

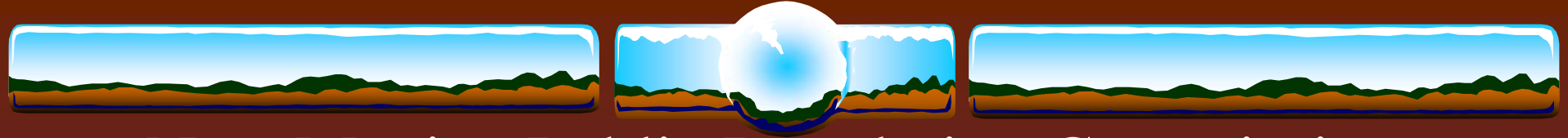
New Mexico 2005 Energy Efficiency Highlights

NARUC WINTER COMMITTEE MEETINGS

Washington, DC

February, 2006

Commissioner E. Shirley Baca

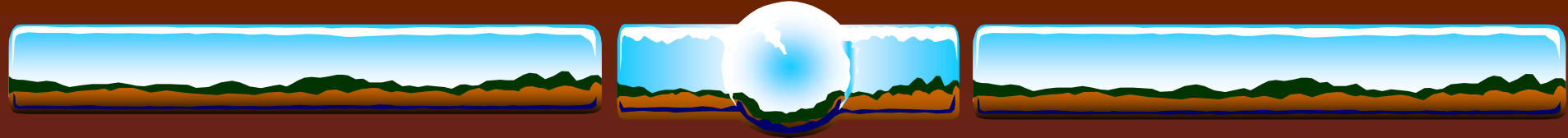


New Mexico Public Regulation Commission
Public Service Company of New Mexico Gas
Service's Energy Efficiency Program

Approved - December 13, 2005.

Programs will be implemented in February 2006.
(PNM will use its best efforts to implement the
Programs within six (6) weeks following approval.)

Authorized by the *Efficient Use of Energy Act* and
approved by the NMPRC.

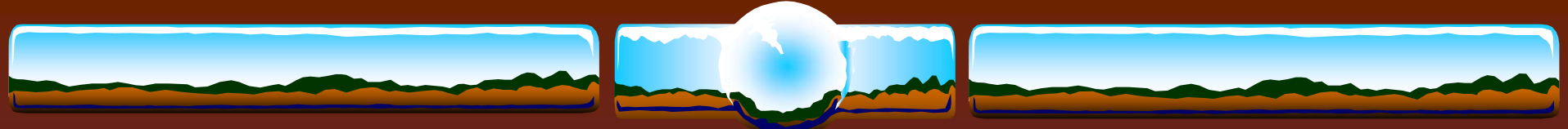


The parties in the case stipulated and proposed to the Commission, programs based on cost effectiveness and the likely appeal to gas residential customers.

The package of energy efficiency programs to residential customers are:

- *\$10 rebate on the purchase of a water heater insulation blanket;

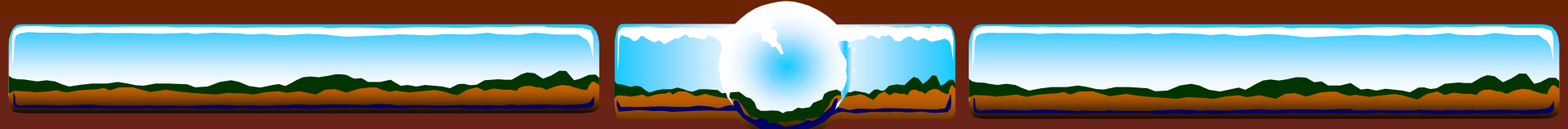
- *\$25 rebate on the purchase of an ENERGY STAR ® programmable thermostat;



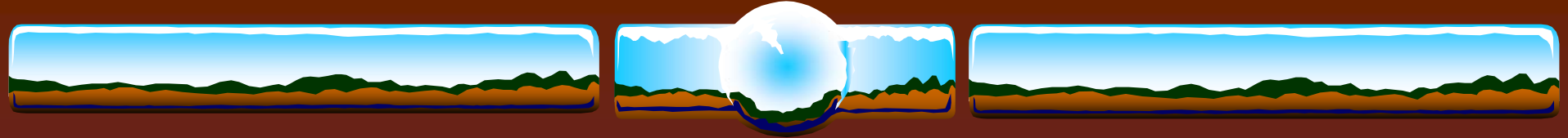
*25% rebate, up to \$500, on participating contractor-installed insulation and weatherization measures; and,

*Various rebates for participating contractor-installed gas efficiency products:

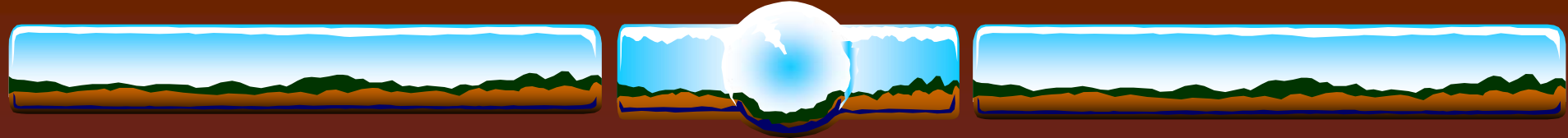
- ENERGY STAR thermostats (\$40).
- Hot water heater insulation blankets (\$15).

