

CCAE Exhibit PNM DSM Analysis

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total baseline retail electricity sales (GWh/yr)	7,703	8,085	8,369	8,501	8,663	8,827	8,991	9,180	9,370	9,559
Total baseline retail summer peak demand (MW)	1,270	1,316	1,355	1,379	1,407	1,435	1,464	1,494	1,524	1,555
Estimated retail revenues (million dollars)	\$564	\$592	\$613	\$622	\$634	\$646	\$658	\$672	\$686	\$700
Expenditure on DSM programs (% of revenues)	0.00	0.00	0.35	0.80	1.45	1.45	1.45	1.45	1.45	1.45
Total DSM expenditure (million dollars)	\$0.0	\$0.0	\$2.1	\$5.0	\$9.2	\$9.4	\$9.5	\$9.7	\$9.9	\$10.1
Energy savings ratio (kWh/yr per program dollar)			5.00	5.25	5.50	5.60	5.70	5.80	5.90	6.00
Peak reduction ratio (W per program dollar)			1.50	1.60	1.70	1.80	1.85	1.90	1.95	2.00
Annual electricity savings (GWh/yr)			10.72	26.14	50.57	52.47	54.40	56.51	58.68	60.88
Cumulative electricity savings (GWh/yr)			10.72	36.86	87.43	139.89	194.29	250.80	309.48	370.36
Cumulative electricity savings as a % of baseline forecast			0.13	0.43	1.01	1.58	2.16	2.73	3.30	3.87
Annual peak demand reduction (MW)			3.22	7.97	15.63	16.86	17.65	18.51	19.39	20.29
Cumulative peak demand reduction (MW)			3.22	11.18	26.81	43.68	61.33	79.84	99.24	119.53
Cumulative peak demand reduction as a % of baseline forecast			0.24	0.81	1.91	3.04	4.19	5.34	6.51	7.69
Electricity bill savings from annual program (million \$)			0.78	1.91	3.70	3.84	3.98	4.14	4.30	4.46
Electricity bill savings from cumulative programs (million \$)			0.78	2.70	6.40	10.24	14.22	18.36	22.65	27.11
Total invested in efficiency measures 2005-2014 (million \$)										130.1
Gross energy bill savings over lifetime of efficiency measures (million \$)										281.4
Net economic savings over lifetime of efficiency measures (million \$)										151.3

Key assumptions:

- 1) the average retail electricity price remains constant at the level in 2003 (7.32 cents per kwh).
- 2) savings per program dollar ratios are in the middle of the range achieved by other utilities, and increase gradually over time
- 3) limited DSM programs starting in 2007, funding reaches 1.45% of revenues by 2009 & remains at this level through 2014; no degradation of savings prior to 2014
- 4) DSM programs emphasize summer peak demand reduction, but not exclusively
- 5) savings on average have a load factor of about 35%; i.e., 1 MW of peak demand reduction per about 3,050 MWh/yr of electricity savings on average
- 6) utility DSM program costs cover half of efficiency measure costs on average; net economic benefit assumes 15 year average measure life and 5% discount rate

H. Geller, revised Nov. 22, 2005