EXHIBIT 1

Proposed Rule
TITLE 20  ENVIRONMENTAL PROTECTION
CHAPTER 2  AIR QUALITY (STATEWIDE)
PART 351  GREENHOUSE GAS REDUCTION PROVISIONS

[GENERAL PROVISIONS]

20.2.351.1  ISSUING AGENCY: Environmental Improvement Board
[20.2.351.1 NMAC, 01/01/2017]

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

20.2.351.3  DURATION: Permanent.
[20.2.351.3 NMAC, 01/01/2017]

20.2.351.4  EFFECTIVE DATE: January 1, 2018
[20.2.351.4 NMAC, 01/01/2017]

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

20.2.351.6  DEFINITIONS: The following definitions apply to this part. The definitions included in 20.2.2 NMAC and 20.2.300 NMAC shall apply to the terms used in this part, unless such term is defined in this part.
   A.  Best climate science means:
       1.  the most current scientific knowledge and understanding from qualified climate system scientists on safe levels of CO₂ and other greenhouse gases and their short-term and long-term impacts;
       2.  the most current scientific knowledge and understanding from qualified climate system scientists as to the greenhouse gas emissions reductions required to stabilize the climate system and preserve a habitable and safe climate system for future generations.
   B.  Carbon budget means the total amount of carbon dioxide emissions that can be released over time from sources within the state of New Mexico while still remaining within the parameters of what best climate science says is needed to preserve a safe and stable climate system.
C. **Climate stabilization** means reducing global atmospheric concentrations of CO\(_2\) to no more than three hundred and fifty parts per million (ppm) by 2100.

D. CO\(_2\) means carbon dioxide.

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

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

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

[20.2.351.5 NMAC, 01/01/2017]

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

[20.2.351.6 NMAC, 01/01/2017]

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

[20.2.351.7 NMAC, 01/01/2017]

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

[20.2.351.8 NMAC, 01/01/2017]

**[EMISSIONS INVENTORY AND REDUCTIONS]**

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

A. Ensure that New Mexico’s total in-boundary and embedded CO\(_2\) emissions are reduced to at least 10% below 1990 levels by 2020.

B. Ensure that New Mexico’s total in-boundary and embedded CO\(_2\) emissions are reduced to at least 68% below 1990 levels by 2030.

C. Ensure that New Mexico’s total in-boundary and embedded CO\(_2\) emissions are reduced to at least 91% below 1990 levels by 2050.

D. To meet the targets in A and B, the Department will ensure that New Mexico’s total in-boundary and embedded CO\(_2\) emissions are reduced by at least 8 percent per year beginning in 2018; and
E. Prepare a numerical statewide goal or “carbon budget,” taking into account both in-boundary and consumption emissions, that expresses the necessary emissions reductions required by sources in New Mexico on a per-capita basis so as to achieve 350 ppm of atmospheric CO$_2$ globally by the year 2100.

[20.2.351.9 NMAC, 01/01/2017]

[EMISSIONS ACCOUNTING, VERIFICATION, AND INVENTORY]

20.2.351.10 DEVELOPMENT OF A CARBON BUDGET: By December 31, 2018, the Department shall:
A. Adopt a statewide carbon budget using best climate science in order to meet its greenhouse gas emissions targets set forth in Section 20.2.351.9 A-C;
E. Ensure the state is on track to meet the carbon budget on an annual basis.

20.2.351.11 EMISSIONS ACCOUNTING, VERIFICATION, AND INVENTORY: By December 31, 2018, the Department shall establish an accounting, verification and inventory system for statewide GHG emissions so as to provide accounting to New Mexico citizens of its management of the atmospheric trust asset.

[20.2.351.10 NMAC, 01/01/2017]

20.2.351.12 TRACKING SYSTEM FOR EMISSIONS ACCOUNTING, VERIFICATION, AND INVENTORY: By December 31, 2020, the Department will publish, and provide to the New Mexico Legislature, biennial progress reports measured in both MMTCO2 and MMTCO2e. These reports must include an accounting and inventory for each and every substantial source of GHG emissions within New Mexico, including, but not limited to:
A. the transportation, industrial, commercial, institutional, residential, electrical, agricultural, and waste sectors; and
B. embedded emissions associated with New Mexicans’ consumption of goods and services that are produced outside of New Mexico.

[20.2.351.11 NMAC, 01/01/2017]

20.2.351.13 AVAILABILITY OF REPORTS: The Department must make biennial progress reports available to the public on the date that they are published and provided to the New Mexico Legislature.

[20.2.351.12 NMAC, 01/01/2017]

[SOURCE EMISSIONS REPORTING REDUCTIONS]

20.2.351.14 SOURCE EMISSIONS REPORTING REDUCTIONS: The Department will develop regulations, consistent with the statewide emissions targets in Section 20.2.351.9, mandating all existing and new sources of greenhouse gas emissions within the State emitting more than 10,000 metric tons of CO$_2$e to report their baseline CO$_2$ emissions to the Department, and further mandating annual reductions of those emissions relative to that baseline according to differentiated contribution of each source to New Mexico’s total greenhouse gas emissions.
A. **Low Carbon Fuel Standard**: By December 31, 2018, the Department shall develop and implement a low carbon fuel standard to measure and reduce the full-cycle, carbon intensity of the transportation fuel pool used in New Mexico to impact emissions reductions consistent with achieving the state targets in Section 20.2.351.9.

B. **Agricultural Sources**: By December 31, 2018, the Department shall develop and implement air emission limits and standards to measure, monitor, track and reduce greenhouse gas emissions, including, but not limited to, methane, carbon dioxide, and nitrous oxide from agricultural sources.

[20.2.351.13 NMAC, 01/01/2017]

[CLIMATE ACTION PLAN]

20.2.351.15 **CLIMATE ACTION PLAN**: Within six months of adoption of rules and regulations establishing emission reduction targets, the Department, with input from stakeholders, shall adopt a new Climate Action Plan to meet the reduction goals specified therein.

[20.2.351.15 NMAC, 01/01/2017]

[REVISIONS]

20.2.351.16 **REVISIONS**: Within two years from the effective date of these regulations, the Department shall, after holding at least one public workshop that has been publicly noticed, petition the Environmental Improvement Board to amend these regulations to adjust the reduction requirements as necessary to ensure that the State is reducing its greenhouse gas emissions in a manner that is consistent with the best climate science, taking into account the State’s equitable responsibility for emissions.