TOPICS

• PNM At-A-Glance
• Performance Summary
• 2013 Overview
• 2014 Overview
• Regulatory Update
• Lighting Program Metrics
• Promotional Activities
• Challenges

Customer #'s
505,649 Total
- 449,652 Residential
- 254 Industrial
- 973 Public Authority & Street Lighting
- 54,691 Commercial

(Retail Energy Sales)

Industrial 19%
Commercial 43%
Residential 35%
Street Light & Public Authority 3%
PERFORMANCE & BUDGET HISTORY

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Savings</th>
<th>Annual Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>35.2</td>
<td>$8.0</td>
</tr>
<tr>
<td>2009</td>
<td>39.9</td>
<td>$12.1</td>
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<tr>
<td>2010</td>
<td>58.8</td>
<td>$16.6</td>
</tr>
<tr>
<td>2011</td>
<td>57.6</td>
<td>$16.6</td>
</tr>
<tr>
<td>2012</td>
<td>79.3</td>
<td>$17.3</td>
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<tr>
<td>2013</td>
<td>73.0</td>
<td>$19.0</td>
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<tr>
<td>2014</td>
<td>77.3</td>
<td>$22.5</td>
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</table>

Cummulative Annual Savings (GWH)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cumulative Annual Savings (GWH)</th>
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<tbody>
<tr>
<td>2008</td>
<td>35</td>
</tr>
<tr>
<td>2009</td>
<td>75</td>
</tr>
<tr>
<td>2010</td>
<td>134</td>
</tr>
<tr>
<td>2011</td>
<td>192</td>
</tr>
<tr>
<td>2012</td>
<td>271</td>
</tr>
<tr>
<td>2013</td>
<td>344</td>
</tr>
<tr>
<td>2014</td>
<td>421</td>
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</table>
## 2013 Overview

<table>
<thead>
<tr>
<th>2013 Programs</th>
<th>Projected Participants or Units</th>
<th>Projected Annual KWh Savings</th>
<th>Projected Annual KW Savings</th>
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</thead>
<tbody>
<tr>
<td>Refrigerator Recycling</td>
<td>8,000</td>
<td>6,587,754</td>
<td>1,126</td>
</tr>
<tr>
<td>Residential Lighting *</td>
<td>1,000,000</td>
<td>24,822,389</td>
<td>3,034</td>
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<tr>
<td>Energy Star Homes</td>
<td>134</td>
<td>155,880</td>
<td>112</td>
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<tr>
<td>Community CFL</td>
<td>5,500</td>
<td>102,883</td>
<td>12</td>
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<tr>
<td>Commercial Comprehensive</td>
<td>280</td>
<td>25,507,578</td>
<td>5,312</td>
</tr>
<tr>
<td>Small Business (DI)</td>
<td>700</td>
<td>12,456,931</td>
<td>3,160</td>
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<tr>
<td>Easy Savings (LI Kit)</td>
<td>6,000</td>
<td>1,859,303</td>
<td>171</td>
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<tr>
<td>LI Refrigerator &amp; CFL</td>
<td>177</td>
<td>385,367</td>
<td>44</td>
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<tr>
<td>PNM Power Saver (DR)</td>
<td>32,143</td>
<td>348,000</td>
<td>40,000</td>
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<tr>
<td>PNM Peak Saver (DR)</td>
<td>75</td>
<td>738,809</td>
<td>20,000</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>72,964,893</strong></td>
<td><strong>72,971</strong></td>
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* EISA adjusted. Includes savings from un-installed 2012 bulbs installed in 2013
2014 OVERVIEW

