmission infrastructure and competitive wholesale electricity prices on behalf of its members. The buffering the market offers for waxing and waning energy supply helps ensure steady energy availability in the Permian Basin. Commissioner Pat O'Connell is the former President of the SPP's Regional State Committee (RSC), which provides collective state regulatory agency input on matters of regional importance related to the development and operation of bulk electric transmission and makes decisions about FERC filings. Commissioner Greg Nibert is now a member of SPP's RSC, while PRC staff members serve on other SPP committees.



The PRC conducted a series of workshops in 2023, 2024, and 2025 to gather input on New Mexico's participation in regional markets, including whether New Mexicans would benefit from expanding our state's participation into emerging "Day-Ahead" markets. These markets incorporate the same resource-balancing benefits as regional markets but add the ability to forecast energy supply and demand, allowing for better resource planning. During the workshops, the Commission received input from members of the public and multiple stakeholders, including PNM, EPE, SPS, SPP and Western Resource Advocates. The Commission then released a policy statement about regional market participation, noting that regional markets can benefit New Mexico's ratepayers through cost savings and reliability enhancements. The statement also identified five guiding principles the Commission encourages utilities to consider when contemplating market participation:

- **The primary driver of any market decision must be customer benefits, prioritizing economic and reliability benefits.**
- **A utility's market participation should not interfere with its obligations to comply with New Mexico statutes and should allow for sufficient tracking and reporting of greenhouse gas emissions to demonstrate compliance with the ETA.**
- **The regional market's decision-making process should be fair and transparent, allowing for diverse and meaningful stakeholder input.**
- **The decision to join a regional market should include stakeholder input, including making study assumptions and results available to regulators and stakeholders.**
- **Utilities should keep the Commission updated on progress toward market participation and its performance in the market.**

Following this outreach and engagement, all three major utilities have now made decisions or are leaning toward decisions about market participation.

Participation in regional energy markets is widely understood to be beneficial for consumers because it can give New Mexico access to potentially cheaper power from other states at any given time. It also allows New Mexico utilities to sell any surplus power it generates, especially the wind and solar power with which New Mexico is generously endowed. There can be some additional costs associated with membership requirements. For example, SPP requires utilities to plan for two peak load seasons—summer and winter—and requires a significant safety cushion. Gas plants count fully toward that safety cushion: if you build 100 MW of gas, SPP lets you count all 100 MW as reliable capacity. However, renewables do not get full credit and SPP has been criticized for not also looking at the historical performance of renewable energy in setting its accredited reliable capacity value. Wind and solar are intermittent by their very nature. Battery storage has a limited number of hours it can effectively serve. Therefore, solar, batteries, and especially wind are assumed to be less reliable at peak times, so only part of their nameplate capacity counts. Because of that, utilities must build more capacity for solar, batteries, or wind than gas to meet the same reliability requirement. Depending on the gas market, that can equate to more cost.

In addition to their roles in regional markets, the Commissioners participate in regular meetings of western regulatory bodies. One such forum is the Committee on Regional Electric Power Cooperation, or CREPC, where state regulators actively engage in discussions about retail markets—Commissioner Aguilera is currently Co-Chair. Commissioner O'Connell has also invested significant time and energy into the West-Wide Governance Pathways Initiative (WWGPI), a consortium of regulators seeking to improve coordination among all the western states and thereby, ultimately, improve grid reliability, reduce costs for ratepayers, optimize resource dispatch across the region, and avoid duplication of infrastructure.

TRANSPORTATION ELECTRIFICATION

On April 3, 2019, Governor Michelle Lujan Grisham signed into law the transportation electrification (TE) bill, HB 521, adding a new section to the Public Utilities Act of 1978. The law implemented two primary objectives. First, it required all public utilities to file applications with the PRC no later than January 1, 2021, to expand transportation electrification. Second, it clarified that any person or entity selling electricity as a transportation fuel is not defined as a "public utility" pursuant to the Public Utility Act[2]. On December 14, 2022, the PRC established additional compliance requirements for IOUs and Transportation Electrification Program (TEP) applicants in Case No. 22-00085-UT (adopting Rule 17.9.574).

All three IOUs participate in transportation electrification with PNM being the most active, likely because its territory includes Albuquerque and Santa Fe, where a New Mexican can accomplish tasks of daily living within a few miles and even a round trip between Albuquerque and Santa Fe is within range. This may not be as true for New Mexicans living in rural New Mexico and in more remote cities, for example, Farmington or Hobbs.

