

# Harnessing Federal Funding in NM Readout

*Hosted by NM Economic Development Department, NM Energy, Minerals and Natural Resources Department, National Association of State Energy Officials, and International Economic Development Council*

## Overview

On June 30th, 2024 the NM Economic Development Department (EDD), with key partners, hosted a group of over 70 local, state, and expert stakeholders to discuss federal funding opportunities made available by the Inflation Reduction Act and the Infrastructure Investment, and Jobs Act. This readout provides a summary of the presentations and four roundtable discussions, and key takeaways from this meeting. The feedback received throughout this event will inform EDD's 2024 update to the statewide strategic plan, which will include a dedicated section on harnessing federal funding opportunities this year.

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## Materials





### Agenda

- Agenda:  Final Agenda.pdf

### Presentation Slides

- Roundtable Slides:  Roundtables Slides.pptx
- NASEO and IEDC Presentation:  NASEO-IEDC Slides\_7-30-24.pptx
- RMI Presentation:  NM Roundtable - RMI Presentation.pdf
- Hua Nani Presentation:  NM EDD Roundtable Federal Funding Presentation

### Supplementary Materials

- Federal Funding Guide:  Hua Nani - NM EDD Federal Climate Funding Guide - Shared.pdf
- Grant Federal Funding for New Mexico:
  -  Hua Nani - NM EDD Federal Funding Landscape - Shared.xlsx
- Direct Pay, State Energy Finance Institutes, and Greenhouse Gas Reduction Fund overview and guide for NM Communities:  NM\_Unified Project Finance Memo - State Support Center July 2024.pdf
- Links to Other Helpful Resources:  Additional Resources.docx

## Roundtable One Summary - Capacity and Federal Funding

**Overview:** Based on Congressional Budget Office estimates, New Mexico stands to see about \$5.9 billion in total federal investments under the IRA by 2030. When tax credits to consumers and producers are included, the Clean Investment Monitor estimates that in 2023 alone, New Mexico's economy received a \$547 million injection from the federal government, the third-largest relative to its GDP or population of any state in the nation. The massive influx of federal funding has highlighted worsening capacity constraints in New Mexico, particularly in low income and/or rural states and regions

### Discussion topics:

- What barriers to access do you face in accessing funds?
- What is the extent to your existing knowledge about IRA, IIJA, and CHIPS?
- What is your impression of the NM state government's efforts to provide educational materials and resources, as well as suggestions for improvements?
- What are your most urgent capacity-building needs?
- Do you have ideas for state government to ease the administrative and cost burden of harnessing federal funds?

### Key takeaways from discussions:

1. **Identified barriers:** Access to information for Tribes, smaller capacity-strapped communities, difficult siting and permitting of both transmission and renewables, workforce pipeline, project support once funding is received, and navigation of funding opportunities.
2. **Identified needs for state government support:** Complimentary grant/match funds to bolster federal programs, assistance to communities in navigating funding options, simplified education materials for communities to understand grants and financing options available.

## Roundtable Two Summary - Grant Funding

**Overview:** Competitive grants make up a significant portion of overall funding under the IIJA, differentiating it from the IRA. At present, many federal grant programs are oversubscribed. It is critical for New Mexico to consider how it might prioritize the most high-impact remaining grant funding opportunities. The clearing house for emerging clean energy opportunities is: [www.Clean.Energy.nm.gov](http://www.Clean.Energy.nm.gov)

### Discussion topics:

- A cultivated list of high-impact grant funding opportunities provided by Hua Nani Partners (and linked above in this document)
- Select grant opportunities offered by the federal partners present at this event from Department of Energy, Department of Interior, and the Interagency Working Group on Coal and Power Plant Communities
- Strategies for prioritizing grant funding opportunities
- Lessons learned from prior IRA and BIL grant applications
- How to make the most of remaining grant funding
- How to access grant funds obtained by state agencies such as EMNRD
- How to access technical assistance for grant writing

### Key takeaways from discussion:

1. **Grant writing assistance:** ECAM has a grant writer that can help the community/local governments write.
2. **Identified barriers:** Tight turnaround for grant opportunities mean capacity-strapped organizations or communities are often not able to apply and there is a lack of workforce pipeline and resources needed to both apply for and implement grants (accountants, lawyers, and skilled trades).
3. **Identified needs for state government support:** Assist intermediary organizations, like COGs, with prioritization of federal grant opportunities, clarify State priorities so they can stack state and federal opportunities, and assist in helping intermediaries education efforts with rural or lower information regions.