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- Hot water pipe insulation (\$5).
 - Low-flow showerheads (\$8).

PNM will also contribute approximately \$500,000 to New Mexico Weatherization Assistance Programs administered by the New Mexico Mortgage Finance Authority. The funds will be used to help weatherize the homes of low-income PNM customers.



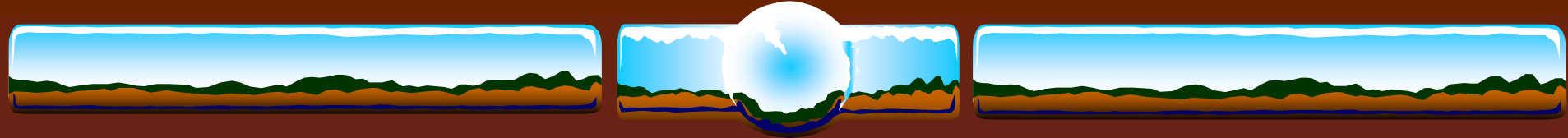
Program	Yearly Participation	Annual Gas Savings (therms)
Water Heater Tank Wrap	3,500	89,224
Energy Star Thermostats	3,500	87,182
Residential Insulation and Weatherization	700	118,153
Gas Efficiency Product Bundle	800	52,531
Low Income Weatherization Contract	317	56,662
Total	8,817	403,753



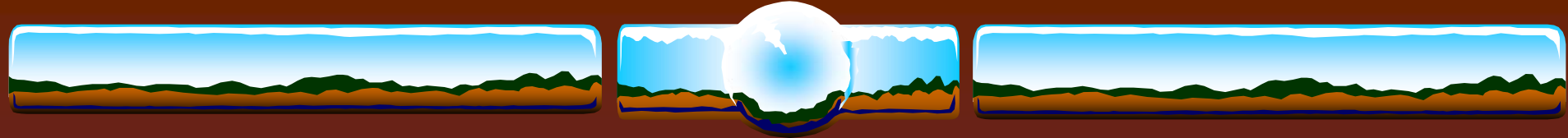
Participating customers collectively, will be able to save approximately 6,689,775 therms over the life of the measures for each year the Programs are offered.

Rate Rider 15 will commence with the first billing cycle in April 2006.

- The rate is \$0.0075 per therm.
- \$0.44 per month for the average residential customer's bill.
- Complies with the EEA's 1.5% cap on collections of energy efficiency program cost from customers.



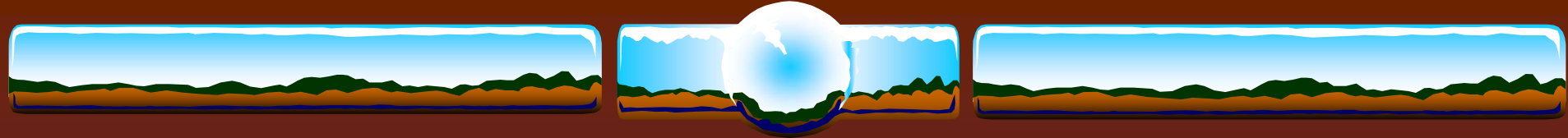
- Will help increase customer awareness of energy efficiency, provide incentives that will increase energy efficiency, stimulate the market for energy efficiency products and give PNM additional experience as it develops future gas and electric efficiency programs.
- PNM will file its next residential gas application no later than December 31, 2006.



Participants – New Mexico Photo Voltaic (PV) Program

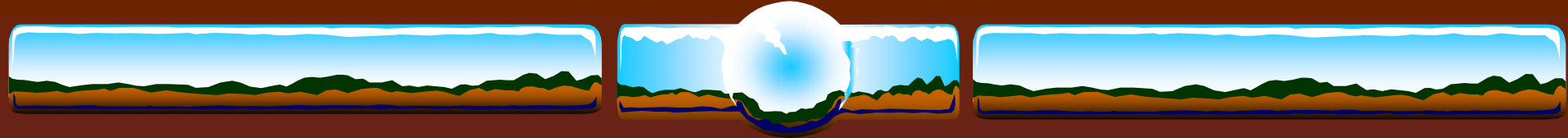
Participants will receive a monthly invoice documenting:

- the number of kwh produced by the PV system;
- the number of Renewable Energy Credits (RECs) purchased by PNM;
- the purchase price per REC; and,
- the total price of RECs purchased from the participant by PNM that billing period.



Small PV Program participants will be charged a one-time, non-refundable application fee to cover the costs of processing the applications, system inspections, and the cost of the second meter required to measure REC production.