- New plan approved by NMPRC – Nov. 6, 2013
- Five new programs

<table>
<thead>
<tr>
<th>2014 Programs</th>
<th>Budget</th>
<th>kWh Savings</th>
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</thead>
<tbody>
<tr>
<td><strong>Commercial EE</strong></td>
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<tr>
<td>Commercial Comprehensive</td>
<td>$7,328,102</td>
<td>38,455,039</td>
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<tr>
<td>(Includes New Building Tune Up)</td>
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<tr>
<td><strong>Residential EE</strong></td>
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<td></td>
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<tr>
<td>Refrigerator Recycling</td>
<td>$1,313,021</td>
<td>7,372,239</td>
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<tr>
<td>Residential Lighting</td>
<td>$1,740,233</td>
<td>15,426,900</td>
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<td>Energy Star Homes (end in 2013)</td>
<td>$145,730</td>
<td>114,496</td>
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<td>Whole House Program (New)</td>
<td>$1,052,430</td>
<td>1,298,099</td>
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<td>Student Efficiency Kits (New)</td>
<td>$315,069</td>
<td>581,496</td>
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<td>Residential Stay Cool (New)</td>
<td>$696,899</td>
<td>1,161,854</td>
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<td>Home Energy Reports (New)</td>
<td>$508,033</td>
<td>7,920,000</td>
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<td><strong>Low Income EE</strong></td>
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<td></td>
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<tr>
<td>Low Income Refrigerator &amp; CFL</td>
<td>$131,142</td>
<td>258,367</td>
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<tr>
<td>Easy Savings Kit</td>
<td>$325,653</td>
<td>1,572,495</td>
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<td>Community CFL</td>
<td>$10,584</td>
<td>74,626</td>
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<td>LI Home Efficiency (New)</td>
<td>$1,163,837</td>
<td>1,935,118</td>
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<tr>
<td><strong>Load Management</strong></td>
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<tr>
<td>Power Saver Load Management</td>
<td>$5,413,141</td>
<td>450,000</td>
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<td>Peak Saver Load Management</td>
<td>$2,019,994</td>
<td>675,000</td>
</tr>
<tr>
<td>Market Transformation</td>
<td>$329,359</td>
<td>-</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$22,493,227</strong></td>
<td><strong>77,295,729</strong></td>
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REGULATORY UPDATE

Efficient Use of Energy Act – Amended Spring 2013

- Replaced TRC with UCT (program admin. cost test)
- EE spending set at 3% of retail revenues
- Minimum of 5% of program costs to be low-income
- 2020 minimum energy savings – 8% of 2005 retail sales

Public Regulation Commission EE Rule

- Old rule overturned by Supreme Court
- NOPR and draft rule issued October 2, 2013
- Decision expected by year-end
RESIDENTIAL LIGHTING METRICS

- Historically, largest residential program
- Projected to continue at high level in near term, but
- Annual M&V changes metrics every year
  - Hours of use
  - Installation rate
  - Free ridership
  - Baseline savings
- EISA impacts subject of much interest in last program filing
- 2012 M&V (ADM Associates) defined EISA impacts
- EISA-compliant Halogen is the new baseline
- LED increasing but still not on the “total shipments” chart
RESIDENTIAL LIGHTING METRICS

### Residential Lighting Metrics

<table>
<thead>
<tr>
<th>Program Year</th>
<th>Baseline Savings Reduction</th>
<th>Program Average Savings per Bulb (Gross kWh/yr)</th>
<th>Program Average Savings per Bulb (Net kWh/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>3%</td>
<td>28.1</td>
<td>20.6</td>
</tr>
<tr>
<td>2013</td>
<td>9%</td>
<td>25.6</td>
<td>18.7</td>
</tr>
<tr>
<td>2014</td>
<td>27%</td>
<td>20.5</td>
<td>15.0</td>
</tr>
<tr>
<td>2015</td>
<td>40%</td>
<td>16.9</td>
<td>12.4</td>
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</tbody>
</table>
PROMOTIONAL ACTIVITIES

Small business workshops

Use of case studies

Business organization events
PROMOTIONAL ACTIVITIES

Low income customer events

Senior citizen events
PROMOTIONAL ACTIVITIES

Earth Day events
PROMOTIONAL ACTIVITIES

Corporate contribution events
CHALLENGES

• Balancing risk with program implementation
• Lengthy program approval processes
• Lack of clarity on incentive and disincentive issues
• Expansion opportunities in programs
• New Mexico’s continued economic slump
QUESTIONS?

FOR MORE INFORMATION:

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Thank you