New Mexico Electric Utility Energy Efficiency Programs

Updated August 2025

History

- In 2005, the state legislature adopted the Efficient Use of Energy Act (EUEA), directing investor-owned utilities to implement cost-effective energy efficiency and load management programs, establishing a cost recovery mechanism for utility investments in efficiency, and directing the Public Regulation Commission (PRC) to establish rules for integrated resource planning.

- In 2008, the EUEA was amended, requiring that electric utility programs achieve 5% savings by 2014 and 10% by 2020 (as a fraction of 2005 electricity sales). The amended EUEA directed the PRC to remove disincentives and allow utilities to earn a profit on investments in cost-effective energy efficiency and load management programs.

- In 2013, the legislature amended the EUEA a second time, setting utility funding of energy efficiency and load management programs at 3% of customers' bills and changing the cost-effectiveness test from the Total Resource Cost test to the Utility Cost test. At the same time, the legislature lowered the state's 2020 energy efficiency standard from 10% to 8% of 2005 retail kWh sales and required utilities to spend at least 5% of their total DSM budget on programs for low-income customers.

- In 2014, the PRC revised the rules implementing the EUEA. These revisions included establishment of the Utility Cost test (UCT) as the primary means for assessing DSM program cost effectiveness. The revised rules allow utilities to propose performance incentive mechanisms on an individual basis, and removed the requirement that individual programs meet the cost-effectiveness threshold in favor of requiring portfolio-level cost effectiveness.

- In 2019, the legislature amended the EUEA a third time, requiring the electric utilities to achieve savings of at least 5% of 2020 retail sales by 2025 and requiring the PRC to set targets for 2026-2030. The legislature also allowed utilities to set funding for DSM programs to between 3 and 5 percent of retail sales (an increase from the historical 3% requirement) and required the PRC to approve a decoupling mechanism if a utility requests one.

- In 2025, the PRC set targets for the 5-year period from 2026-2030 of at least 5% of 2025 retail sales. Unfortunately, this Decision means that the savings targets in the Energy Efficiency and Load Management Plans for El Paso Electric (Plan years 2025-2027) and Southwestern Public Service (Plan Years 2025-2028) were litigated and approved prior to 2025 retail sales data being available. The annual savings targets in these Plans, which cover 2-3 relevant years of the period, are not informed by this data, and are likely to put these utilities behind pace to achieve their 5-year targets.

Utility Energy Efficiency Programs

- In 2024, the three IOUs in New Mexico ran a **combined 33 residential and commercial DSM Programs, of which greater than 90% included measures related to building envelope efficiency and/or efficient HVAC equipment and controls**. Combined, the utilities spent $58.2 million on these Programs in 2024 while capturing more than $20 million in net benefits.

- The state's largest electric utility, Public Service Company of New Mexico (PNM), serves about 550,000 customers. PNM spent $34.5 million on DSM programs in 2024, and as a result reduced its peak demand by 72 MW and saved 86.6 million kWh.

- Southwestern Public Service Company (SPS) serves about 124,000 customers and El Paso Electric Company (EPE) serves about 101,000 customers in New Mexico. Both utilities have approved energy efficiency plans that meet the 3% funding requirement. SPS spent $17.8 million on DSM programs in 2024 and as a result saved about 59.4 million kWh, both figures are significant *increases* from 5 years prior. EPE spent $4.7 million on DSM programs in 2024 and as a result saved about 9.45 million kWh, both figures are a *reduction* from 5 years prior.

