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COMMISSIONER JASON MARKS' STATEMENT ON WHY HE VOTED AGAINST PNM'S 2009 ELECTRIC ENERGY EFFICIENCY PROGRAM

Today (May 19, 2009), Commissioner Jason Marks (Dist 1- Alb.) voted against the Commission's Final Order in Case 08-00204-UT, approval of PNM's Electric Energy Efficiency Programs for 2009. The order was approved by a vote of 3 – 1. Commissioner Marks released the following statement on his vote:

I am a strong advocate for greater use of cost-effective energy efficiency programs in New Mexico and nationally, as this is the lowest-cost means of reducing greenhouse gas emissions from the electric sector, as well as being a true cost saver to consumers in the long run compared to creating new electricity supplies. But in order to promote such programs, we have to be able to justify to consumers that utilities are spending every dollar of ratepayer money appropriately on well thought out programs that generate real savings. The vast majority of the PNM electric energy efficiency programs approved today meet this threshold; one element, the Low Income Refrigerator Replacement and CFL program does not. We should not have approved the expenditure of \$1 million in PNM ratepayer funds on this questionable program, which can't be justified based on the current record in the case. At a minimum, the Commission should have withheld approval of this program until the record was supplemented with more persuasive evidence.

According to the case record, the new \$1 million program will provide funding to the Mortgage Finance Authority to replace inefficient refrigerators and install CFLs during the provisioning of federally-funded weatherization services. But it also says that MFA already replaces refrigerators and installs CFLs when it weatherizes homes, and so the net result of the funding from PNM ratepayers will be to free-up more money to do more weatherizations. In order to legally approve ratepayer funding of electric utility efficiency programs, the PRC needs to have evidence of electricity savings that exceed program costs. As it stands, we have no idea of how much electricity savings will result, or whether most of the \$1 million will actually go towards weather-stripping, insulation, and other measures that don't primarily target electricity savings.

Furthermore, the case record indicates that federal stimulus funding will triple the amount of funds available to MFA for low-income weatherization. MFA's maximum budget per home, which in the past may have not been enough to pay for a replacement refrigerator every time it was needed, has been increased from \$3,000 to \$6,500. Thus, federal stimulus funding has reduced -- if not eliminated -- the need for ratepayer dollars to supplement the MFA program for the time being. I am also very concerned that MFA and its contract agencies will not be able to effectively absorb and deploy the PNM money on top of all of the new

federal money, leading to waste.

Taken as a whole, the package of PNM electric efficiency programs will cost \$14 million a year, and will result in a bill surcharge of close to 2%. At this large scale, programs will start having a meaningful impact, reducing our need to acquire new generating plants in the future. I join the Commission majority in supporting the remainder of the programs in PNM's package, including the Low Income Energy Wise program and the continuation and expansion of PNM's existing refrigerator recycling program that is offered to all customers. Based on the record presented to us, I can honestly explain my support for these programs to a customer who questions why the PRC approved the energy efficiency rider (surcharge). But the Low Income Refrigerator Replacement program through MFA, which will cost the average PNM residential electric customer almost one dollar per year, cannot be explained or justified as producing benefits for electricity customers on the record presented. It should not have been approved.

For more information, please contact Commissioner Jason Marks Office at 505.827.8015 or by email at Jason.Marks@state.nm.us.