

**EXECUTIVE SUMMARY**  
**TWENTY-NINTH NEW MEXICO FIRST TOWN HALL**  
**NEW MEXICO'S ENERGY, ECONOMICS, AND ENVIRONMENT**  
**Carlsbad, New Mexico • November 14-17, 2002**

**The Town Hall's goals were:**

- to revisit the topic of energy;
- to agree on its interplay with two vital elements: economics and the environment;
- to use this opportunity to reduce the gap between the opposing views on the subject; and
- to find positive solutions to the challenges posed by these issues.

The Town Hall is concerned that the New Mexico public takes energy for granted and may believe energy shortages are someone else's problem. Some think that we can conserve our way out of any energy shortage. However, not many people are willing to take individual action and responsibility even though they may believe that society in general uses too much energy and causes environmental harm in doing so. In addition to a lack of individual responsibility, it appears that there is a lack of sense of urgency because the public presumes that energy needs will be met in the near-term, thus shifting the problem to future generations.

The Town Hall believes the general public lacks a full understanding of energy issues, including energy production, infrastructure, transportation, indirect costs, and indirect benefits, and about how energy drives the economy. These issues are perpetuated by the lack of consensus among experts and a high degree of rhetoric. The Town Hall seeks to avoid the extremes and to focus instead on the middle ground in which most thought and behavior occurs.

New Mexico has great potential to realize the full value of its natural resources by increasing development of value-added industries that produce and refine natural resources and harvest renewable energy. Despite the benefits, there are challenges for new energy development, including land ownership, inappropriate regulation, energy security, and demands on the state's water resources. While extractive industries have finite resources, New Mexico has the opportunity to proactively develop additional reserves and alternative forms of energy.

The Town Hall believes discussion of the relationship between energy development and the environment is positive and that neither has to be sacrificed to achieve the other. There is a need for forums to reach science-based solutions to these conflicts.

All energy development impacts the environment: land use, habitat fragmentation, air quality, water quality, erosion, aesthetics, and noise. On the other hand, it can also be argued that the health, well being, and growth of the energy industry in New Mexico have had some positive impacts on the environment. The current standards for energy development are significantly higher than in the past, which has led to a decline in negative environmental impacts.

New Mexico has an abundant supply of resources, including wind, solar, biomass, oil, gas, coal, geothermal, and uranium deposits, as well as human capital. Given these resources, the Town Hall envisions a future in which the interests of energy, economics, and environment are balanced in a proportion that allows for the responsible development of renewable and non-renewable energy, quality economic development, and protection of human health and the environment.

To appropriately balance energy, economics, and environment, the Town Hall believes that the following pivotal issues must be addressed.

## **1. Policy**

- a. **Regulation and Administration:** Regulatory challenges include inefficient processes, inappropriate regulations, inconsistent decisions, energy policies that can be subject to frequent paradigm shifts, and frameworks that are not based on sound science. In addition, there is no accountability or consequence for misuse of environmental statutes or scientific information.
- b. **Access:** Access to land is and will remain a critical issue in New Mexico, where a large proportion of the state's lands are owned and managed by federal, state, and tribal governments.
- c. **Capital:** Continued emphasis must be placed on creating wealth in New Mexico by enhancing our access to new and existing financial market networks.
- d. **Infrastructure:** Renewing and adding sufficient infrastructure to accommodate new and existing energy resources is vital. Specifically, emphasis should be placed on the critical issue of energy security in New Mexico.
- e. **Tax Structure and Business Climate:** New Mexico's tax structure does not encourage the investment of capital funds, and there are no tax incentives to improve conservation or efficiency. Favorable tax policies, such as industrial revenue bonds and federal production tax credits, can serve to make investment more promising.
- f. **Price Stability.**
- g. **Diversification:** There is a need to bring new industries to New Mexico to reduce the effect of energy price volatility on state revenue. There is also a need to diversify our energy portfolio to reduce our dependence on extractive industries and minimize impacts on our environment. Opportunities to diversify may include renewable energy, nuclear energy, and water produced as a byproduct of oil and gas extraction.

## **2. Education**

- a. **General Public Education:** New Mexico's citizens and its leaders need better education about the interrelationship among New Mexico's energy production, sensitive environmental issues, and the economy and about available assets, potential technologies, and alternative energy supplies.
- b. **Workforce Development:** Options for developing our human capital include improving or developing consistent statewide training materials with common core curricula and increasing the effectiveness of energy-related educational programs at the technical-vocational level, community college level, and university level.