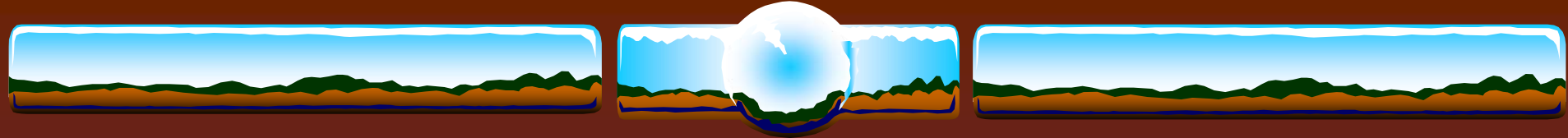
This REC meter should be physically located near the existing billing meter so that the meters can be read simultaneously by PNM.



PNM estimates that this program will produce 400,140 kWh in 2006 and 610,740 kWh in 2007.

The Small PV Program is a 12-year program to provide RECs associated with an estimated 18,701,280 kWh with a total program cost of \$2,781,166.

The cost per REC for this program works out to be \$0.15 per kWh. That is also the price cap set in Case 04-00253-UT for solar projects sized at 10 kilowatts and under.



At \$0.15 per kWh for this resource, the cost would be about \$60,000 in 2006 and \$92,000 in 2006.

The Small PV Program would account for about 0.32% of PNM's projected net RPS requirements in 2006 and 0.36% in 2007.

Cost for the Small PV Program will be treated as a regulatory asset to be recovered through rates established in future rate proceedings.



Case No. 05-00189-UT

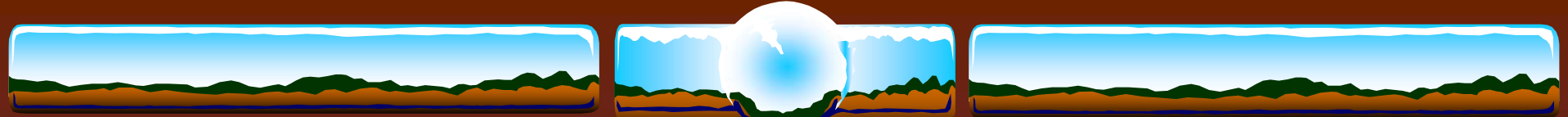
Docketed April 7, 2005

Addresses the requirements of the Efficient Use of Energy Act

Sets up workshops to develop standards relating to energy efficiency and load management programs

Phase I – creating guidelines to be followed by public utilities

- Saving, goals and targets informed by energy efficiency potential studies

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- Policies for program filings, cost-effectiveness testing, measurement and verification and annual reporting;
 - Policies on removing utility disincentives;
 - Policies for industrial self-direct programs; and
 - Establishment of collaborative

Phase II – developing a proposed IRP rule

Schedule:

Pre-workshop conference – 06-21-05



Public workshop – 08-16-05

Sub-groups continuing next on 10-6-05 with single working document

Sub-groups continued through 02-02-06 to develop a final draft/working document for the Hearing Examiner to consider for presentation to the Commission.

Parties:

Electric utilities: PNM, SPS, EPE

Gas utilities: PNM, Zia

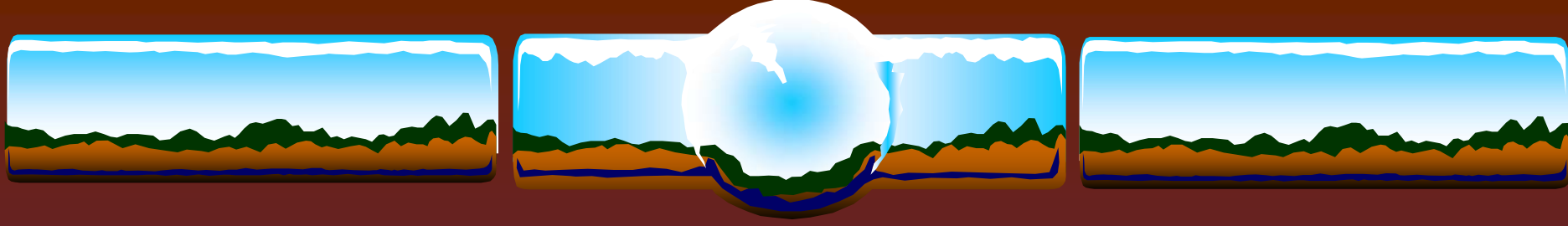
Others: NMRECA, NMIEC, ENMR, AARP,



CCAIE, CANM, AG, NRDC, and the NM
Mortgage Finance Authority (NMMFA),

Once a Rule, or at a minimum a guideline, which outlines the NMPRC approval process of energy efficiency programs is established, the utilities will be required to submit programs for consideration.

IT'S A LONG SLOW PROCESS!!



Commissioner E. Shirley Baca

New Mexico Public Regulation Commission

1120 Paseo de Peralta/P.O. Box 1269

Santa Fe, New Mexico 87504

505-827-8020