Impacts of Energy Efficiency Programs

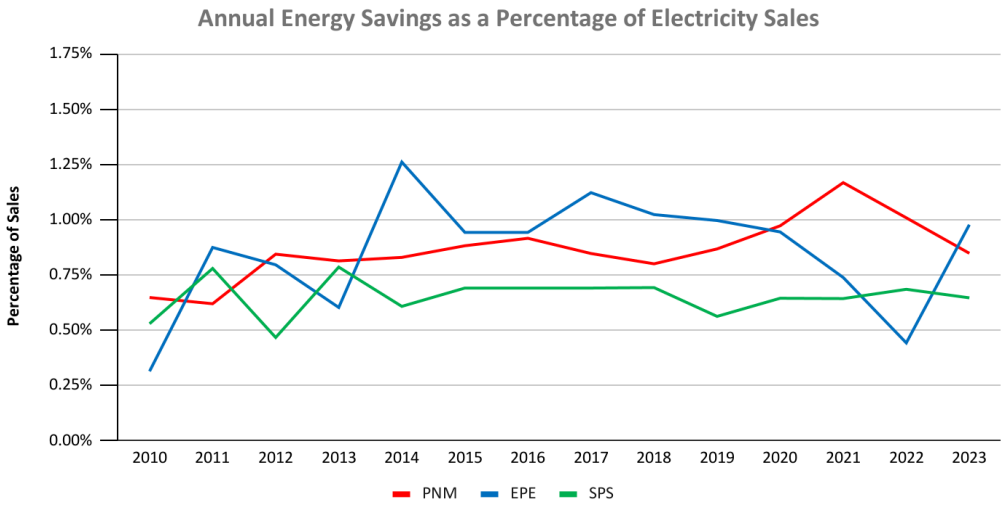
- Combined the three investor-owned utilities in New Mexico saved 816 GWh as a result of DSM programs implemented during 2020-24. Compared to the 1,217 GWh for the previous 10 year period from 2010-2019, this represents a 34% increase in annual energy savings achieved. PNM and EPE are on track to exceed the energy saving requirements in the EUEA to achieve savings of at least 5% of 2020 retail sales between 2021-2025. SPS is on track to meet their modified EUEA target of 3.71% of 2020 retail sales between 2021-2025. Combined, the 816 GWh of savings over five years are equal to 4.55% of total 2020 electricity sales by the three utilities. It is also equivalent to the electricity use of 101,000 typical households served by the utilities.

- The estimated net economic benefits from utility efficiency programs operating in New Mexico over the past 15 years total $550 million, according to the utilities' own data.

- As a result of energy efficiency programs implemented over the past 15 years, New Mexico's electric utilities avoided more than 965,900 metric tons of CO2 emissions, the equivalent of taking around 225,000 passenger vehicles off the road for a year.[1]

- Beyond lowering bills, energy efficiency is a proven driver of employment in New Mexico. Data from the 2024 Energy Efficiency Jobs in America report estimates there are over 6,400 jobs in New Mexico related to energy efficiency.

[1] https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator#results (accessed August 2025)



DSM Program Results of New Mexico's Investor-Owned Electric Utilities 2010-2019

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
DSM Program Spending ($M)	23.5	27.3	27.7	31.2	34.0	39.0	39.7	38.7	39.6	39.0	**340**
Electricity Savings (GWh/year)	87.2	108	130.8	129.7	126.2	130.1	122.2	120.3	130.9	134.2	**1,217**
Peak Reduction (MW)	83.7	78.4	82.4	88.2	86.7	85.9	84.0	83.4	80.3	72.3	**NA**
Net Economic Benefits ($M)	46.9	65.9	66.9	27.2	34.7	33.8	33.5	30.5	35.6	39.0	**414**
Net Savings (% of Retail Sales)	0.58	0.70	0.83	0.82	0.80	0.83	0.81	0.80	0.78	0.76	**NA**
CO_2 Emissions Reduction (thousand metric tons/yr)	48.0	59.4	71.9	71.3	69.4	71.6	67.2	66.2	72.0	73.6	**671**

Note: CO2 emissions reductions based on avoiding 550 metric tons per GWh, an average value for PNM's programs in recent years.

DSM Program Results of New Mexico's Investor-Owned Electric Utilities 2020-2024

Year	2020	2021	2022	2023	2024	Total or (Avg)
DSM Program Spending ($M)	$40.9	$45.6	$49.5	$52.8	$58.2	**$246.9**
Electricity Savings (GWh/year)	150.3	169.9	165.4	174.4	155.5	**816**
Peak Reduction (MW)	71.95	94.08	80.16	89.11	88.13	**(84.7)**
Net Economic Benefits ($M)	$42.4	$31.2	$26.8	$15.6	$20.1	**$136.1**
Net Savings (% of Retail Sales)	0.84%	0.91%	0.82%	0.81%	TBD	**(0.84%)**
CO2 Emissions Reduction (thousand metric tons)*	54.3	61.4	59.8	63.1	56.2	**294.9**

*Note: CO2 emissions reductions based on avoiding 362 metric tons per GWH, an average value for PNM's programs in from 2020-2024

Source: Utility data from annual Demand-Side Management reports submitted to the New Mexico PRC.
For more information, contact Ramón Alatorre, ralatorre@swenergy.org