



**2023 ANNUAL REPORT FOR ENERGY EFFICIENCY PROGRAMS
PROGRAM YEAR 2022**

NMPRC EFFICIENT USE OF ENERGY RULE 17.7.2 NMAC

JUNE 1, 2023

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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 2022 (“2022 Programs”). This Annual Report for Energy Efficiency Programs (“Annual Report”) covers the program period from January 1, 2022, through December 31, 2022, and relies on the statewide independent evaluator’s report, *Evaluation of the 2022 El Paso Electric Energy Efficiency Programs* (“M&V Report”) prepared by Evergreen Economics (“Evergreen”). 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. Because that final order was not issued until the end of 2022, EPE was unable to implement the plan’s new programs until 2023, which resulted in zero participation in 2022 for new programs, including the Smart Students Program, the Marketplace Program, and the Energy\$mart (Low Income) Program. As more fully reported below, EPE’s 2022 EE/LM Portfolio achieved cost effectiveness of 1.26 as measured by the Utility Cost Test (“UCT”).

Summary of Results

The following 2022 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 Evergreen.

The following is a summary of the overall results¹:

- EPE’s 2022 EE/LM Portfolio achieved cost effectiveness of 1.26 as measured by the UCT.² The majority of the 2022 Programs were cost effective.
- The total annual net energy savings were 7,743,502 kilowatt-hours (“kWh”) at the customer meter.
- The total 2022 Programs expenditures were \$3,767,162.
- The total amount collected through Rate No. 17 – Efficient Use of Energy Recovery Factor (“EUERF”) was \$5,775,855.

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 2022 Programs.

Table 1- Verified 2022 Results Summary

Program	Participants or Units	Annual Savings (kW)**	Annual Savings (kWh)**	Lifetime Savings (kWh)	Total Program Expenses*
Educational	0	0	0	0	\$ -
Smart Students	0	0	0	0	\$ -
Residential	2,843	3,117	3,592,233	65,944,839	\$ 1,605,090
Residential Comprehensive	607	479	871,086	13,453,163	\$ 572,813
Residential Lighting	25	338	2,002,866	40,057,311	\$ 343,917
ENERGY STAR New Homes	11	202	432,520	9,576,756	\$ 373,294
Residential Marketplace	0	0	0	0	\$ -
Residential Load Management	2,200	2,098	285,761	2,857,609	\$ 315,067
Low Income	378	902	1,571,544	24,153,938	\$ 1,011,564
NM EnergySaver	378	902	1,571,544	24,153,938	\$ 1,011,564
NM EnergySmart	0	0	0	0	\$ -
Commercial	107	1,121	2,579,726	36,682,746	\$ 1,150,507
Commercial Comprehensive	83	322	1,787,487	26,632,013	\$ 448,871
SCORE Plus	17	93	780,318	10,038,813	\$ 530,574
Commercial Load Management	7	706	11,920	11,920	\$ 171,062
Total	3,328	5,139	7,743,502	126,781,523	\$ 3,767,162

*Total Program Expenses included in EPE's Commission-Approved 2022-2024 Plan for internal administration costs is \$211,956, which is recovered through base rates, therefore those costs are not recovered in Rate No. 17 - EUEF.

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

Table 2 presents the 2022 Benefit-Cost Analysis by Program based on the net present value ("NPV") of the 2022 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 - 2022 Benefit-Cost Analysis by Program

Program	NPV of Benefits (a)	NPV of Expenses (b)	UCT (a ÷ b)
Educational			
Smart Students Program	\$ 0	\$ 0	0
Residential			
Residential Comprehensive Program	\$ 721,247	\$ 572,813	1.26
Residential Lighting Program	\$ 834,079	\$ 343,917	2.43
ENERGY STAR New Homes Program	\$ 364,798	\$ 373,293	0.98
Marketplace Program	\$ 0	\$ 0	0
Residential Load Management Program	\$ 269,226	\$ 315,067	0.85
Low Income			
EnergySaver Program	\$ 1,614,166	\$ 1,011,564	1.60
EnergySmart Program	\$ 0	\$ 0	0
Commercial			
Commercial Comprehensive Program	\$ 649,654	\$ 448,871	1.45
SCORE Plus Program	\$ 211,361	\$ 530,574	0.40
Commercial Load Management Program	\$ 80,861	\$ 171,062	0.47
PORTFOLIO UCT	\$ 4,745,392	\$ 3,767,162	1.26

*NPV is provided by Evergreen Economics in their independent evaluation results in Attachment A.