Pursuant to the TE statute, PNM's TEP includes infrastructure and vehicle incentives for residential customers, infrastructure incentives for non-residential customers, a continuation of pilot rates to shift charging to off-peak periods, funding for education and outreach, and administrative costs for program implementation.

When PNM filed its 2022-2023 TEP in December 2020, the market share of new EV registrations in PNM's service territory was less than 2 percent. By the end of 2022, the market share of new EV registrations in PNM's service territory had surpassed 7 percent, and EVs in fleet exceeded 6,700 vehicles. Consequently, EV adoption is believed to have entered the "Early Adopters" stage, during which adoption becomes exponential.

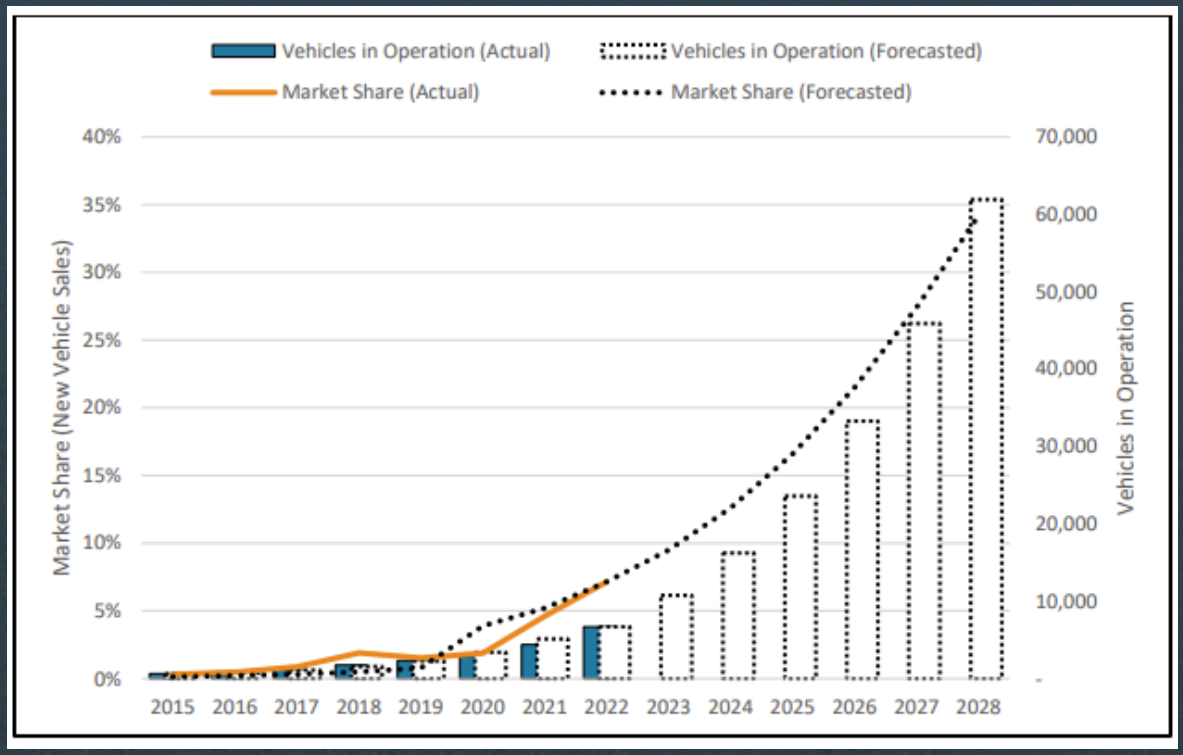
	EVs in Fleet	Market Share
2020	2,950	1.9%
2021	4,400	4.6%
2022	6,700	7.2%
2023	10,752	9.5%
2024	16,231	12.6%
2025	23,575	16.6%
2026	33,280	21.5%
2027	45,882	27.4%
2028	61,914	34.2%

Graph from PNM Transportation Electrification Program Report, Implementation Date: June 1, 2024, Page 10.

[2] For a more detailed treatment of this subject, see "PNM Transportation Electrification Program," PNM June 1, 2024, available at https://www.pnmdriveelectric.com/assets/uploads/PDF-Resources/2024-2026-PNM-Transportation-Electrification-Program_vf.pdf (last visited November 19, 2025).

