



**2024 ANNUAL REPORT FOR ENERGY EFFICIENCY PROGRAMS
PROGRAM YEAR 2023**

NMPRC EFFICIENT USE OF ENERGY RULE 17.7.2 NMAC

JULY 29, 2024

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Attachment A:

EVALUATION OF THE 2022 EL PASO ELECTRIC ENERGY EFFICIENCY PROGRAMS

Section I. Executive Summary

Introduction

El Paso Electric Company (“EPE”) submits its annual report on the performance of EPE’s Energy Efficiency Programs for calendar year 2023 (“2023 Programs”). This Annual Report for Energy Efficiency Programs (“Annual Report”) covers the program period from January 1, 2023, through December 31, 2023, and relies on the statewide independent evaluator’s report, *Evaluation of the 2023 El Paso Electric Energy Efficiency Programs* (“M&V Report”) prepared by EcoMetric Consulting LLC (“EcoMetric”). The M&V Report is included as Attachment A. The programs evaluated in this Annual Report were approved by the New Mexico Public Regulation Commission (“NMPRC” or “Commission”) as part of EPE’s 2022-2024 Energy Efficiency and Load Management Plan (“EE/LM Plan”) in accordance with 17.7.2.8(A) NMAC. The Commission Final Order approving EPE’s EE/LM Plan was issued November 30, 2022, in NMPRC Case No. 21-00114-UT. As more fully reported below, EPE’s 2023 EE/LM Portfolio achieved cost effectiveness of 1.19 as measured by the Utility Cost Test (“UCT”).

Summary of Results

The following 2023 Programs are included in this Annual Report:

- Smart Students Program
- Residential Comprehensive Program
- Residential Lighting Program
- ENERGY STAR® New Homes Program
- Residential Marketplace Program
- Residential Load Management Program
- EnergySaver (Low Income) Program
- Energy\$mart (Low Income) Program
- Commercial Comprehensive Program
- SCORE Plus Program
- Commercial Load Management Program

Results are based upon the M&V Report by EcoMetric.

The following is a summary of the overall results¹:

- EPE’s 2023 EE/LM Portfolio achieved cost effectiveness of 1.19 as measured by the UCT.² The majority of the 2023 Programs were cost effective.
- The total annual net energy savings were 17,667,997 kilowatt-hours (“kWh”) at the customer meter.
- The total 2023 Programs expenditures were \$5,566,077.
- The total amount collected through Rate No. 17 – Efficient Use of Energy Recovery Factor (“EUERF”) was \$5,471,863.

¹ Totals in tables may not tie due to rounding.

² A UCT of greater than or equal to one indicates the cost effectiveness of the energy efficiency portfolio or program.

Table 1 shows the total number of participants or units, the verified annual demand and energy savings, the lifetime energy savings, and the total program costs for the 2023 Programs.

Table 1 - Verified 2023 Results Summary

| Program | Participants or Units | Annual Savings (kW)** | Annual Savings (kWh)** | Lifetime Savings (kWh) | Total Program Expenses* |
|-----------------------------------|-----------------------|-----------------------|------------------------|------------------------|-------------------------|
| Educational | | | | | |
| Smart Students Program | 7,118 | 83 | 797,606 | 7,529,397 | \$ 314,683 |
| Residential | | | | | |
| Residential Comprehensive Program | 783 | 443 | 842,131 | 14,432,275 | \$ 491,915 |
| Residential Lighting Program*** | 17 | 555 | 3,292,175 | 30,913,524 | \$ 493,977 |
| ENERGY STAR New Homes Program | 409 | 196 | 69,744 | 672,192 | \$ 391,565 |
| Marketplace Program | 103 | 4 | 413,850 | 8,696,271 | \$ 144,653 |
| Residential Load Management | 3,144 | 2,812 | 77,181 | 771,810 | \$ 281,111 |
| Low Income | | | | | |
| EnergySaver Program | 575 | 214 | 429,179 | 5,946,733 | \$ 289,958 |
| EnergySmart Program | 37 | 263 | 852,016 | 12,674,426 | \$ 478,695 |
| Commercial | | | | | |
| Commercial Comprehensive Program | 57 | 319 | 2,159,788 | 26,926,111 | \$ 428,851 |
| SCORE Plus Program | 27 | 1,435 | 8,729,961 | 107,410,243 | \$ 2,048,288 |
| Commercial Load Management | 7 | 1,196 | 4,367 | 4,367 | \$ 202,382 |
| TOTAL | 12,277 | 7,519 | 17,667,997 | 215,977,349 | \$ 5,566,077 |

* Internal administration costs of \$211,956 are recovered through base rates and included in the Total Program Expenses of EPE's Commission-approved 2022-2024 Plan.

** Numbers may not tie to EMV Report or foot, due to rounding.

***170,772 bulbs were sold at 17 participating retail locations.

Table 2 presents the 2023 Benefit-Cost Analysis by Program based on the net present value ("NPV") of the 2023 Programs' benefits, expenses, and the program and portfolio UCT ratios. In accordance with the New Mexico Efficient Use of Energy Act ("EUEA") NMSA 1978 Section 62-17-5, EPE's portfolio of programs meets the UCT cost-effectiveness standard.

