

**PROGRAM:** Efficient Use of Energy Act

**AGENCY:** Commission on Energy Efficiency and Load Management Programs

**DESCRIPTION:** This act encourages utility investment in energy efficiency and load management programs by allowing public utilities recovery of reasonable and prudently incurred expenses for such programs in an expedited manner.

**STRUCTURE:**

- Before the commission approves an energy efficiency and load management program for a public utility, it must find that the portfolio of programs is cost-effective and designed to provide every affected customer class with the opportunity to participate and benefit economically.
- Public utilities must obtain commission approval of energy efficiency and load management programs before they are implemented. The commission will identify any disincentives or barriers that may exist for public utility expenditures on energy efficient and load management and, if found, ensure that they are eliminated so public utilities are financially neutral in their preference for acquiring demand or supply-side utility resources.
- A public utility that undertakes cost-effective energy efficiency and load management programs will recover the costs of all the programs implemented after the effective date of the Efficient Use of Energy Act through an approved tariff rider.
- The commission will ensure there are no cross- subsidies between a public utility's energy efficiency and load management activities and the public utility's supply-side activities and that the tariff rider does not permit an excessive rate of return.
- A large customer can receive approval for a credit for the expenditures he or she has made at his or her facilities on and after January 1, 2005. Approval will be granted to those who demonstrate the reasonable satisfaction of the utility or self-direct program administrator that its expenditures are cost-effective.
- The credit may be used to offset up to seventy percent of the tariff rider until the credit is exhausted.
- A large customer can be exempted from paying seventy percent of the tariff rider if the customer demonstrates the reasonable satisfaction of the utility program administrator that it has exhausted all cost-effective energy efficiency measures at its facility.

**QUALIFICATIONS/CRITERIA:**

- A large customer is a utility customer at a single, contiguous field, location or facility, regardless of the number of meters at that field, location, or facility, with electricity consumption greater than seven thousand megawatt-hours per year or natural gas use greater than three hundred sixty thousand decatherms per year.
- To be cost effective, the committee applies the total resource cost test. This test is a standard that is met if on a life-cycle basis the avoided supply-side monetary costs are greater than the monetary costs of the demand-side programs borne by both the utility and the participants.
- The tariff rider for any utility customer will not exceed the lower of one a-half percent of that customer's bill or seventy five thousand dollars per year except upon application by application as follows:
  - With the advice and consent of the entity designated by law to represent residential and commercial utility customers, the commission may approve a tariff rider in excess of the above specifications for a large or other than large customer that consents
- See **SB 644 2005**
- Visit the Energy, Minerals, and Natural Resources Department's homepage at <http://www.emnrd.state.nm.us/EMNRD/MAIN/index.htm> , or call (505) 476-3200.