A 2024 analysis performed by PNM using publicly available data from the U.S. Department of Energy's Alternative Fuels Data Center showed that New Mexico ranked 24th in the United States in the ratio of EVs to non-residential EV chargers, with 16.57 EVs per non-residential EV charger. New Mexico would need to attain a ratio of 12:1 to move into the top quartile of states for the availability of non-residential EV chargers.

Despite these positive trends, the market forecast for EVs is mixed. New Mexico's Environmental Improvement Board and the Albuquerque Bernalillo County Air Quality Control Board set emissions requirements for all new vehicle sales in New Mexico, beginning in model year 2026. New Mexico has also employed policies that incentivize EV adoption, such as infrastructure incentives for new residential and non-residential EV charging need. All utility customers subsidize the TEP through a flat-rate charge to residential consumers. These initiatives are designed to boost adoption. However, at the same time, recent federal policies have pulled back support for EV adoption, including customer tax incentives.



Graph from PNM Transportation Electrification Program Report, Implementation Date: June 1, 2024, Page 11.

MODERNIZATION OF THE ELECTRICITY GRID

As soon as New Mexico's utilities began to incorporate renewables, it became apparent that the state's electricity grid would require updates. A grid once solely used to deliver energy would now need to accept it as well, from wind farms, solar panels on a variety of scales, and other renewable energy projects. That required new metering capable of registering energy production as well as consumption. Additionally, new installations, including community solar farms, would require new interconnections to the grid where none existed before. All of this needed to occur alongside updates to the grid to accommodate ever-expanding *volumes* of energy, on both the demand side and the supply side. And that, for now, is to say nothing of the anticipated future demand when energy-intensive data centers and other large load facilities gain ground.

The Legislature passed the Grid Modernization Act, NMSA 1978, Section 62-8-13, in 2020. In it, the Legislature charged the Energy, Minerals and Natural Resources Department (EMNRD) with creating a grid modernization plan for New Mexico, created a fund and a grant program for grid modernization pilot projects, and directed the PRC to develop regulations allowing utilities to seek cost recovery from the PRC for grid modernization efforts. Although the PRC is not the primary entity carrying out the Grid Modernization Act, the Commission has played an active role in its implementation. In May 2022, it enacted rules (17.9.570.14 NMAC) to simplify metering procedures for qualifying facilities with capacities up to 10kW and encourage small-scale customer-owned renewable and alternative energy resources. This was followed by 17.9.568 NMAC, effective February 14, 2023, which addressed interconnection of generating facilities with capacities up to 10 MW, and the Grid Modernization Grant Program, 17.9.588 NMAC, later that same year. The Commission's next major effort will be updating a 2008 rule, 17.9.569 NMAC, which governs interconnection of generating facilities with capacities greater than 10 MW.

Initially, the PRC encountered some resistance from utilities that believed their systems were over-subscribed. PNM, for instance, made headlines in 2022 by denying thousands of applications from residential consumers seeking to install rooftop solar[3]. However, once the utility performed grid studies, it became apparent that the grid could accommodate the installations; the problem of application denials on that basis has largely been resolved. These so-called interconnection studies are expensive, however, and the PRC has worked with the utilities in recent years to facilitate cost-sharing for the studies among applicants. Utilities have also made significant investment in equipment upgrades, including inverters with safety shut-off switches and bidirectional metering.

Grid modernization is also proceeding on a larger scale and faster pace to connect New Mexico's eastern and western grids as well as historic energy islands that formed as PNM bought up defunct, isolated utilities over time. The PRC's role encompasses regulation of distribution lines, but generally not transmission lines—a term that typically includes lines carrying 100 kilovolts (kV) or more—because those are subject to federal jurisdiction. The PRC must ensure that new distribution lines are rated at higher capacities than those they are replacing, partly because they are carrying greater amounts of energy at times from renewable sources.

Planning for the Unexpected

Grid modernization is not just about planning to distribute electricity – it's also about how to do it safely. The Commission has conducted numerous workshops with IOUs and other energy entities, for example, about wildfire risk mitigation.