Table 2 - 2023 Benefit-Cost Analysis by Program

| Program | NPV of Benefits (a) | NPV of Expenses (b) | UCT (a ÷ b) |
|-------------------------------------|---------------------|---------------------|-------------|
| Educational | | | |
| Smart Students Program | \$ 155,214 | \$ 291,878 | 0.53 |
| Residential | | | |
| Residential Comprehensive Program | \$ 669,900 | \$ 516,784 | 1.30 |
| Residential Lighting Program | \$ 825,568 | \$ 467,522 | 1.77 |
| ENERGY STAR New Homes Program | \$ 358,775 | \$ 373,251 | 0.96 |
| Marketplace Program | \$ 10,282 | \$ 158,479 | 0.06 |
| Residential Load Management Program | \$ 335,144 | \$ 305,930 | 1.10 |
| Low Income | | | |
| EnergySaver Program | \$ 384,818 | \$ 288,779 | 1.33 |
| EnergySmart Program | \$ 485,404 | \$ 454,603 | 1.07 |
| Commercial | | | |
| Commercial Comprehensive Program | \$ 613,337 | \$ 468,547 | 1.31 |
| SCORE Plus Program | \$ 2,625,948 | \$ 2,014,161 | 1.30 |
| Commercial Load Management Program | \$ 139,112 | \$ 226,143 | 0.62 |
| PORTFOLIO UCT | \$ 6,603,499 | \$ 5,566,077 | 1.19 |

*NPV is provided by EcoMetric Consulting, LLC in their independent evaluation results in Attachment A.

2023 Cumulative Program Goals and 2021-2025 Program Goals

Table 3 provides the annual and cumulative energy savings achieved from 2008 through 2023. The EUEA required that EPE achieve cumulative savings of 65,815,596 kWh by 2014, which was equal to five percent (5%) of EPE's 2005 retail sales, and 105,304,953 kWh by 2020, which was equal to eight percent (8%) of EPE's 2005 retail sales. EPE's cumulative energy savings of 72,485,216 kWh through 2014 exceeded the 2014 savings requirement specified in the EUEA. EPE's cumulative energy savings of 163,517,159 through 2020 exceeded the 2020 savings target by approximately 55%.

By the end of 2023, EPE had achieved a total cumulative savings of 196,278,836 kWh. The 2023 cumulative savings includes all annual savings for program years 2008 through 2023, less the expired 2008 through 2010 kWh savings.

Table 3 - 2023 Cumulative Energy Savings

| Year | Portfolio EUL | Annual kWh Savings | Annual Expired | Cumulative kWh Savings | EUEA Goal |
|--------------|---------------|--------------------|----------------|------------------------|-------------|
| 2008 | 7 | 855,912 | | 855,912 | |
| 2009 | 11 | 4,667,928 | | 5,523,840 | |
| 2010 | 13 | 5,169,908 | | 10,693,748 | |
| 2011 | 13 | 14,728,590 | | 25,422,338 | |
| 2012 | 13 | 13,537,655 | | 38,959,993 | |
| 2013 | 11 | 12,832,995 | | 51,792,988 | |
| 2014 | 13 | 20,692,228 | | 72,485,216 | 65,815,596 |
| 2015 | 13 | 15,729,342 | | 88,214,558 | |
| 2008 Expired | | | (855,912) | 87,358,646 | |
| 2016 | 13 | 18,213,422 | | 105,572,068 | |
| 2017 | 14 | 12,729,242 | | 118,301,310 | |
| 2018 | 14 | 17,216,718 | | 135,518,028 | |
| 2019 | 12 | 16,549,072 | | 152,067,100 | |
| 2020 | 16 | 16,117,987 | | 168,185,087 | 105,304,953 |
| 2009 Expired | | | (4,667,928) | 163,517,159 | |
| 2021 | 17 | 12,520,086 | | 176,037,245 | |
| 2022 | 12 | 7,743,502 | | 183,780,747 | |
| 2010 Expired | | | (5,169,908) | 178,610,839 | |
| 2023 | 12 | 17,667,997 | | 196,278,836 | |
| 2024 | | | | | |
| 2025 | | | | | 78,872,865 |

* The 2025 statutory goal requires that EPE achieve savings of not less than 78,872,865 kWh or about 15,774,573 kWh of annual savings in 2021 through 2025.

The 2019 amendment to the EUEA requires that EPE achieve energy savings of not less than five percent (5%) of EPE's 2020 retail sales from its EE and LM programs implemented in years 2021 through 2025. Based on actual 2020 retail sales, EPE programs will have to achieve 78,872,865 kWh or, on average, 15,774,573 kWh of annual savings in the years 2021 through 2025 to meet the 2025 statutory goal.

For the 2021-2025 reporting period, EPE's projects it will achieve 97.5% of the EUEA target, as

of the filing date of its Application in NMPRC Case No. 24-00154-UT.

Section II. Program Descriptions

Educational Program

Smart Students Program

The Smart Students Program consists of the LivingWise® educational kit and the new FutureWise educational kit. The LivingWise® kit is an effective community outreach tool that teaches fifth grade students to use energy more efficiently in their homes. The FutureWise kit serves as an effective outreach tool that helps high school students learn how to read utility bills, how to save money on energy usage and more. The LivingWise® and FutureWise kits are available at no cost to the teacher, school district or students and improve energy efficiency awareness. The Smart Students Program identifies and enrolls students and teachers; provides them with an educational kit that contains energy saving devices and educational materials. Students install the devices in their home and complete a home energy audit report. AM Conservation Group, Inc. implements and manages this program. There is still a residual effect from the COVID pandemic that caused attrition with seasoned teachers leaving the profession and new teachers beginning. The program is building back rapport with the new teachers. In 2023, a total of 7,118 kits were provided to students and teachers with a net savings of 797,606 kWh.

