

EXHIBIT 1

Proposed Rule

1 **TITLE 20 ENVIRONMENTAL PROTECTION**
2 **CHAPTER 2 AIR QUALITY (STATEWIDE)**
3 **PART 351 GREENHOUSE GAS REDUCTION PROVISIONS**
4
5

6 **[GENERAL PROVISIONS]**
7

8 **20.2.351.1 ISSUING AGENCY:** Environmental Improvement Board
9 [20.2.351.1 NMAC, 01/01/2017]
10

11 **20.2.351.2 STATUTORY AUTHORITY:** Environmental Improvement Act, NMSA 1978,
12 Section 74-1-8(A)(4) and Air Quality Control Act, NMSA 1978, Sections 74-2-1 et seq.
13 including specifically Section 74-2-5(B)(1).
14 [20.2.351.2 NMAC, 01/01/2017]
15

16 **20.2.351.3 DURATION:** Permanent.
17 [20.2.351.3 NMAC, 01/01/2017]
18

19 **20.2.351.4 EFFECTIVE DATE:** January 1, 2018
20 [20.2.351.4 NMAC, 01/01/2017]
21

22 **20.2.351.5 OBJECTIVE:** The objective of this part is to establish regulations to reduce
23 greenhouse gas emissions in New Mexico in a manner consistent with the scientific view that
24 increased concentrations of greenhouse gas emissions from instate sources have and will cause
25 and contribute to global climate change and that, unless abated, will have significant, adverse
26 impacts to the health and welfare of current and future generations of New Mexicans, and in
27 recognition of New Mexico's current and historical contribution to global warming. These
28 regulations shall be reviewed periodically to assure that they remain consistent with the best
29 climate science.
30 [20.2.351.5 NMAC, 01/01/2017]
31

32 **20.2.351.6 DEFINITIONS:** The following definitions apply to this part. The definitions
33 included in 20.2.2 NMAC and 20.2.300 NMAC shall apply to the terms used in this part, unless
34 such term is defined in this part.

35 **A. Best climate science** means:

36 1. the most current scientific knowledge and understanding from qualified
37 climate system scientists on safe levels of CO₂ and other greenhouse gases and their short-term
38 and long-term impacts;

39 2. the most current scientific knowledge and understanding from qualified
40 climate system scientists as to the greenhouse gas emissions reductions required to stabilize the
41 climate system and preserve a habitable and safe climate system for future generations.

42 **B. Carbon budget** means the total amount of carbon dioxide emissions that can be
43 released over time from sources within the state of New Mexico while still remaining within the
44 parameters of what best climate science says is needed to preserve a safe and stable climate
45 system.

1 C. **Climate stabilization** means reducing global atmospheric concentrations of CO₂
2 to no more than three hundred and fifty parts per million (ppm) by 2100.

3 D. **CO₂** means carbon dioxide.

4 E. **Consumption Emissions and Inventory** means a greenhouse gas inventory
5 including estimates of embedded emissions associated with the life cycle of materials and
6 services, including electricity and fuels, consumed in New Mexico. These emissions are included
7 regardless of whether they physically originate in New Mexico. A consumption-based inventory
8 uniquely counts out-of-state emissions associated with producing the products, services, and
9 fuels consumed in New Mexico. It also counts emissions associated with producing fuels that are
10 used to generate electricity consumed in New Mexico.

11 F. **Greenhouse Gas or GHG** means any gas that has contributed to anthropogenic
12 global warming, including but not limited to carbon dioxide, methane, nitrous oxide,
13 hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

14 G. **In-boundary Emissions and Inventory** means the greenhouse gas inventory
15 focused on all emissions produced within the state. In-boundary emissions exclude the emissions
16 associated with materials and goods produced outside, and imported into, the state.

17 [20.2.351.5 NMAC, 01/01/2017]

18
19 **20.2.351.6 SEVERABILITY:** If any provision of this part, or the application of such
20 provision to any person or circumstance, is held invalid, the remainder of this part, or the
21 application of such provision to any person or circumstance other than those to which it is held
22 invalid, shall not be affected thereby.

23 [20.2.351.6 NMAC, 01/01/2017]

24
25 **20.2.351.7 CONSTRUCTION:** This part shall be liberally construed to carry out its
26 purpose.