This is partly to avoid unfortunate outcomes like the one in Ruidoso, when a utility assisted responders by blazing a trail up a hill to install a telecommunications tower – only to encounter serious flooding when rains came soon after. Coordination with and among utilities can help avert scenarios like those. The Commission has coordinated workshops on summer resource planning, regional and national energy retail markets and other topics at locations across New Mexico.

[3] Robinson-Avila, Kevin, "PNM grid congestion locks thousands of New Mexico residents out of solar," Albuquerque Journal April 16, 2022, available at https://www.abqjournal.com/news/local/pnm-grid-congestion-locks-thousands-of-new-mexico-residents-out-of-solar/article_544ba73a-e59a-55da-8299-7b08ac4237b1.html (last visited October 24, 2025).

Most recently, the Commission's efforts in grid modernization have evolved toward distribution planning, for the simple reason that it is most cost effective to make upgrades now that will sustain development into the future. This is especially important in light of economic and logistic realities like supply chain interruptions. The Commission seeks to help New Mexico utilities avoid similar problems by encouraging proactive—rather than reactive—grid modernization investments.

Finally, the PRC will be fielding applications from utilities as they implement HB 93 from the 2025 legislative session, codified at NMSA 1978, Section 62-8-13. This law provides for the inclusion of advanced grid technology projects by public utilities when they file Integrated Resource Plans (IRPs) with the PRC; allows utilities to recover costs from customers for advanced grid technology projects; and permits the generation and distribution of self-sourced power. Through upcoming IRP proceedings, including PNM's, which is getting under way this year, the costs of grid modernization will be revealed in sufficient detail to allow for a better understanding of financial impacts to utilities and their customers.

COMMUNITY SOLAR PROGRAMS



The New Mexico Community Solar Program may have significant impact to improve access to clean energy for low-income individuals and communities. That is because the program allows renters and others for whom rooftop solar is often not affordable or practical to access the benefits of solar power. Community solar customers, also called subscribers, receive credits that reduce their electricity burden. The Community Solar Program was designed to be self-sustaining, so that ratepayers are generally not subsidizing its costs.

The PRC's Community Solar Rule, 17.9.573 NMAC, became effective in July of 2022, opening the door for project applications. During the first round of project selections, the PRC received more than 400 applications for proposals to build and operate community solar facilities, totaling more than 1.7 gigawatts (GW) of generation capacity. In May 2023, the PRC and third-party Community Solar program administrator InClime, Inc. selected companies to construct nearly 50 projects across the state. So far, PNM selected 32 project bids and waitlisted 30 more; SPS selected 11 projects and waitlisted 11; and EPE selected six bids and waitlisted seven. All three utilities have committed to community solar energy production within about a megawatt of their full program allotment [4]. The PRC approved an increase of the program's capacity from 200 MW to 500 MW in October of 2024, and the Commission recently established a timeline to implement a second phase of project selections.

[4] See the New Mexico Community Solar Program, "Project Selection and Waitlists," available at https://csnewmexico.com/subscriber-organizations/project-selection-and-waitlists/ (last visited October 22, 2025).



Affordable Solar energized the Cuidando Los Niños community solar project in Valencia County in late September of 2025. The 30-acre site contains more than 14,000 solar panels.

A number of factors have slowed the full buildout of the Community Solar program, including infrastructure and interconnection issues discussed in more detail elsewhere in this report. Some utilities have reported supply chain issues for required components. For example, eight of the projects within PNM's service territory required transformer upgrades at substations, requiring parts that at times have been in short supply. SPS also acknowledged supply chain constraints and indicated there could be delays in the study and construction phase of the interconnection process.

Utilities have also expressed concern about disadvantaged access for low-income communities due to billing logistics. For example, The Coalition for Community Solar Access, or CCSA, has told the Commission that dual billing is the most significant barrier to low-income and disadvantaged communities adopting community solar, especially those without reliable internet. Dual billing requires customers to add an online payment method to the separate community solar subscription bill, CCSA wrote, which is difficult for some. CCSA noted that customers on consolidated billing — where only one bill exists — can receive a net credit for the subscription on their existing payment method. The three investor-owned utilities did not support consolidated billing in their responses, writing about concerns of increased administrative burden and costs [5].

[5] Input from utilities and energy companies regarding challenges facing the Community Solar Program can be found on the PRC's e-docket under case numbers 24-00094-UT and 22-00020-UT.