Residential Programs

Residential Comprehensive Program

The Residential Comprehensive Program consists of residential rebates and appliance recycling rebates. Residential rebates are offered for building envelope and weatherization measures to include air infiltration, duct sealing, ceiling and floor insulation, solar screens, evaporative coolers, refrigerated air conditioners, heat pump water heaters, room air conditioners, as well as ENERGY STAR® cool roofs, windows, smart thermostats, solar attic fans, induction cooking, and pool pumps. The rebates are paid directly to the customer, or upon customer approval, can be paid to the contractors that perform the installation. Frontier Energy, Inc. administers the rebate process. EPE promoted this program through various outreach methods including advertising, customer newsletters and targeted outreach to contractors that install these measures.

Appliance Recycling offered rebates for appliance recycling to remove older refrigerators, freezers, and window air conditioners from the grid. The rebates were paid directly to the customer. ARCA Recycling, Inc. administered and implemented the collection, recycling, and rebate process until they went out of business in August 2023.

In 2023, a total of 783 rebates were processed with a net savings of 842,131 kWh.

Residential Lighting Program

The Residential Lighting Program provides incentives in the form of markdowns at retail locations. The program encourages customers to replace their existing inefficient light bulbs with more energy efficient Light Emitting Diodes (“LED”) lighting. CLEAResult Consulting, Inc. provides outreach and administration for this program. A total of 17 retail locations participated in this program. EPE promoted the Residential Lighting Program through social media, and point-of-purchase displays in stores. EPE and CLEAResult staff also supported the program by conducting

outreach events at various participating retailers.

Pursuant to the Commission's Final Order in Case No. 18-00116-UT, page 5, paragraph 13, CFLs and halogen lighting were phased out prior to 2019. 100% of the lighting products distributed through the Residential Lighting Program since 2019 were LEDs. EPE's Residential Lighting Program continues to encourage the use of efficient LED lighting and remains cost effective. A total of 170,772 bulbs were sold and distributed through this program, with a net savings of 3,292,175 kWh.

ENERGY STAR® New Homes Program

The ENERGY STAR® New Homes Program provides incentives for homebuilders to construct energy efficient homes that exceed 2009 International Energy Conservation Code ("IECC") standards. EPE offered homebuilders two incentive paths depending on which best fits their needs. The Performance Path provides tiered incentive levels for new homes that exceed the current IECC building code goals by ten percent. The Prescriptive Path provides incentives for measures that exceed building code requirements. The installation of a combination of measures includes ENERGY STAR® lighting, refrigerators, radiant barriers, insulation, solar attic fans, induction cooking, pool pumps, and refrigerated air conditioning. ICF, Inc. implements and manages this program. EPE promoted this program through virtual informational training sessions for homebuilders and real estate agents in the area. EPE provided yard signs for homes in the Performance Path, advertising that their homes were more energy efficient than other homes in the area. EPE targeted its marketing efforts through the Las Cruces Home Builders Association and its trade magazine. In 2023, 409 homes participated in this program and had a net savings of 413,850 kWh.

Marketplace Program

The Marketplace Program provides eligible residential customers instant rebates through an online marketplace for installing energy efficiency measures. The EPE Marketplace will offer customers a variety of energy-efficient products including smart thermostats, lighting products, window air conditioners, air purifiers, energy saving kits, and advanced power strips. Simple Energy implements and manages this program. Residential customers are informed of products and promotions through social media, direct email marketing, and the monthly El Paso Electric Customer Newsletter. In 2023, 103 participants had a net savings of 69,744 kWh.

Residential Load Management Program

The Residential Load Management Program provides incentives to participating residential customers that provide voluntary load curtailment during the peak demand season of June 1 through September 30. EPE has the capability of remotely adjusting participating customers' internet-enabled smart thermostats during load management events to relieve peak load. Customers receive a \$25 incentive for the purchase and enrollment of a new internet enabled smart thermostat or for registering an existing qualifying unit. Customers may also receive an additional \$50 rebate for the purchase and enrollment of a new internet enabled smart thermostat through EPE's Online Marketplace. EPE and Uplight, Inc., the program implementer, targeted customers through online advertisements, email, direct mail, and social media. There were 3,144 units that participated in the load management season with a net savings of 77,181 kWh and 2,812 kW.

The times and durations of the residential load curtailment events are shown in Table 4.

Table 4 - Residential Load Management Events

| Event Date | Start Time | End Time | Duration (Hr) |
|-------------------------|------------|----------|---------------|
| 6/10/2023 | 4:00 PM | 8:00 PM | 4.0 |
| 6/13/2023 | 3:00 PM | 5:00 PM | 2.0 |
| 7/11/2023 | 3:00 PM | 5:00 PM | 2.0 |
| 7/18/2023 | 3:00 PM | 5:00 PM | 2.0 |
| 7/19/2023 | 3:00 PM | 5:00 PM | 2.0 |
| 7/20/2023 | 3:30 PM | 5:30 PM | 2.0 |
| 6 Events in 2023 | | | 14.0 |

Low Income Programs

EnergySaver Program

The EnergySaver Program offers income-qualified customers a variety of energy efficiency measures at no cost. Qualification for the Program is based on an annual household income at or below 200 percent of the federal poverty guidelines. Frontier Energy, Inc. administered and tracked the results of this program, and EnergyWorks identified customers and implemented the direct installs. Homes with refrigerated air conditioning qualified for LEDs, ceiling insulation, air infiltration, duct sealing, advanced power strips and smart thermostats. Homes with evaporative coolers qualified for LEDs, advanced power strips and installation of a high-efficiency evaporative cooler replacement. In 2023, EPE continued to expand our efforts to help low-income customers by installing 77 evaporative coolers. Of those homes eligible for an evaporative cooler upgrade that had natural gas heat, ceiling insulation was also added. Homes with electric water heaters also qualified for low flow kitchen and bathroom faucet aerators, low-flow showerheads, and water heater pipe and tank insulation. Advanced power strips, smart thermostats and evaporative cooler upgrades, water heater pipe and tank insulation were measures added in 2019. El Paso Electric collaborates with a variety of community organizations, church groups, and low-income service providers, and continued to combine energy efficiency services with other utilities, when possible, to provide customers a more comprehensive whole-home approach to energy efficiency. EPE promoted this program through outreach utilizing referrals, advertising, and customer newsletters. EPE and EnergyWorks also targeted customers through educational events at various Community Senior Centers.

