



March 18, 2025

John Bozzella  
President & CEO  
Alliance for Automotive Innovation  
1050 K Street, NW Suite 650  
Washington, DC 20001

Re: Response to October 8, 2024 Letter

Dear John Bozzella,

On behalf of the State of New Mexico, thank you for your industry's continued commitment and investment in low-emission and zero-emission vehicles — particularly plug-in hybrids and battery electric options. Transitions are challenging, yet we are encouraged that the automotive industry is expected to invest more than \$1.2 trillion globally in electrification by 2030. The investments in options for customers in the United States are critical, as the market is becoming more and more competitive.

New Mexico is committed to our goal of reducing greenhouse gas emissions by at least 45% by 2030 to ensure that our residents and environment are healthy. The transportation sector accounts for approximately 22.3% of our state's greenhouse gas emissions and is a major source of pollution in our air. To address these issues, our state joined twelve other states in adopting New Motor Vehicle Emissions Standards, including the Advanced Clean Cars II program through 2032.

The New Mexico Environment Department estimates that in 2050 alone, the New Motor Vehicle Emissions Standards will save New Mexican residents between \$27.5 — \$61.9 million in health care costs.<sup>1</sup> Implementation of these rules will also:

1. decrease nitrogen oxide from the transportation sector by 43%,
2. decrease fine particulate matter by 24%, and
3. reduce greenhouse gas emissions by 64% — the equivalent of taking 2.6 million cars off the road.<sup>2</sup>

With 1 in 7 New Mexicans suffering from a respiratory disease according to the American Lung Association<sup>3</sup>, these benefits cannot be overstated.

As we work together on implementation of the New Motor Vehicle Emissions Standards — in particular the Advanced Clean Cars II program — we hope to do so in partnership with manufacturers, as expressed during our meeting with you on August 23, 2023. Given the concerns raised in your October 4, 2024, letter, I'd like to clarify

<sup>1</sup> <https://www.env.nm.gov/climate-change-bureau/transportation/>

<sup>2</sup> <https://www.env.nm.gov/climate-change-bureau/transportation/>

<sup>3</sup> <https://www.lung.org/research/sota/city-rankings/states/new-mexico>

the flexibilities the proposal provides for the compliance requirements and additional actions New Mexico is taking to ease the transition to low- and zero-emission vehicles for all.

**Manufacturers Enjoy Flexible Compliance Requirements in the New Mexico Program**

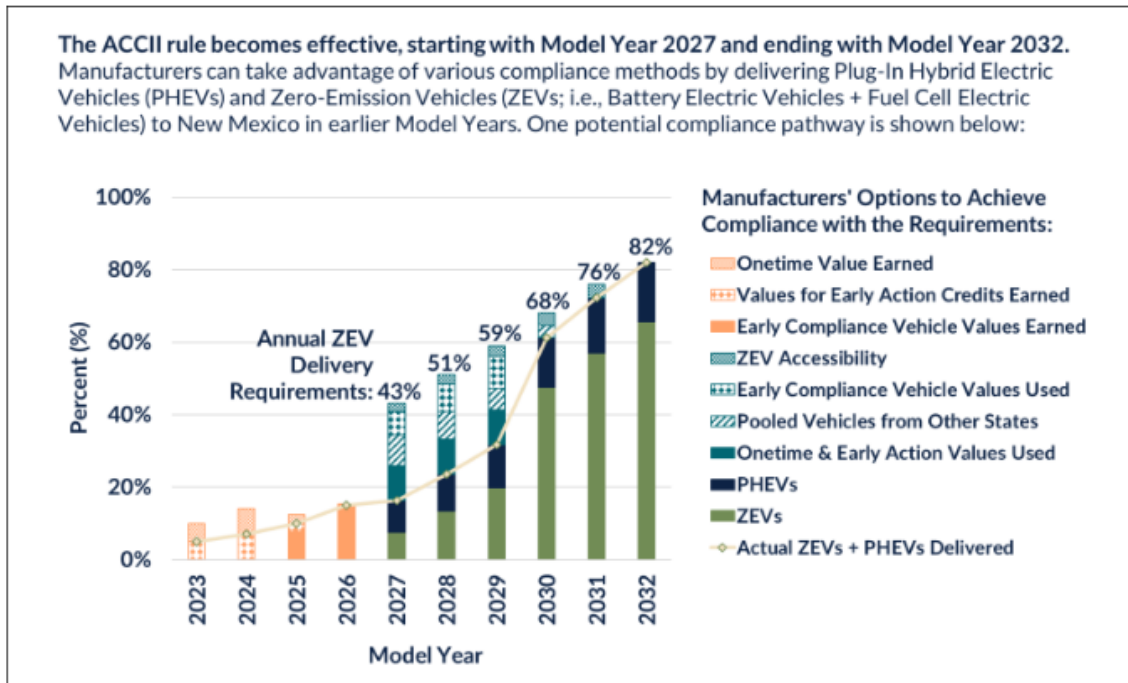
Following discussions with your organization during rule development, the New Mexico Environment Department incorporated several key provisions in its proposed Advanced Clean Cars II rule to ensure maximum flexibilities for your manufacturers.

First, New Mexico expressly allows manufacturers to take advantage of one-time and early action credits for compliance purposes even before compliance requirements start in Model Year 2027. In fact, the New Mexico Environment Department has already received twelve manufacturer applications to exercise their ability to utilize these one-time and early action credits.

Second, our department has regularly heard about the importance of hybrid vehicles to the program. New Mexico expressly allows for manufacturers to deliver low-emission plug-in hybrids to meet their compliance requirements — not just battery electric vehicles.