2022 Cumulative Program Goals

Table 3 provides the annual and cumulative energy savings achieved from 2008 through 2022. 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. By the end of 2022, EPE had achieved a total cumulative savings of 183,780,748 kWh. This exceeds the 2020 statutory goal by about 75 percent (75%). The 2019 amendment to the EUEA modified the EUEA reporting baseline requiring that EPE achieve energy savings of not less than 5 percent (5%) of 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 about 15,774,573 kWh of annual savings in 2021 through 2025.

The 2022 cumulative savings includes all annual savings for program years 2008 through 2022, less the expired 2008 and 2009 kWh savings. The 2009 kWh savings were removed once they expired in 2020.

Table 3 - 2022 Cumulative Energy Savings

Year	Portfolio EUL	Annual kWh Savings	Annual Expired Portfolio kWh	Cumulative kWh Savings	Goals
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	16	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	78,872,865*
2022	16	7,743,502		183,780,747	

* The 2025 statutory goal requires that EPE achieve savings of not less than 78,872,865 kWh.

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 improves 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. The Order granting approval of EPE's Application of its 2022-2024 EE/LM Plan in NMPRC Case No. 21-00114-UT was issued November 30, 2022, consequently no educational kits were distributed in 2022 for the Smart Students Program.

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, 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. In 2022, a total of 607 rebates were processed with a net savings of 871,086 kWh.

Appliance Recycling offers rebates for appliance recycling to remove older refrigerators, freezers, and window air conditioners from the grid. The rebates are paid directly to the customer. ARCA Recycling, Inc. administers and implements the collection, recycling, and rebate process. The Order granting approval of EPE's Application of its 2022-2024 EE/LM Plan in NMPRC Case No. 21-00114-UT was issued November 30, 2022, consequently no rebates were processed in 2022 for appliance recycling.

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 25 retail locations participated in this program. EPE promoted the Residential Lighting Program through social media, and point-of-purchase displays in stores. Free LED events were also held at area community centers.

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 use of efficient LED lighting and remains cost effective. A total of 114,815 bulbs were sold and distributed through this program, with a net savings of 2,002,866 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, 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 2022, 297 homes participated in this program and had a net savings of 432,520 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. The Order granting approval of EPE's Application of its 2022-2024 EE/LM Plan in NMPRC Case No. 21-00114-UT was issued November 30, 2022, consequently no instant rebates were processed in 2022.

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 microsite. EPE and Uplight, Inc., the program implementer, targeted customers through online advertisements, email, direct mail, and social media. There were 2,200 units that participated in the load management season with a net savings of 285,761 kWh and 2,098 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)
6/10/2022	4:00 PM	8:00 PM	4.0
6/13/2022	3:00 PM	5:00 PM	2.0
7/11/2022	3:00 PM	5:00 PM	2.0
7/18/2022	3:00 PM	5:00 PM	2.0
7/19/2022	3:00 PM	5:00 PM	2.0
7/20/2022	3:30 PM	5:30 PM	2.0
6 Events in 2022			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, attic 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 2022, EPE continued to expand our efforts to help low-income customers by installing 356 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. EnergyWorks collaborated with a variety of community organizations, church groups, and low-income service providers, and continued to combine energy efficiency services with New Mexico Gas Company and Zia Natural Gas Company, when possible, to provide customers a more comprehensive energy efficiency service approach. EPE promoted this program through outreach utilizing referrals, advertising, and customer newsletters. EPE and EnergyWorks also targeted customers with ability to pay issues through community educational events at EPE Payment Centers.

The Final Order in Case No. 18-00116-UT directed EPE and its Measurement & Verification ("M&V") Evaluator to:

- devise more comprehensive and meaningful measures of the program's effectiveness and to include such measures in EPE's next annual report and thereafter.

The results are shown in Table 5.

Table 5 - 2022 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)		397	397	882	1,399,604
Water Heating (Low Flow Showerheads, Aerators, Pipe Wrap, Water Heater Jackets)		104	161	2	24,097
LED Lighting		415	5,054	18	144,309
Small Energy Devices (Advanced Power Strips, Smart Thermostats)		54	57	0	3,534
Total	378	970	5,669	902	1,571,544

* 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 378 participants and had a net savings of 1,571,544 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 Order granting approval of EPE's Application of its 2022-2024 EE/LM Plan in NMPRC Case No. 21-00114-UT was issued November 30, 2022, consequently no services were provided in 2022.

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.