The results are shown in Table 5.

Table 5 - 2023 NM EnergySaver Program Summary

| | Unique Home Count | Home Count* | Measure Count ** | Expected Gross kW Savings*** | Expected Gross kWh Savings*** |
|---|-------------------|-------------|------------------|------------------------------|-------------------------------|
| Building Envelope (Evap. Coolers, Insulation, Air Infiltration, Duct Efficiency) | | 153 | 153 | 202 | 324,031 |
| Water Heating (Low Flow Showerheads, Aerators, Pipe Wrap, Water Heater Jackets) | | 109 | 139 | 1 | 21,318 |
| LED Lighting | | 223 | 2,486 | 10 | 75,067 |
| Small Energy Devices (Advanced Power Strips, Smart Thermostats) | | 90 | 96 | 1 | 8,763 |
| Total | 132 | 575 | 2,874 | 214 | 429,179 |

* Home Count - Homes may have multiple measures installed and thus counted more than once in this sum.

** Measure Count - Number of units based on measure type, i.e., individual bulbs, aerators, showerheads, etc. Ceiling insulation count = sq. ft. insulated, pipe wrap count = total feet of pipe wrapped.

*** Reference the M&V Report in Attachment A.

This program had 575 participants and had a net savings of 429,179 kWh.

Energy\$mart Program

The Energy\$mart Program provides income-qualified customers energy efficiency measures for both single family homes and multi-family homes. NM Mortgage Finance Authority ("MFA"), a self-supporting quasi-governmental entity, implements and manages this program. MFA can access additional funding for our New Mexico community, leveraging federal incentives, tax credits and deductions, and energy financing to help pay for more expensive retrofits. The program had 37 participants and had a net savings of 852,016 kWh.

Commercial Programs

Commercial Comprehensive Program

The Commercial Comprehensive Program provides energy efficiency incentives and rebates for commercial customers whose annual average of monthly peak demand is up to and including 100 kilowatts ("kW"). Incentives and rebates are offered for lighting, lighting controls, heating, ventilation, and air conditioning ("HVAC"), HVAC controls, and more, as well as custom projects. Frontier Energy, Inc. implements the program, administers the incentive and rebate process, and tracks the results of the program. EPE advertised the Commercial Comprehensive Program through television, print, digital, and business events. To further promote this program, EPE and Frontier Energy, Inc. reached out to electrical and HVAC contractors and distributors, and property managers. A program kick-off meeting was organized to provide interested participants with program information.

EPE's Commercial Comprehensive Program continues to encourage the use of efficient LED lighting and remains cost effective.

Table 6 shows the participation rates for each type of light in the program below.

Table 6 - 2023 Commercial Comprehensive Lighting Participation Rates

| Fixture Type | Expected Gross kWh Savings* | % |
|-------------------------------------|-----------------------------|---------------|
| Halogen | 0 | 0.0% |
| High Intensity Discharge (HID) | 0 | 0.0% |
| Integrated-ballast CFL Lamps | 0 | 0.0% |
| Integrated-ballast CCFL Lamps | 0 | 0.0% |
| Modular CFL and CCFL Fixtures | 0 | 0.0% |
| Integrated-ballast LED Lamps | 27,512 | 1.4% |
| Light Emitting Diode (LED) Fixtures | 1,390,755 | 72.2% |
| Light Emitting Diode (LED) Tubes | 492,269 | 25.5% |
| Linear Fluorescent | 0 | 0.0% |
| Lighting Controls | 16,402 | 0.9% |
| Total | 1,926,938 | 100.0% |

* Expected Gross kWh savings are only for the lighting and controls components of the Program.

The Commercial Comprehensive Program had 57 participants and had a net savings of 2,159,788 kWh.

SCORE Plus Program

The SCORE Plus Program offers customer incentives, technical support, and outreach services to commercial customers with an annual average of monthly peak demand greater than 100 kW, as well as schools and government facilities, regardless of their average demand. This program offers incentives for a range of energy efficiency measures including lighting, lighting controls, HVAC upgrades, HVAC controls, and more, as well as custom projects. CLEAResult Consulting, Inc. actively recruits eligible customers and identifies energy efficiency improvements that could be made to their facilities. CLEAResult also assisted customers in the program application process. EPE promoted this program through direct customer and contractor contact.

In 2023, the SCORE Plus Program had a total of 27 participants and had net energy savings of 8,729,961 kWh through various energy efficiency measures.