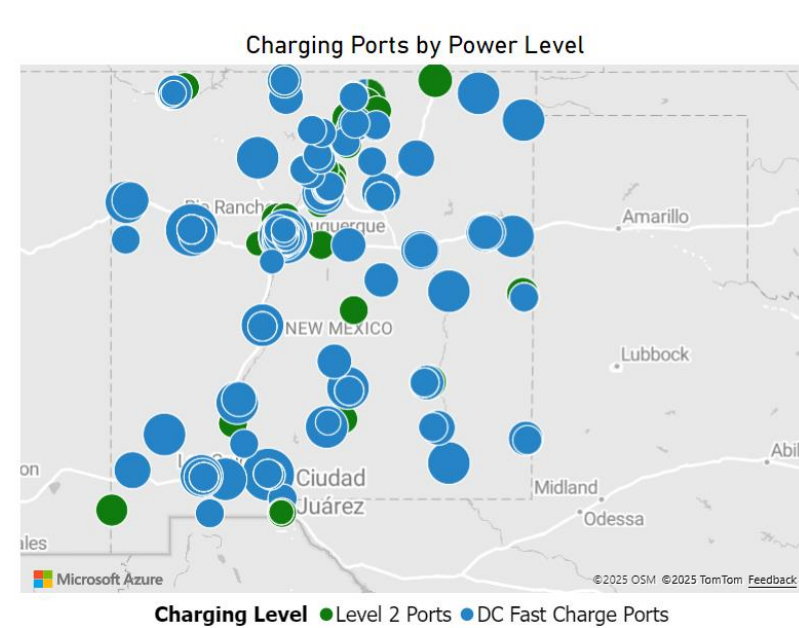
Third, manufacturers can opt to utilize accessibility credits and pooled credits from other states that have adopted the program as a way to meet their compliance requirements. The Environment Department can provide you with additional information as to how to opt in to these credits for compliance purposes, as needed.

See an example chart below of one pathway for manufacturers to take advantage of these flexibilities.



**The State’s Charging Infrastructure Continues to Increase in Number and Geographic Reach**

New Mexico is aggressively investing in the infrastructure to support low- and zero-emission vehicles. At present, New Mexico has 463 Level 2 Ports and 370 DCFC Ports (833 total). A general map is provided below.



Despite federal uncertainties, the state is committed to identifying substitute ways to meet its infrastructure goals. These measures include:

1. State tax credits for qualified charging installations of \$25,000 for DCFC Ports, \$25,000 for fuel cell charging units and \$400 for Level 1 and 2 Ports.<sup>4</sup>
2. Utilities' Transportation Electrification Plans' additional charging incentives. For example, the Public Service Company of New Mexico (PNM) provides a discount of up to \$5,000 per charger in multifamily housing units and also provides special charging electricity rates, among other offerings.<sup>5</sup>
3. Transportation decarbonization investments under the Clean Transportation Fuel Program that require participating utilities to invest their net credits into additional infrastructure build out.
4. Revision of state building codes require new commercial and multi-family units to install chargers and have additional charger-ready infrastructure.

**The State is Ensuring Affordability of Low- and Zero-Emission Vehicles**

The State offers tax credits for new and used battery electric vehicles, fuel cell vehicles and charging infrastructure, in addition to the federal tax credit of up to \$7,500 for qualifying new electric vehicles and \$4,000 for qualifying used electric vehicles.<sup>6</sup>

In New Mexico, an individual who has purchased or enters a new lease of a qualifying new or used plug-in hybrid, battery electric or fuel cell vehicle between May 15, 2024 and prior to January 1, 2030, from a New Mexico licensed motor vehicle dealer or a dealer located on Tribal land, may be eligible to apply for a clean car

<sup>4</sup> <https://www.emnrd.nm.gov/ecmd/clean-car-charging-unit-tax-credit/>

<sup>5</sup> <https://ev.pnm.com/>

<sup>6</sup> <https://www.energy.gov/save/electric-vehicles>

income tax credit of up to \$3,000.<sup>7</sup>

Through the aforementioned Transportation Electrification Plans, utilities can provide additional rebates. For example, El Paso Electric, which serves Southern New Mexico, offers an on-the-hood rebate of \$4,000 on the purchase of a qualifying electric vehicle to customers with lower incomes.<sup>8</sup>

### **The State is Utilizing its Purchasing Power**

New Mexico is also ensuring its own purchasing power is able to assist with the transition to increased low- and zero-emissions vehicles and needed infrastructure. The Governor has directed all state agencies to: (1) acquire zero-emission vehicles for all new vehicle acquisitions, and (2) transition to a full zero-emission fleet by 2035.<sup>9</sup> As part of this effort, the state agencies are revising their policies as appropriate to fulfill this directive. New policies impact employee training and the development of goals and requirements for zero-emission vehicle acquisition and deployment.

From our state capitol to manufacturers' board rooms, we agree that success requires us to work together. In addition to the actions above, we are also actively participating in coordinated efforts through the U.S. Climate Alliance to advance similar policies across states where practical. We are also readying targeted outreach materials to residents and auto dealerships to assist in education around these new vehicles, including a commercial coming out this spring.

Thank you for your commitment to this transition, and we are on standby for further discussion and effective collaboration on improving economic, health, and environmental outcomes for all.

Sincerely,

for

James C. Kenney  
Environment Secretary

cc: Travis Kellerman, Senior Climate Policy Advisor, Office of Governor Michelle Lujan Grisham

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<sup>7</sup> <https://www.emnrd.nm.gov/ecmd/clean-car-charging-unit-tax-credit/>

<sup>8</sup> <https://www.epelectric.com/el-paso-electric/uploads/00-nm-tep-programs-summary.pdf>

<sup>9</sup> <https://www.governor.state.nm.us/wp-content/uploads/2023/10/Executive-Order-2023-138.pdf>