The Commission's Final Order in Case No. 18-00116-UT, page 6, paragraph 14, ordered EPE to undertake annual reviews including a comparison of LEDs versus CFL and halogen lighting. EPE had phased out CFLs and halogen lighting prior to 2020. 100% of the lighting products incentivized through the Commercial Comprehensive Program prior to 2020 were LEDs or controls for LED fixtures. 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 - 2022 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	232,438	7.2%
Light Emitting Diode (LED)	1,499,919	46.2%
Light Emitting Diode (LED) Fixtures	1,030,258	31.7%
Light Emitting Diode (LED) Tubes	469,661	14.5%
Linear Fluorescent	0	0.0%
Lighting Controls	14,646	0.5%
Total	3,246,922	100.0%

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

The Commercial Comprehensive Program had 83 participants and had a net savings of 1,787,487 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.

The downward trend in the number of SCORE Plus projects can be attributed to supply chain issues impacting both distribution equipment and customer materials and equipment required for project completion.

In 2022, a total of 17 participants and had net energy savings of 780,318 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 2022 load management season had two participants with seven sites that had net savings of 11,920 kWh and a total demand reduction of 706 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)
6/10/2022	3:00 PM	5:00 PM	2.0
6/13/2022	3:00 PM	5:00 PM	2.0
7/11/2022	3:00 PM	5:00 PM	2.0
7/18/2022	3:00 PM	5:00 PM	2.0
7/19/2022	3:00 PM	5:00 PM	2.0
7/20/2022	3:00 PM	5:00 PM	2.0
6 Events in 2022			12.0

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 2022 expenses by program. The Commission approved EPE's 2022 Program budget in accordance with 17.7.2.8(A) NMAC. All 2022 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 2022 program expenses were \$3,767,162 of the approved \$6,226,211 budget or about 61% percent of the budget.

Table 8-2022 Program Expenditures

Program	Administration*	Marketing	M&V	Customer Incentives	Total Program Expenses
Educational	\$ -	\$ -	\$ -	\$ -	\$ -
Smart Students	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ 747,103	\$ 30,751	\$ 45,771	\$ 781,466	\$ 1,605,090
Residential Comprehensive	\$ 248,014	\$ 14,705	\$ 27,356	\$ 282,739	\$ 572,813
Residential Lighting	\$ 147,956	\$ 605	\$ 209	\$ 195,147	\$ 343,917
ENERGY STAR New Homes	\$ 165,803	\$ 268	\$ 92	\$ 207,130	\$ 373,294
Residential Marketplace	\$ -	\$ -	\$ -	\$ -	\$ -
Residential Load Management	\$ 185,330	\$ 15,172	\$ 18,115	\$ 96,450	\$ 315,067
Low Income	\$ 208,272	\$ 14,365	\$ 3,156	\$ 785,771	\$ 1,011,564
NM EnergySaver	\$ 208,272	\$ 14,365	\$ 3,156	\$ 785,771	\$ 1,011,564
NM EnergySmart	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial	\$ 645,713	\$ 2,962	\$ 94,852	\$ 406,980	\$ 1,150,507
Commercial Comprehensive	\$ 166,490	\$ 2,502	\$ 38,693	\$ 241,187	\$ 448,871
SCORE Plus	\$ 354,925	\$ 413	\$ 36,142	\$ 139,094	\$ 530,574
Commercial Load Management	\$ 124,299	\$ 47	\$ 20,017	\$ 26,700	\$ 171,062
Total	\$ 1,601,088	\$ 48,078	\$ 143,779	\$ 1,974,217	\$ 3,767,162

* Administration includes EPE's internal administration costs of \$211,956 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 & County NMRT07	Total Participant Incentives
Educational	\$ -	\$ -	\$ -	\$ -	\$ -
Smart Students	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ 781,466	\$ -	\$ -	\$ -	\$ 781,466
Residential Comprehensive	\$ 282,739	\$ -	\$ -	\$ -	\$ 282,739
Residential Lighting	\$ 195,147	\$ -	\$ -	\$ -	\$ 195,147
ENERGY STAR New Homes	\$ 207,130	\$ -	\$ -	\$ -	\$ 207,130
Residential Marketplace					
Residential Load Management	\$ 96,450	\$ -	\$ -	\$ -	\$ 96,450
Low Income	\$ 785,771	\$ -	\$ -	\$ -	\$ 785,771
NM EnergySaver	\$ 785,771	\$ -	\$ -	\$ -	\$ 785,771
NM EnergySmart					
Commercial	\$ -	\$ 211,402	\$ 132,260	\$ 63,319	\$ 406,980
Commercial Comprehensive	\$ -	\$ 180,508	\$ 60,679	\$ -	\$ 241,187
SCORE Plus Program	\$ -	\$ 30,894	\$ 71,581	\$ 36,619	\$ 139,094
Commercial Load Management	\$ -	\$ -	\$ -	\$ 26,700	\$ 26,700
Total	\$ 1,567,237	\$ 211,402	\$ 132,260	\$ 63,319	\$ 1,974,217