Commercial Load Management Program

The Commercial Load Management Program provides incentives to participating commercial customers that provide voluntary load curtailment during the peak demand season of June 1 through September 30. Incentives are based on verified demand savings that customers achieve for participating in load management events called by EPE. Trane U.S. Inc. actively recruits eligible customers and provides a detailed evaluation of building operations to estimate optimal load shedding options, installation and integration of controls as needed, enabling real-time energy use monitoring. Trane calculates and verifies demand savings and dispenses incentive payments. An enrolled participant elected to opt out of the EPE load management season due to equipment failure for the second consecutive year. The 2023 load management season had two participants with seven sites that had net savings of 4,367 kWh and a total demand reduction of 1,196 kW.

The times and durations of the load curtailment events are shown in Table 7 below.

Table 7 - Commercial Load Management Events

| Event Date | Start Time | End Time | Duration (Hr) |
|-------------------------|-------------------|-----------------|----------------------|
| 6/9/2023 | 3:00 PM | 5:00 PM | 2.0 |
| 6/19/2023 | 5:00 PM | 7:00 PM | 2.0 |
| 6/28/2023 | 3:00 PM | 5:00 PM | 2.0 |
| 7/6/2023 | 3:00 PM | 5:00 PM | 2.0 |
| 7/7/2023 | 3:00 PM | 5:00 PM | 2.0 |
| 7/12/2023 | 3:00 PM | 5:00 PM | 2.0 |
| 7/13/2023 | 3:00 PM | 5:00 PM | 2.0 |
| 7/19/2023 | 3:00 PM | 5:00 PM | 2.0 |
| 7/20/2023 | 4:00 PM | 6:00 PM | 2.0 |
| 9 Events in 2023 | | | 18.0 |

Section III. Energy Efficiency Rule Reporting Requirements

Section III of the Annual Report provides program information to comply with the EUEA as required by the NMPRC Energy Efficiency Rule 17.7.2.14.

Documentation of Program Expenditures

Table 8 shows the 2023 expenses by program. The Commission approved EPE's 2023 Program budget in accordance with 17.7.2.8(A) NMAC. All 2023 Program expenses were tracked through a unique work order number. Likewise, all revenue collected through EPE's EUERF was booked to a separate work order number. The total 2023 program expenses were \$5,566,077 of the approved \$6,357,367 budget or about 88% percent of the budget.

Table 8 - 2023 Program Expenditures

| Programs | Administration* | Marketing and R&D | M&V | Customer Incentives | Total Program Expenses |
|-----------------------------------|---------------------|-------------------|-------------------|---------------------|------------------------|
| Educational | | | | | |
| Smart Students Program | \$ 19,457 | \$ 4,185 | \$ 18,619 | \$ 272,422 | \$ 314,683 |
| Residential | | | | | |
| Residential Comprehensive Program | \$ 162,728 | \$ 7,605 | \$ 20,573 | \$ 301,009 | \$ 491,915 |
| Residential Lighting Program | \$ 181,483 | \$ 7,220 | \$ 19,530 | \$ 285,745 | \$ 493,977 |
| ENERGY STAR New Homes Program | \$ 176,097 | \$ 4,978 | \$ 13,466 | \$ 197,025 | \$ 391,565 |
| Marketplace Program | \$ 137,286 | \$ 170 | \$ 460 | \$ 6,736 | \$ 144,653 |
| Residential Load Management | \$ 145,858 | \$ 3,125 | \$ 8,453 | \$ 123,675 | \$ 281,111 |
| Low Income | | | | | |
| EnergySaver Program | \$ 55,275 | \$ 5,422 | \$ 14,667 | \$ 214,595 | \$ 289,958 |
| EnergySmart Program | \$ 70,583 | \$ 9,429 | \$ 25,505 | \$ 373,178 | \$ 478,695 |
| Commercial | | | | | |
| Commercial Comprehensive | \$ 170,471 | \$ 5,969 | \$ 16,148 | \$ 236,263 | \$ 428,851 |
| SCORE Plus Program | \$ 1,053,970 | \$ 22,972 | \$ 62,141 | \$ 909,206 | \$ 2,048,288 |
| Commercial Load Management | \$ 150,090 | \$ 1,208 | \$ 3,268 | \$ 47,816 | \$ 202,382 |
| TOTAL | \$ 2,323,296 | \$ 72,284 | \$ 202,828 | \$ 2,967,668 | \$ 5,566,077 |

* Administration includes EPE's internal administration costs of \$211,955.51 recovered through base rates, therefore those costs are not Recovered in Rate No. 17 – EUERF.

Table 9 shows the breakdown of customer incentives by rate class.

Table 9 - Customer Incentives by Rate Class

| Program | Residential NMRT01 | Small Commercial NMRT03 | General Service NMRT04 | City and County NMRT07 | State University NMRT26 | Total Participant Incentives |
|-----------------------------------|-----------------------|-------------------------------|------------------------------|------------------------------|-------------------------------|------------------------------------|
| Educational | | | | | | |
| Smart Students Program | \$ 272,422 | \$ 0 | \$ 0 | \$ 0 | | \$ 272,422 |
| Residential | | | | | | |
| Residential Comprehensive Program | \$ 426,498 | \$ 0 | \$ 0 | \$ 0 | | \$ 426,498 |
| Residential Lighting Program | \$ 446,819 | \$ 0 | \$ 0 | \$ 0 | | \$ 446,819 |
| ENERGY STAR New Homes Program | \$ 359,049 | \$ 0 | \$ 0 | \$ 0 | | \$ 359,049 |
| Residential Marketplace | \$ 131,736 | | | | | |
| Residential Load Management | \$ 206,395 | \$ 0 | \$ 0 | \$ 0 | | \$ 206,395 |
| Low Income | | | | | | |
| EnergySaver Program | \$ 238,803 | \$ 0 | \$ 0 | \$ 0 | | \$ 238,803 |
| EnergySmart Program | \$ 417,108 | \$ 0 | \$ 0 | \$ 0 | | \$ 417,108 |
| Commercial | | | | | | |
| Commercial Comprehensive | \$ 0 | \$ 183,660 | \$ 52,602 | \$ 0 | | \$ 236,263 |
| SCORE Plus Program | \$ 0 | \$ 193,846 | \$ 690,979 | \$ 21,106 | \$ 3,275 | \$ 905,931 |
| Commercial Load Management | \$ 0 | \$ 0 | \$ 0 | \$ 47,816 | | \$ 47,816 |
| TOTAL | \$ 2,498,830 | \$ 377,506 | \$ 743,581 | \$ 68,922 | \$ 3,275 | \$ 3,557,103 |