However, the utilities have since become more amenable to the change and, in a recent update to the community solar rule, the Commission adopted consolidated billing.

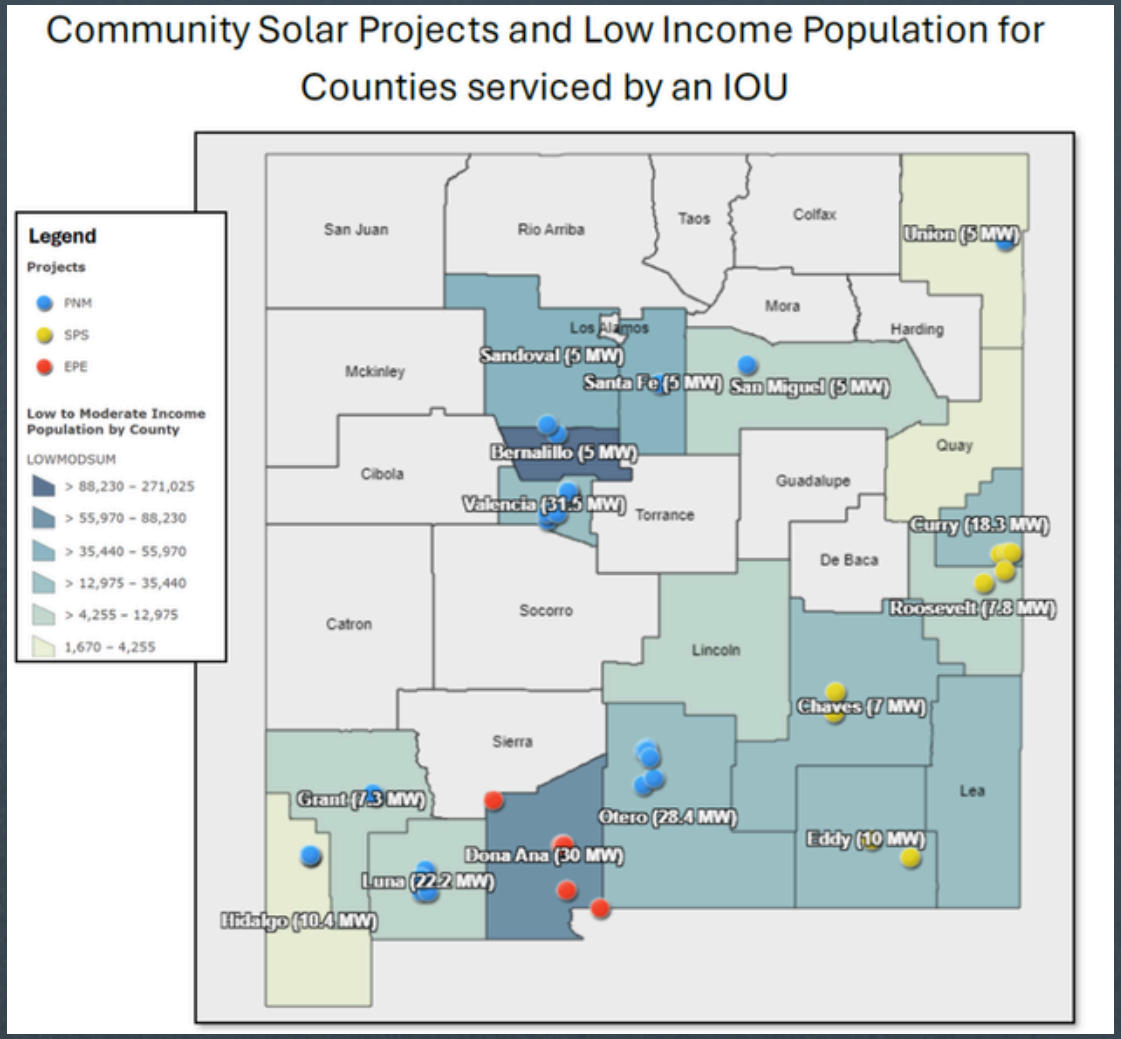
Despite the challenges, there are positive developments. The Albuquerque-based solar company Affordable Solar energized New Mexico's first community solar project, the Cuidando Los Niños community solar project in Valencia County, in late September of 2025. The 30-acre site contains more than 14,000 solar panels. Additionally, community solar provider Solstice announced it is expanding community solar access in the territories of EPE and SPS, which serve roughly 800,000 customers combined. As of November of 2025, more than 1,000 households and businesses have already enrolled in the Community Solar Program through Solstice alone.[6,7] Solstice has partnered with local organizations including Prosperity Works, New Energy Economy, and the Santa Fe Green Chamber of Commerce.[8]