Note: Customers on Rate Class NMRT05, NMRT09, NMRT16, NMRT25, NMRT25, NMRT29 did not participate during the 2022 program year.

EPE did not make any adjustments to expenditures in plan year 2022. Table 10 shows the budgeted amounts, the program expenditures, and the variances for each program during 2022. The variances in individual program costs from the budgeted amounts were primarily due to customer participation being lower or higher than projected. The downward trend in the number of SCORE Plus projects can be attributed to supply chain issues impacting both distribution equipment and customer materials and equipment required for project completion. A Commercial Load Management Program participant elected to opt out of the EPE load management season due to equipment failure for the second consecutive year. Because the final order was not issued until the end of 2022, EPE was unable to implement the plan's new programs until 2023, which resulted in zero participation in 2022 for those new programs, including the Smart Students Program, the Marketplace Program, and the Energy\$mart (Low Income) Program.

Table 10-Budget Variances

Program	2022 Approved Budget	2022 Actual Expenses	Variance %
Educational	\$ 134,991.00	\$ -	-100%
Smart Students	\$ 134,991.00	\$ -	-100%
Residential	\$ 2,506,637.00	\$ 1,605,090.28	-36%
Residential Comprehensive	\$ 1,093,830.00	\$ 572,813.17	-48%
Residential Lighting	\$ 409,844.00	\$ 343,916.89	-16%
ENERGY STAR New Homes	\$ 404,329.00	\$ 373,293.50	-8%
Residential Marketplace	\$ 277,028.00	\$ -	-100%
Residential Load Management	\$ 321,606.00	\$ 315,066.72	-2%
Low Income	\$ 1,114,467.00	\$ 1,011,564.28	-9%
NM EnergySaver	\$ 888,694.00	\$ 1,011,564.28	14%
NM Energy\$mart	\$ 225,773.00	\$ -	-100%
Commercial	\$ 2,470,116.00	\$ 1,150,507.01	-53%
Commercial Comprehensive	\$ 501,990.00	\$ 448,871.21	-11%
SCORE Plus	\$ 1,600,007.00	\$ 530,573.85	-67%
Commercial Load Management	\$ 368,119.00	\$ 171,061.95	-54%
Total	\$ 6,226,211.00	\$ 3,767,161.57	-39%

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**	5,000	0	1,787,089	0	306	0
Smart Students	5,000	0	1,787,089	0	306	0
Residential**	163,432	2,843	8,493,912	3,592,233	6,275	3,117
Residential Comprehensive	2,046	607	2,845,595	871,086	1,582	479
Residential Lighting	145,189	25	3,746,692	2,002,866	636	338
ENERGY STAR New Homes	490	11	510,271	432,520	238	202
Residential Marketplace	10,910	0	947,495	0	143	0
Residential Load Management	4,797	2,200	443,859	285,761	3,676	2,098
Low Income**	1,772	378	2,256,288	1,571,544	1,024	902
NM EnergySaver*	1,712	378	1,823,689	1,571,544	806	902
EnergySmart	60	0	432,599	0	218	
Commercial***	337	107	9,009,368	2,579,726	5,420	1,121
Commercial Comprehensive	225	83	2,298,176	1,787,487	325	322
SCORE Plus	102	17	6,630,633	780,318	1,039	93
Commercial Load Management	10	7	80,559	11,920	4,056	706
Total	170,541	3,328	21,546,657	7,743,502	13,025	5,139

* EnergySaver Program Estimated Participants or Units = Projected sum of project counts and measure installations (does not represent number of homes). Homes may have multiple measures installed and thus counted more than once in this sum. EPE's 2022-2024 EE/LM Plan, Case No. 21-00114-UT, included an estimated participation count of 1,712 which represented the number of units based on measure type, i.e., individual bulbs, aerators, showerheads, etc.