27 [20.2.351.7 NMAC, 01/01/2017]

28
29 **20.2.351.8 COMPLIANCE WITH OTHER REGULATIONS:** Compliance with this part
30 does not relieve a person from the responsibility to comply with any other applicable federal,
31 state, or local regulation. To the extent that any provisions of this part conflicts with other
32 regulations, the more stringent regulation, favoring greater emission reductions, shall be binding.

33 [20.2.351.8 NMAC, 01/01/2017]

34
35 **[EMISSIONS INVENTORY AND REDUCTIONS]**

36
37 **20.2.351.9 EMISSIONS INVENTORY AND REDUCTIONS:** The Department shall:

38 A. Ensure that New Mexico's total in-boundary and embedded CO₂ emissions are
39 reduced to at least 10% below 1990 levels by 2020.

40 B. Ensure that New Mexico's total in-boundary and embedded CO₂ emissions are
41 reduced to at least 68% below 1990 levels by 2030.

42 C. Ensure that New Mexico's total in-boundary and embedded CO₂ emissions are
43 reduced to at least 91% below 1990 levels by 2050;

44 D. To meet the targets in A and B, the Department will ensure that New Mexico's
45 total in-boundary and embedded CO₂ emissions are reduced by at least 8 percent per year
46 beginning in 2018; and

1 E. Prepare a numerical statewide goal or “carbon budget,” taking into account both
2 in-boundary and consumption emissions, that expresses the necessary emissions reductions
3 required by sources in New Mexico on a per-capita basis so as to achieve 350 ppm of
4 atmospheric CO₂ globally by the year 2100.
5 [20.2.351.9 NMAC, 01/01/2017]
6

7 **[EMISSIONS ACCOUNTING, VERIFICATION, AND INVENTORY]**
8

9 **20.2.351.10 DEVELOPMENT OF A CARBON BUDGET:** By December 31, 2018, the
10 Department shall:

- 11 A. Adopt a statewide carbon budget using best climate science in order to meet its
12 greenhouse gas emissions targets set forth in Section 20.2.351.9 A-C;
13 E. Ensure the state is on track to meet the carbon budget on an annual basis.
14

15 **20.2.351.11 EMISSIONS ACCOUNTING, VERIFICATION, AND INVENTORY:** By
16 December 31, 2018, the Department shall establish an accounting, verification and inventory
17 system for statewide GHG emissions so as to provide accounting to New Mexico citizens of its
18 management of the atmospheric trust asset.
19 [20.2.351.10 NMAC, 01/01/2017]
20

21 **20.2.351.12 TRACKING SYSTEM FOR EMISSIONS ACCOUNTING,**
22 **VERIFICATION, AND INVENTORY:** By December 31, 2020, the Department will publish,
23 and provide to the New Mexico Legislature, biennial progress reports measured in both
24 MMTCO₂ and MMTCO_{2e}. These reports must include an accounting and inventory for each
25 and every substantial source of GHG emissions within New Mexico, including, but not limited
26 to:

- 27 A. the transportation, industrial, commercial, institutional, residential, electrical,
28 agricultural, and waste sectors; and
29 B. embedded emissions associated with New Mexicans’ consumption of goods and
30 services that are produced outside of New Mexico.

31 [20.2.351.11 NMAC, 01/01/2017]
32

33 **20.2.351.13 AVAILABILITY OF REPORTS:** The Department must make biennial
34 progress reports available to the public on the date that they are published and provided to the
35 New Mexico Legislature.
36 [20.2.351.12 NMAC, 01/01/2017]
37

38 **[SOURCE EMISSIONS REPORTING REDUCTIONS]**
39

40 **20.2.351.14 SOURCE EMISSIONS REPORTING REDUCTIONS:** The Department will
41 develop regulations, consistent with the statewide emissions targets in Section 20.2.351.9,
42 mandating all existing and new sources of greenhouse gas emissions within the State emitting
43 more than 10,000 metric tons of CO_{2e} to report their baseline CO₂ emissions to the Department,
44 and further mandating annual reductions of those emissions relative to that baseline according to
45 differentiated contribution of each source to New Mexico’s total greenhouse gas emissions.