EPE did not make any adjustments to expenditures in plan year 2023. Table 10 shows the budgeted amounts, the program expenditures, and the variances for each program during 2023. The variances in individual program costs from the budgeted amounts were primarily due to customer participation being lower or higher than projected. A Commercial Load Management Program participant elected to opt out of the EPE load management season due to equipment failure for the third consecutive year.

Table 10 - Budget Variances

| Program | 2023 Approved Budget | 2023 Actual Expenses | Variance % |
|------------------------------------|----------------------------|-------------------------|-------------|
| Educational | | | |
| Smart Students Program | \$ 143,935 | \$ 314,683 | 119% |
| Residential | | | |
| Residential Comprehensive Program | \$ 1,100,897 | \$ 491,915 | -55% |
| Residential Lighting Program | \$ 409,802 | \$ 493,977 | 21% |
| ENERGY STAR New Homes Program | \$ 404,313 | \$ 391,565 | -3% |
| Marketplace Program | \$ 241,569 | \$ 144,653 | -40% |
| Residential Load Management | \$ 367,913 | \$ 281,111 | -24% |
| Low Income | | | |
| EnergySaver Program | \$ 860,499 | \$ 289,958 | -66% |
| EnergySmart Program | \$ 339,003 | \$ 478,695 | 41% |
| Commercial | | | |
| Commercial Comprehensive Program | \$ 513,314 | \$ 428,851 | -16% |
| SCORE Plus Program | \$ 1,608,016 | \$ 2,048,288 | 27% |
| Commercial Load Management Program | \$ 368,105 | \$ 202,382 | -45% |
| TOTAL | \$ 6,357,367 | \$ 5,566,077 | -12% |

Estimated and Actual Customer Participation and Savings Levels

Table 11 presents the estimated and actual customer participation levels, annual energy savings, and annual peak demand savings for each program.

Table 11 - Estimated vs. Actual

| Program | Estimated Participants or Units | Actual Participants or Units | Estimated Savings (kWh) | Actual Savings (kWh) | Estimated Savings (kW) | Actual Savings (kW) |
|-----------------------------------|--|---|--|-------------------------------------|---------------------------------------|------------------------------------|
| Educational | | | | | | |
| Smart Students Program | 5,000 | 7,118 | 1,787,089 | 797,606 | 306 | 83 |
| Residential Comprehensive Program | 2,046 | 632 | 2,845,595 | 770,741 | 1,582 | 425 |
| Residential Lighting Program | 145,189 | 17 | 3,746,692 | 3,292,175 | 636 | 555 |
| ENERGY STAR New Homes Program | 490 | 409 | 510,271 | 413,850 | 238 | 196 |
| Marketplace Program | 10,910 | 103 | 947,495 | 69,744 | 143 | 4 |
| Residential Load Management | 4,797 | 3,144 | 443,859 | 77,181 | 3,676 | 2,812 |
| EnergySaver Program | 1,712* | 575 | 1,823,689 | 429,179 | 806 | 214 |
| EnergySmart Program | 60 | 37 | 432,599 | 852,016 | 218 | 263 |
| Commercial Comprehensive Program | 225 | 57 | 2,298,176 | 2,159,788 | 325 | 319 |
| SCORE Plus Program | 102 | 27 | 6,630,633 | 8,729,961 | 1,039 | 1,435 |
| Commercial Load Management | 10 | 7 | 80,559 | 4,367 | 4,056 | 1,196 |
| TOTAL | 170,541 | 12,126 | 21,546,657 | 17,596,607 | 13,026 | 7,501 |

* NM EnergySaver Program Estimated Participants or Units = Home count. Homes may have multiple measures installed and thus counted more than once in this sum.

Estimated and Actual Costs (Expenses) and Avoided Costs (Benefits)

Table 12 presents the net present value of estimated and actual monetary expenses and benefits for each program.

Table 12 - Estimated and Actual Costs (Expenses) and Avoided Costs (Benefits)