** New Mexico Technical Resource Manual for Calculation of Energy Efficiency Savings, Section 4.4 Residential Lighting addresses the EISA legislation stating, "DOE reversed course in May 2022 and issued a final rule broadening the definition of General Service Lamps and implementing the 45 lumens/watt requirement. "The DOE also specified a sell through period of six months, ending in July 2023, by which noncompliant lamps should not be available. The New Mexico TRM has not historically implementd code shifts midway through program years to avoid introducing marketing confusion, as well as allowing for additional sell through. Therefore, the TRM assumes hte 45 lumens/watt baselines are effective January 1, 2024." "Income-eligible programs should use the existing EISA Tier 1 baselines for lamps incented through

*** New Mexico Technical Resource Manual for Calculation of Energy Efficiency Savings, Section 3.4 Lighting-New Construction, stating "Screw-in baseline lamps must meet EISA efficacy requirements".

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	\$ 134,991	\$ 0	\$ 146,730	\$ 0
Residential				
Residential Comprehensive Program	\$ 1,093,830	\$ 572,813	\$ 2,078,952	\$ 721,247
Residential Lighting Program	\$ 409,844	\$ 343,917	\$ 1,452,623	\$ 834,079
ENERGY STAR New Homes Program	\$ 404,329	\$ 373,293	\$ 413,372	\$ 364,798
Marketplace Program	\$ 277,028	\$ 0	\$ 309,195	\$ 0
Residential Load Management	\$ 321,606	\$ 315,067	\$ 443,814	\$ 269,226
Low Income				
EnergySaver Program	\$ 888,694	\$ 1,011,564	\$ 1,205,006	\$ 1,614,166
EnergySmart Program	\$ 225,773	\$ 0	\$ 389,566	\$ 0
Commercial				
Commercial Comprehensive Program	\$ 501,990	\$ 448,871	\$ 693,593	\$ 649,654
SCORE Plus Program	\$ 1,600,007	\$ 530,574	\$ 1,749,842	\$ 211,361
Commercial Load Management	\$ 368,119	\$ 171,062	\$ 428,708	\$ 80,861
TOTAL	\$ 6,226,213	\$ 3,767,162	\$ 9,311,403	\$ 4,745,392

Cost Effectiveness Evaluation

Table 13 presents the UCT for each program for 2022. The UCT of the total portfolio of programs was 1.28. 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 2022 total portfolio of programs passed cost effectiveness.

Table 13 - Cost Effectiveness by Program

Program	UCT
Educational	
Smart Students Program	-
Residential	
Residential Comprehensive Program	1.26
Residential Lighting Program	2.43
ENERGY STAR New Homes Program	0.98
Marketplace Program	-
Residential Load Management	0.85
Low Income	
EnergySaver Program	1.60
EnergySmart Program	-
Commercial	
Commercial Comprehensive Program	1.45
SCORE Plus Program	0.40
Commercial Load Management	0.47
PORTFOLIO UCT	1.26

Self-Directed Program Participation

EPE did not receive any applications for customer self-directed programs in 2022.

Independent Measurement and Verification Report

The statewide independent evaluator, Evergreen, was selected by the NMPRC. EPE contracted with Evergreen to conduct the independent evaluation of its 2022 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 2022 Programs;
- Deemed savings and other assumptions used by Evergreen; and,
- Description of the M&V process used by Evergreen.

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 2022 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	Actual Savings (kWh)	Lifetime Savings (kWh)	Estimated Useful Life	Annual Benefits
Educational	0	0		\$ -
SmartStudents	0	0	0	\$ -
Residential	3,592,233	65,944,839		\$ 131,802
Residential Comprehensive	871,086	13,453,163	15	\$ 46,700
Residential Lighting	2,002,866	40,057,311	20	\$ 41,704
ENERGY STAR New Homes	432,520	9,576,756	22	\$ 16,476
Residential Marketplace			0	\$ -
Residential Load Management	285,761	2,857,609	10	\$ 26,923
Low Income	1,571,544	24,153,938		\$ 105,024
NM EnergySaver	1,571,544	24,153,938	15	\$ 105,024
NM EnergySmart			0	\$ -
Commercial	2,579,726	36,682,746		\$ 140,894
Commercial Comprehensive	1,787,487	26,632,013	15	\$ 43,604
SCORE Plus	780,318	10,038,813	13	\$ 16,429
Commercial Load Management	11,920	11,920	1	\$ 80,861
Total	7,743,502	126,781,523		\$ 377,720

Non-Energy Benefits

Table 15 shows the estimated emissions savings, and Table 16 shows the estimated water savings associated with the 2022 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)
SO ₂	0.0052	0.02	0.33
NO _x	1.01	3.90	63.87
CO ₂	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 2022 tariff reconciliation based on the 2022 program expenditures plus the approved 2022 utility incentive, less EPE’s internal administration costs, and less the cost recovery through EPE’s EUERF from January through December 2022. The costs recovered through the EUERF are not recovered through EPE’s base rates.

