



THE EFFICIENT USE OF ENERGY ACT

Will Save New Mexico \$765 million with gas and electric energy efficiency programs.

Energy efficiency programs help save energy by providing information, education, marketing, design assistance and financial incentives for energy efficient products and services. This Act instructs the Public Regulation Commission (PRC) to require public electric and gas utilities to develop cost effective programs for New Mexico's residential, commercial and industrial consumers to help them reduce their energy consumption and peak demand affordably and reliably.

Please support the Efficiency Use of Energy Act,
HB 619 sponsored by Rep. Madalena.

Programs must be cost-effective: Prior to approval, investments in energy efficiency must cost less than the investments in generation or supply that are avoided or delayed because of the energy they save. The bill requires independent measurement, verification, and reporting of program expenditures and energy savings achieved.

Significant public health and environmental benefits: Energy efficiency will reduce fossil fuel combustion, air emissions, and water usage from power production by at least 6 billion gallons, as well as reduce demand for energy resource extraction from New Mexico's natural areas.

Protection for Consumers: Costs for the program are covered through a utility bill surcharge which is capped at 1.5% of a customer's utility bill, and only after they are deemed reasonable and prudent by the PRC.

- Additional cost-effective energy efficiency measures can be pursued only with the consent of the state's consumer protection agency.
- This Act also enables **programs for low income New Mexicans**, self-direct and **credit programs for large industrial customers** who do their own efficiency upgrades, and accommodates the needs of small utilities and rural electric cooperatives while still encouraging energy efficiency for their customers.

About Energy Efficiency

- Energy efficiency means investment in more efficient appliances, equipment, building design and construction that result in decreased consumption of electricity or natural gas without reducing the amount or quality of energy services.
- A significant untapped resource in the form of increased energy efficiency is currently available to New Mexicans at costs much cheaper than new sources of electric generation and natural gas.
- Utilities in 26 states throughout the country have large and growing energy efficiency programs that are achieving significant proven savings, enabling them to meet a significant portion of • their future energy needs through efficiency programs.

Expected Benefits for New Mexico

- **Will Save New Mexican Consumers Money:** Estimated net economic savings for households and businesses of \$765 million from both gas and electric programs. Energy expenditures are an enormous drain on local economies: Studies from HUD also show that energy expenditures cause communities to lose jobs and local development.
- **Significant Investment in Energy Efficiency:** Utilities will invest roughly \$7 million in energy efficiency the first year, growing to \$25 million annually by 2010.
- **Offset New, Expensive Power Plants:** Cumulative electricity savings will be about 6% by 2020 (440 million kWh per year by 2010 and 1.6 billion kWh per year by 2020 -- enough to power over 200,000 homes) AND estimated reduction in peak electricity demand of 715 MW by 2020, **equivalent to the output of two medium-size power plants.**
- **Significant Savings of Expensive Natural Gas:** Estimated cumulative natural gas savings of roughly of roughly 8% by 2020 (1.2 billion cubic feet per year by 2010 and 4.5 billion cubic feet per year by 2020).

Source: The Southwest Energy Efficiency Project