| | Estimated NPV of Monetary Costs | Actual NPV of Monetary Costs | Estimated NPV of Monetary Benefits | Actual NPV of Monetary Benefits |
|-----------------------------------|---------------------------------|------------------------------|------------------------------------|---------------------------------|
| Smart Students Educational | | | | |
| Smart Students Program | \$ 143,935 | \$ 291,878 | \$ 146,730 | \$ 155,214 |
| Residential | | | | |
| Residential Comprehensive Program | \$ 1,100,897 | \$ 516,784 | \$ 2,078,952 | \$ 669,900 |
| Residential Lighting Program | \$ 409,802 | \$ 467,522 | \$ 1,452,623 | \$ 825,568 |
| ENERGY STAR New Homes Program | \$ 404,313 | \$ 373,251 | \$ 413,372 | \$ 358,775 |
| Marketplace Program | \$ 241,569 | \$ 158,479 | \$ 309,195 | \$ 10,282 |
| Residential Load Management | \$ 367,913 | \$ 305,930 | \$ 443,814 | \$ 335,144 |
| Low Income | | | | |
| EnergySaver Program | \$ 860,499 | \$ 288,779 | \$ 1,205,006 | \$ 384,818 |
| EnergySmart Program | \$ 339,003 | \$ 454,603 | \$ 389,566 | \$ 485,404 |
| Commercial | | | | |
| Commercial Comprehensive Program | \$ 513,314 | \$ 468,547 | \$ 693,593 | \$ 613,337 |
| SCORE Plus Program | \$ 1,608,016 | \$ 2,014,161 | \$ 1,749,842 | \$ 2,625,948 |
| Commercial Load Management | \$ 368,105 | \$ 226,143 | \$ 428,708 | \$ 139,112 |
| TOTAL | \$ 6,357,367 | \$ 5,566,077 | \$ 9,311,403 | \$ 6,603,499 |

Cost Effectiveness Evaluation

Table 13 presents the UCT for each program for 2023. The UCT of the total portfolio of programs was 1.19. A UCT of greater than one indicates the cost effectiveness of the energy efficiency portfolio or program. UCTs are based on the weighted average cost of capital and avoided costs authorized by the Commission's Final Order in Case No. 21-00114-UT. EPE's 2023 total portfolio of programs passed cost effectiveness.

Table 13 - Cost Effectiveness by Program

| Program | UCT |
|-----------------------------------|-------------|
| Educational | |
| Smart Students Program | 0.53 |
| Residential | |
| Residential Comprehensive Program | 1.30 |
| Residential Lighting Program | 1.77 |
| ENERGY STAR New Homes Program | 0.96 |
| Marketplace Program | 0.06 |
| Residential Load Management | 1.10 |
| Low Income | |
| EnergySaver Program | 1.33 |
| EnergySmart Program | 1.07 |
| Commercial | |
| Commercial Comprehensive Program | 1.31 |
| SCORE Plus Program | 1.30 |
| Commercial Load Management | 0.62 |
| PORTFOLIO UCT | 1.19 |

Self-Directed Program Participation

EPE did not receive any applications for customer self-directed programs in 2023.

Independent Measurement and Verification Report

The statewide independent evaluator, EcoMetric, was selected by the NMPRC. EPE contracted with EcoMetric to conduct the independent evaluation of its 2023 Programs. The M&V Report is included as Attachment A to this report and includes:

- Documentation of expenses at both the individual and total portfolio program levels
- Measured and verified energy and demand savings
- Cost-effectiveness of all 2023 Programs
- Deemed savings and other assumptions used by EcoMetric; and
- Description of the M&V process used by EcoMetric

Program Expenditures Not Covered in the Independent M&V Report

All program-related expenditures are included in the M&V Report.

Annual Economic Benefits by Program

Table 14 presents the annual and lifetime energy savings, estimated useful life (“EUL”), and annual economic benefits for the 2023 Programs. The average EUL is calculated by dividing the total lifetime energy savings by the annual energy savings, resulting in an average estimate of how long measures will continue to provide savings.

Table 14 - Annual Economic Benefits

| Program | Annual Energy Savings (kWh) | Lifetime Energy Savings (kWh) | Estimated Useful Life | Annual Benefits |
|-----------------------------------|-----------------------------|-------------------------------|-----------------------|-------------------|
| Educational | | | | |
| Smart Students Program | 797,606 | 7,529,397 | 9 | \$ 16,442 |
| Residential | | | | |
| Residential Comprehensive Program | 842,131 | 14,432,275 | 17 | \$ 39,089 |
| Residential Lighting Program | 3,292,175 | 30,913,524 | 9 | \$ 87,920 |
| ENERGY STAR New Homes Program | 69,744 | 672,192 | 10 | \$ 1,067 |
| Marketplace Program | 413,850 | 8,696,271 | 21 | \$ 17,074 |
| Residential Load Management | 77,181 | 771,810 | 10 | \$ 33,514 |
| Low Income | | | | |
| EnergySaver Program | 429,179 | 5,946,733 | 14 | \$ 27,772 |
| EnergySmart Program | 852,016 | 12,674,426 | 15 | \$ 32,630 |
| Commercial | | | | |
| Commercial Comprehensive Program | 2,159,788 | 26,926,111 | 12 | \$ 49,197 |
| SCORE Plus Program | 8,729,961 | 107,410,243 | 12 | \$ 213,429 |
| Commercial Load Management | 4,367 | 4,367 | 1 | \$ 139,112 |
| TOTAL | 17,667,997 | 215,977,349 | | \$ 540,198 |

Non-Energy Benefits

Table 15 shows the estimated emissions savings, and Table 16 shows the estimated water savings associated with the 2023 Programs. The annual and lifetime avoided emissions are determined by multiplying the emission rates times the annual and lifetime megawatt-hours (“MWh”) saved. The water savings are determined by multiplying EPE’s average portfolio water consumption per MWh times the annual and lifetime energy savings.