EPE’s 2022 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 did not earn a profit incentive for its verified annual energy savings of 7.74 GWh.

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

Description	Total Program Expenses	Utility Incentive	Internal Admin Costs Recovered Through Base Rates	EUERF Recovery	(Underage)/Overage
Beg. Bal. (PY2019-2021)					\$ 49,619
2022 Energy Efficiency Activity	\$ 3,767,162	\$ 0	\$ 211,956	\$ 5,775,855	\$ (2,171,030)
Ending Balance					\$ (2,171,030)

EPE’s beginning balance originated from an overage of \$49,619 due to activities from Program Years 2019 to 2021, with carrying charges for Program Years 2020 and 2021. The total program expenses (\$3,767,162 + \$0 utility incentive = \$3,767,162) did not exceed the revenues collected (\$211,956 + \$5,775,855 = \$5,987,811) in 2022, resulting in a cumulative underage amount of \$2,171,030.

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

Table 18 - EPE Tariff Reconciliation

Month	Total Program Expenses	Utility Incentive	Internal Admin Costs Recovered Through Base Rates	EUERF Recovery	(Underage)/Overage of Expenses
Beg. Bal. (PY2019-2021)					49,619
Jan 2022	\$ 27,246	\$ 0	\$ 17,663	\$ 374,956	\$ (315,754)
Feb 2022	\$ 69,961	\$ 0	\$ 17,663	\$ 332,146	\$ (595,602)
Mar 2022	\$ 142,257	\$ 0	\$ 17,663	\$ 335,170	\$ (806,178)
Apr 2022	\$ 181,770	\$ 0	\$ 17,663	\$ 309,647	\$ (951,718)
May 2022	\$ 106,482	\$ 0	\$ 17,663	\$ 332,410	\$ (1,195,309)
Jun 2022	\$ 335,903	\$ 0	\$ 17,663	\$ 644,123	\$ (1,521,192)
Jul 2022	\$ 177,354	\$ 0	\$ 17,663	\$ 799,485	\$ (2,160,986)
Aug 2022	\$ 233,985	\$ 0	\$ 17,663	\$ 901,413	\$ (2,846,077)
Sep 2022	\$ 285,705	\$ 0	\$ 17,663	\$ 697,249	\$ (3,275,284)
Oct 2022	\$ 195,977	\$ 0	\$ 17,663	\$ 446,242	\$ (3,543,212)
Nov 2022	\$ 249,593	\$ 0	\$ 17,663	\$ 277,625	\$ (3,588,907)
Dec 2022	\$ 1,760,929	\$ 0	\$ 17,663	\$ 325,389	\$ (2,171,030)
Total	\$ 3,767,162	\$ 0	\$ 211,956	\$ 5,775,855	

Concurrent with the filing of this report, EPE will be filing an Advice notice to reconcile the 2022 cumulative underage with its EUERF. EPE's revised EUERF is shown below:

EUERF Components

2022-2024 EE/LM Annual Budget	3.9463%
Utility Incentive %	0.2605%
Costs Not Recovered in EUERF %	-0.1343%
2022 Cumulative Underage %	-0.6880%
Proposed Efficient Use of Energy Recovery Factor	3.3844%

Estimated Program Expenditures Expected in 2023

Table 19 shows estimated program expenditures for 2023. EPE's Program Year 2023 budget of \$6,357,367 was approved in NMPRC Case No. 21-00114-UT.

Table 19 - Estimated Program Expenditures Expected in 2023

2023 Program	Budget
Educational	
Smart Students Program	\$ 143,935
Residential	
Residential Comprehensive Program	\$ 1,100,897
Residential Lighting Program	\$ 409,802
ENERGY STAR New Homes Program	\$ 404,313
Marketplace Program	\$ 241,569
Residential Load Management	\$ 367,913
Low Income	
EnergySaver Program	\$ 860,499
EnergySmart Program	\$ 339,003
Commercial	
Commercial Comprehensive Program	\$ 513,314
SCORE Plus Program	\$ 1,608,016
Commercial Load Management	\$ 368,105
TOTAL	\$ 6,357,367