



COALITION FOR CLEAN AFFORDABLE ENERGY  
representing 14 New Mexico Environmental, Health and Consumer Groups

**2008 Amendments to the Efficient Use of Energy Act  
setting a 10% Efficiency Portfolio Standard**

Contact: Gail Ryba, 505-577-0193 (cell)

House Bill 305 "UTILITY CUSTOMER LOAD MANAGEMENT"

Bill Sponsor: Speaker of the House Ben Lujan

The Bill requires investor-owned utilities to implement cost-effective energy efficiency programs for their customers and through these program to save no less than **5% of the utility's 2005 electricity sales by 2014 and no less than 10% of 2005 electricity sales by 2020.**

- a. Each utility will develop education, technical assistance, and incentive programs of their own choosing and the Public Regulation Commission will approve them.
- b. The bill encourages utilities to implement energy efficiency programs targeted to low-income customers, to help these families lower their utility bills.
- c. The bill directs the Public Regulation Commission to give utilities an opportunity to make a profit on their energy efficiency programs, just as they make a profit on building power plants.

**Why we need this bill.**

- Efficiency is the cheapest form of energy. We can get the equivalent of "new" energy by saving energy for 2 or 3 cents/kWh. New generation costs at least 6 cents/kWh. Thus, **energy efficiency WILL SAVE CONSUMERS AND BUSINESSES MONEY.**
- Increasing energy efficiency reduces pollution and carbon dioxide emissions. This bill will help New Mexico meet its climate change goals.
- The Southwest Energy Efficiency Project (SWEET) estimates that this bill will save 1.4 billion kWh per year by 2020, equivalent to the electricity use of 176,000 typical households in the state.
- The electricity savings by 2020 is equivalent to the power output of a 400 MW intermediate load power plant. New Mexico will need **one less large and costly power plant** if this legislation is adopted.
- SWEET estimates that consumers and businesses will realize **\$650 million in net economic benefits** as a result of efficiency measures installed during 2008-2020
- Efficiency adds value to homes and businesses by utilizing better technology to make homes more comfortable and businesses more efficient and profitable.
- Efficiency **creates jobs** in weatherizing homes, selling and installing other residential efficiency measures, and performing energy upgrades to commercial buildings and industries.
- Using less energy will help us become less dependent on foreign sources of energy.
- Energy efficiency can be implemented **quickly and reliably.**

Notes on calculations:

- 1) 10% of 2005 electricity sales by Investor-owned utilities is 1.4 billion kWh —this is the 2020 savings requirement
- 2) 1.4 billion kWh/yr is the amount of electricity supplied by a 400 MW intermediate load power plant operating at 40% capacity factor, including T&D losses
- 3) Estimated total electricity savings during 2008-2020 = 8.5 billion kWh (cumulative savings)
- 4) Value of energy savings over lifetime of EE measures installed during 2008-2020: 1.4 billion kWh x \$0.08/kWh x 12 years = \$1.34 billion
- 5) Net economic benefit assuming average benefit-cost ratio of 2.0: ~\$650 million

By the way...

\*\*Utilities in NM are growing, because population is increasing by 1.5%/year (or more) and per customer usage is increasing by at least 1% per year (more air conditioning, more plasma TV's, bigger homes, etc.) Thus, even if we have a target of 5% by 2014, or about 1% reduction per year, overall energy use will still increase.

\*\*Other economies are already nearly twice as energy efficient as ours, which means their economic resources go farther and produce a equal or better quality of life using less energy.