## The Town Hall Recommendations

1. New Mexico should lead in the reform of regulatory policies at the state and federal levels to assure that:
  - a. standards, regulatory requirements, and agency policies are appropriate, reasonable, and based on sound science;
  - b. environmental standards are reviewed and updated, if necessary, every five years;
  - c. time limits are set and enforced for energy and related environmental permitting, licensing, and right-of-way decisions;
  - d. streamlined procedures are established to obtain access to federal, private, and state lands; and
  - e. pueblos and tribal energy development and other related interests are sought and encouraged.
2. Appropriate interim legislative committees and institutes should be established to review regulatory departments, agencies, and commissions to investigate whether the intent of the law is being properly implemented and to ensure that the tax structures will foster growth of the energy industry and related manufacturing.
3. New Mexico should prudently develop its renewable energy resources through production and other incentives with appropriate sunset provisions to encourage economic development and to foster long-term price stability.
4. New Mexico should prudently develop and provide incentives for production of alternative transportation fuels.
5. New Mexico should be a strong energy leader in the future through fostering existing energy industries, nurturing new energy industries, and developing energy-related industries by:
  - a. Attracting investment capital to expand existing energy industries, enhance research and development for new and improvement energy technologies, and expand development of new energy sources in New Mexico. Actions to be taken include:
    - (i.) requesting the state and federal governments to support stable prices that encourage development of energy sources;
    - (ii.) creating performance-measured incentives such as lower tax rates and tax benefits for investment in the state;
    - (iii.) leveraging existing financial resources to increase energy development; and
    - (iv.) amending State Investment Council “return on investment” criteria to include all monies returned to the state, such as employment taxes and revenues to state trusts.
  - b. Diversifying New Mexico’s energy industry and energy-related industries by:
    - (i.) broadening performance-based incentives and support for renewable, alternative, and transitional energy sources to assure eventual independent profitability;
    - (ii.) supporting incentives for development of safe nuclear power and related industries in New Mexico; and
    - (iii.) attaining legislative support and utilizing research and development to establish viable treatment of energy-produced water for various uses.
6. By June 2004, New Mexico should establish a comprehensive, long-term (through 2024), state-wide energy policy and strategic energy plan that incorporates continued environmentally responsible energy development, encourages emerging energy technology, and increases public awareness by including:
  - a. a broad-based, coordinated, open process that includes key constituencies and technical experts;
  - b. public notification, education, consumer forums, dialog and collaboration among the public, industry and regulatory participants, and a regular update procedure;
  - c. optimization of all New Mexico’s energy resources to produce economic and environmental benefits through sustainable industries and their associated products;
  - d. improved job opportunities and economic stability through workforce development;
  - e. increased access to public lands; and
  - f. programs to leverage existing financial resources.
7. To support development of a state energy plan, New Mexico should undertake a comprehensive raw energy asset inventory.
8. The Governor should broaden and commit to an energy agenda that includes all energy sources and incorporates mitigation of adverse environmental impacts by:
  - a. directing the Secretary of the Energy, Minerals, and Natural Resources Department to be the advocate for energy development, to promote environmentally friendly energy development, to identify key problems, and to shepherd solutions to completion; and
  - b. coordinating New Mexico’s energy plan with other state and federal agencies.
9. The legislature should identify and appropriate funds to develop and implement the energy plan.
10. New Mexico should improve its citizens’ understanding of the energy industry, related environmental concerns, and their interplay with the economy by:
  - a. creating a consortium of government officials, university and community college leaders, and experts in the environment, economic development, and the energy industry to identify areas of tension, energy development issues, conservation opportunities, efficiency improvement strategies, and regulatory reform concerns;
  - b. identifying key issues and background information to present to state and federal leadership and legislators;
  - c. conducting a series of informational meetings or town halls with recognized leaders;
  - d. encouraging direction to the Department of Education to include a statewide curriculum section covering New Mexico’s energy heritage; and
  - e. developing a comprehensive workforce-training plan.
11. New Mexico should create a Center of Energy, Economics, and Environment run by a coalition of the academic institutions, government agencies, private industry, and the national labs.
  - a. The Center would bring new knowledge, education, and understanding to the environmental and economic issues involved in assuring that the state continues to meet its energy needs.
  - b. The Center would engage domestic and multi-national industries, governments, academics, and the general public in the formulation of new forms of analysis; balanced, multidisciplinary education and technology development; and innovative visions.
  - c. The Center would link state and federal regulatory agencies, research and development facilities, industry information centers, and teacher resource centers.
  - d. The major components of this Center would be education, technology development and deployment, public outreach, and public policy.