Table 15 - Emissions Savings

| Emission Type | Avoided Electric Emission Rate (lbs/MWh) | Annual Avoided Emissions (tons) | Lifetime Avoided Emissions (tons) |
|-----------------------|---|--|--|
| SO₂ | 0.0052 | 0.02 | 0.33 |
| NO_x | 1.01 | 3.90 | 63.87 |
| CO₂ | 1,163 | 4,502 | 73,709 |
| Particles | 0.0854 | 0.33 | 5.42 |

Table 16 - Water Savings

| Water Impact | EPE Portfolio Water Consumption (gal/MWh) | Annual Water Saved (gal) | Lifetime Water Saved (gal) |
|---------------------|--|---------------------------------|-----------------------------------|
| Water Saved | 498.2 | 3,858,098 | 63,167,219 |

Tariff Reconciliation

Table 17 presents the calculation for EPE’s 2023 tariff reconciliation based on the 2023 program expenditures plus the approved 2023 utility incentive, less EPE’s internal administration costs, and less the cost recovery through EPE’s EUERF from January through December 2023. The costs recovered through the EUERF are not recovered through EPE’s base rates.

EPE’s 2023 utility incentive is based on its program costs and satisfactory program performance. Utilizing the sliding scale utility incentive approved by the Final Order (with modification to use the 7.18 percent WACC approved in EPE’s last general rate case and to accept Staff’s suggested sliding scale Utility Incentive Mechanism with a baseline incentive of 6.6 percent of program costs for verified annual savings of at least 16 gigawatt-hours (“GWh”) with an adder incentive of 0.075 percent for each 1.0 GWh of additional energy savings, up to a maximum of 7.18 percent). EPE earned a utility incentive for its verified annual energy savings of 17.6 GWh.

Table 17 - Energy Efficiency Historical (Underage)/Overage Recovery

| Description | Total Program Expenses | 6.675% Utility Incentive | Internal Admin Costs Recovered Through Base Rates | EUERF Recovery | (Underage)/Overage |
|---------------------------------|------------------------|--------------------------|---|----------------|-----------------------|
| Beg. Bal. (PY2020-2022) | | | | | \$ (2,171,030) |
| 2023 Energy Efficiency Activity | \$ 5,566,077 | \$ 371,536 | \$ 211,956 | \$ 5,471,863 | \$ (1,917,236) |
| Ending Balance | | | | | \$ (1,917,236) |

EPE's beginning balance originated from an underage of (\$2,171,030) due to activities from Program Years 2020 to 2022. The total program expenses (\$5,566,077 + \$371,536 utility incentive = \$5,937,612) exceeded the revenues collected (\$211,956 + \$5,471,863 = \$5,683,819) in 2023, resulting in a cumulative underage amount of \$1,917,236.

Table 18 presents the month-by-month reconciliation of EPE's tariff reconciliation.

Table 18 - EPE Tariff Reconciliation

| Month | Total Program Expenses | 6.675% Utility Incentive | Internal Admin Costs Recovered Through Base Rates | EUERF Recovery | (Underage)/Overage of Expenses |
|-------------------------|------------------------|--------------------------|---|---------------------|--------------------------------|
| Beg. Bal. (PY2020-2022) | | | | | (2,171,029) |
| Jan 2023 | \$ 355,799 | \$ 23,750 | \$ 17,663 | \$ 423,820 | (2,232,963) |
| Feb 2023 | \$ 240,570 | \$ 16,058 | \$ 17,663 | \$ 529,363 | (2,523,360) |
| Mar 2023 | \$ 596,547 | \$ 39,819 | \$ 17,663 | \$ 192,685 | (2,097,342) |
| Apr 2023 | \$ 149,118 | \$ 9,954 | \$ 17,663 | \$ 227,191 | (2,183,124) |
| May 2023 | \$ 332,747 | \$ 22,211 | \$ 17,663 | \$ 293,709 | (2,139,538) |
| Jun 2023 | \$ 216,509 | \$ 14,452 | \$ 17,663 | \$ 468,664 | (2,394,904) |
| Jul 2023 | \$ 924,556 | \$ 61,714 | \$ 17,663 | \$ 667,017 | (2,093,314) |
| Aug 2023 | \$ 175,087 | \$ 11,687 | \$ 17,663 | \$ 805,103 | (2,729,307) |
| Sep 2023 | \$ 1,062,745 | \$ 70,938 | \$ 17,663 | \$ 741,776 | (2,355,063) |
| Oct 2023 | \$ 500,510 | \$ 33,409 | \$ 17,663 | \$ 425,377 | (2,264,183) |
| Nov 2023 | \$ 479,518 | \$ 32,008 | \$ 17,663 | \$ 369,804 | (2,140,124) |
| Dec 2023 | \$ 532,369 | \$ 35,536 | \$ 17,663 | \$ 327,354 | (1,917,236) |
| Total | \$ 5,566,077 | \$ 371,536 | \$ 211,956 | \$ 5,471,863 | |

Estimated Program Expenditures Expected in 2024

Table 19 shows estimated program expenditures for 2024. EPE's Program Year 2024 budget of \$6,510,060 was approved in NMPRC Case No. 21-00114-UT.

Table 19 - Estimated Program Expenditures Expected in 2024

| 2024 Program | Budget |
|-----------------------------------|---------------------|
| Educational | |
| Smart Students Program | \$134,880 |
| Residential | |
| Residential Comprehensive Program | \$ 1,093,570 |
| Residential Lighting Program | \$ 414,502 |
| ENERGY STAR New Homes Program | \$ 404,298 |
| Marketplace Program | \$ 240,869 |
| Residential Load Management | \$ 414,236 |
| Low Income | |
| EnergySaver Program | \$ 859,291 |
| EnergySmart Program | \$ 479,065 |
| Commercial | |
| Commercial Comprehensive Program | \$ 501,453 |
| SCORE Plus Program | \$ 1,599,804 |
| Commercial Load Management | \$ 368,091 |
| TOTAL | \$ 6,510,060 |