### Roundtable Three Summary - Tax Incentives and Capital Stacking

**Overview:** According to RMI analysis, in a net-zero scenario where New Mexico takes advantage of all the uncapped tax credits in the bill, clean energy investment could increase to \$8.0 billion, or about \$3,800 for every state resident. Direct pay (or “elective pay”) expands eligibility for tax credits: Tax-exempt entities (state and local governments, Tribes, school districts, nonprofits, publicly-owned utilities and other organizations that do not normally file a federal tax return) are now able to benefit from a dozen clean energy tax credits. After placing projects in service and filing for the tax credit, eligible entities will receive a direct cash payment equal to the value of the tax credit. These benefits can be stacked with bonus credits, financing opportunities, and grants.

#### Discussion topics:

- Level of familiarity with tax incentives such as direct pay prior to attending this event
- Knowledge of whether New Mexico communities and businesses are utilizing direct pay and/or transferability, Energy Communities Tax Credit Bonus, and Low-income Communities Bonus Credit
- How to increase uptake of such tax incentives across New Mexico:
- Who are the key players for spreading awareness?
- How can state agencies improve their efforts to increase awareness about these benefits?
- Complementary policy proposals (such as companion tax incentives) that could be pursued by NM state government to increase uptake of federal incentives
- How to utilize these tax incentives

#### Key takeaways from discussion:

1. **Identified barriers:** Most NM communities, Tribes, pueblos, and businesses are not familiar with direct pay tax credits and eligible projects, communities have extremely limited tax expertise, and identified eligible projects that do exist often need upfront capital to get off the ground.
2. **Identified needs for state government support:** Assist communities and intermediaries with education on direct pay eligible projects, assistance in filing tax forms to receive credits, and bridge loan or other financing type structure to get eligible projects off the ground.

### Roundtable Four Summary - Financing and Lending

**Overview:** The Environmental Protection Agency has awarded \$27 billion to seed the nation’s green finance ecosystem through the Greenhouse Gas Reduction Fund (GGRF). These competitively awarded grants will inject fresh capital into a network of financing organizations to deploy emission-cutting projects in Low-Income and Disadvantaged Communities (LIDACs). The Department of Energy’s Loan Program Office (LPO) can offer low-cost debt financing for large-scale energy projects (usually greater than \$150 million) that receive

meaningful financial support from an eligible State Energy Financing Institution (SEFI). Qualified projects can include renewable energy, energy storage, electrical generation, transmission, distribution, EV charging infrastructure, fleet electrification, energy efficiency retrofits, critical mineral supply, and industrial decarbonization technologies. Projects or project clusters applying through SEFI must be \$150M or more. Additionally, Tribal governments have significant flexibility in qualifying for LPO financing, which can be explored further at [this link](#), and investments in existing U.S. energy infrastructure can utilize [Energy Infrastructure Reinvestment \(EIR\)](#) financing through LPO.

**Discussion topics:**

- Which types of projects would benefit from these financing mechanisms?
- Which types of projects would you like to see funded through New Mexico's State Energy Financing Institution?
- For Tribes and Pueblos, as well as the Indian Affairs Department, what sovereign nations might be interested in becoming SEFIs?
- Complementary policy proposals that could be pursued by NM state government to increase uptake of federal incentives
- Proposals for increasing capital access for renewable energy projects to low-income, marginalized, and frontline communities
- Key local and regional partners for New Mexico to take advantage of these financing mechanisms

**Key takeaways from discussion:**

1. **Identified barriers:** Gap of understanding in NM of what new financing will be available with GGRF and LPO funds, lack of access to finance professionals, and there is not a clear understanding of who should be going after these programs and how.
2. **Identified needs for state government support:** Clarification on what types of financing is available to which NM communities and direct support navigating emerging green financing institutions and loan program opportunities.

## Next Steps and Parting Thoughts

### Overall Takeaways

1. **NM State officials are eager to make progress and take advantage of federal funding opportunities**, and are **actively seeking ways to supplement federal funds with state incentives** (bridge loans, strategic direction, aligning state grant programs where possible, grant writing assistance). **State support is especially critical, as most prospective projects lack the funds to support up-front costs associated with accessing direct pay tax credits and other federal funding mechanisms.**
2. **NM communities and cities need direct, in-person TA support** in order to take advantage of federal incentives like Direct Pay and GGRF. TA partners and State officials should focus on partnering with trusted intermediaries like Councils of Governments, Land Grant Councils, and Universities, including New Mexico State University's Thriving Communities Technical Assistance Center.
  - a. **Projects types of interest:** EV infrastructure, broadband and access to electricity in general, community solar and solar canopies, electrifying propane communities, workforce pipelines, HVAC upgrades, community mobility, energy storage, efficiency, and weatherization.
3. **Top two concerns from NM communities: Lack of workforce pipeline** in-state, and **lack of project management/capacity** to execute on federal and state incentives once received.

### Next Steps:

1. Please let us know if you would like to be put in touch with technical assistance providers or federal counterparts.
2. Access EDD's online input form for this year's statewide economic plan:  
<https://edd.newmexico.gov/state-plan-input/>
3. Stay tuned for technical assistance resources from the Governor's Office and possible future convenings to share follow-up information.