Additionally, the first community solar project on state trust lands in New Mexico broke ground in April of 2025 in Los Lunas in Valencia County.[9] Affordable Solar's Global Give a Book Community Solar Project energized in November 2025 and is the first of eight such projects planned for lands leased from the State Land Office. The seven remaining projects will be in Doña Ana, Grant, Hidalgo and Roosevelt counties.

[6] Solstice Community Solar, Community Solar for New Mexico, available at https://business.solstice.us/qualify/new-mexico/ (last visited October 24, 2025).
[7] Gerke, Paul, "Community solar is catching on in New Mexico," May 15, 2025, available at https://www.renewableenergyworld.com/solar/community-solar-is-catching-on-in-new-mexico/ (last visited October 22, 2025).
[8] PR Newswire, "Over 1,000 New Mexicans Enrolled as Solstice Expands Community Solar to El Paso Electric and SPS Customers," available at https://www.prnewswire.com/news-releases/over-1-000-new-mexicans-enrolled-as-solstice-expands-community-solar-to-el-paso-electric-and-sps-customers-302453411.html?utm_campaign=Newsletter&utm_medium=email&_hsenc=p2ANqtz-eb8PDxxF1okSYpfy8PbI6SngcmrkLb_VdrqAbJLKwZs_V9vakmQdSj-AMlOmVJg9hexI7Zcvz7eLIpRu5eGRORRpby-pi3ceA0UDlMuSTPd8eYY&_hsmi=361448590&utm_content=361448590&utm_source=hs_email (last visited October 22, 2025).
[9] Grover, Hannah, "First community solar project on state lands breaks ground," available at https://nmpoliticalreport.com/2025/04/25/first-community-solar-project-on-state-lands-breaks-ground/ (last visited October 22, 2025).

The Community Solar Program prioritizes low-income participation and requires that each project allocate at least 30 percent of its subscriptions to low-income subscribers. Each of the selected projects has exceeded that minimum, with many allocating 50 percent or more of production to low-income subscribers. Although the program does not require a specific cost savings for low-income subscribers, all selected projects committed to "greater than 27% and less than or equal to 30%" savings for low-income customers on their solar bill (as opposed to their total electricity bill).

Native community solar projects, like community solar facilities generally, must be located in the service territory of the qualifying utility and be interconnected to the electric distribution system of that qualifying utility, either PNM, SPS, or EPE. However, the Community Solar rule exempts Native community solar projects from some requirements that apply to other community solar projects, such as a minimum of 10 subscribers and a maximum capacity rating of five megawatts.



The future of New Mexico's community solar program was imperiled in the summer of 2025 with the passage of the One Big, Beautiful Bill Act. This Act reversed numerous incentives that benefited community solar developers by reducing the breadth and availability of federal tax credits through changed eligibility, stricter rules, and shortened deadlines. This matters because if a community solar project allows an owner to claim the federal solar tax credit, that owner can pass on that value to subscribers. But fewer federal incentives will cause a hit to the bottom line for community solar projects, potentially making them less attractive to would-be developers.

CONCLUSION

New Mexico has made marked progress toward its renewable energy goals, exceeding those outlined in the Energy Transition Act, and is poised to continue making great strides to incorporate clean energy into its power supply. The state continues to improve its grid to accommodate bidirectional power, interconnect new power supplies, build adequate storage to improve the reliability and responsiveness of the grid, expand electrification of the state's transportation sector, and improve access to clean energy, especially solar, for low-income consumers. In the coming years, the Commission anticipates gathering helpful information about associated costs to utilities and ratepayers, through upcoming Integrated Resource Planning efforts. Affordability and reliability remain a concern as the percentage of renewable energy exceeds fifty percent and moves toward the 80% and 100% goals in the next 14 to 19 years. Outside of these costs, the single biggest source of uncertainty is federal policy, which has shifted in the past year away from renewables. The duration of this shift remains to be seen, as well as the significance of its influence on New Mexico's adoption of renewables.



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