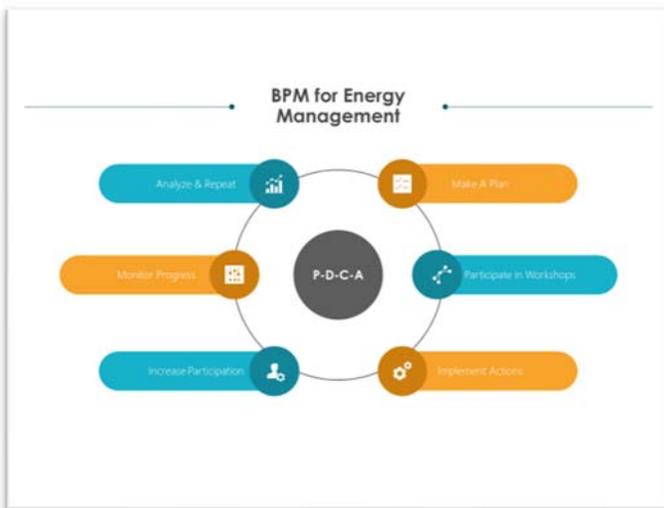


A Continuous Improvement Approach to Energy Management for Your Organization

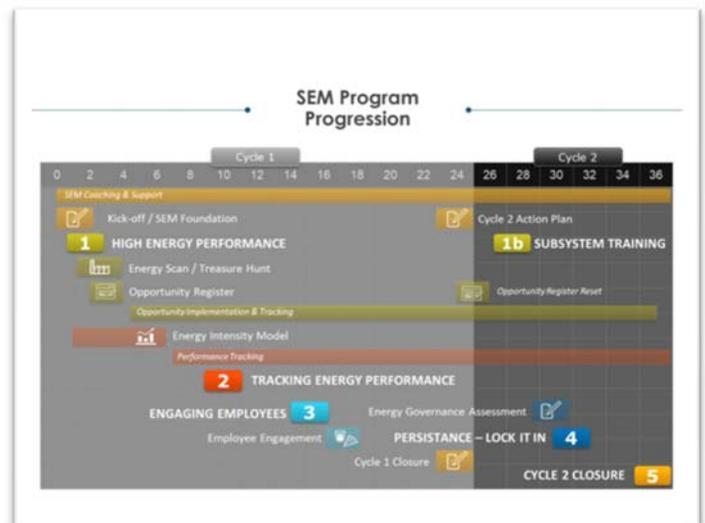
Most organizations address energy management by retrofitting inefficient equipment. Others make changes to how equipment is operated. Some even adjust operations or work processes to lower utility costs. However, for many, the approach is reactive and ad hoc – a series of independent projects and activities with no strategy for achieving a defined business purpose.

Strategic Energy Management, or SEM, uses Continuous Improvement approaches like those found in LEAN or Six-Sigma to identify and remove waste from your energy streams and Management System methods like those found in Environmental, Health, and Safety programs to help your organization plan, manage, and control energy performance on a sustained basis.



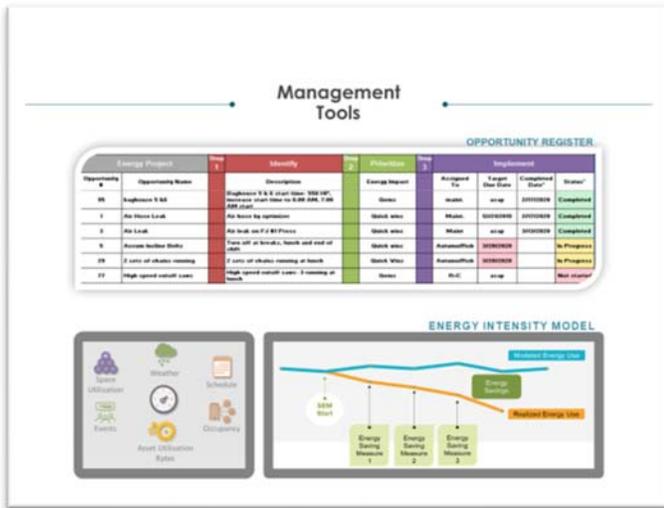
SEM utilizes a Business Process Management approach to improve energy performance over time by implementing a Plan-Do-Check-Act methodology tailored to the energy management function. Beyond just equipment retrofit opportunities, SEM focuses on strategic planning and decision-making, operational improvements, low-to-no-cost projects, work process adjustments, and behavior change. To do so, the SEM Program provides the full complement of training and coaching services, technical expertise, and consulting support from leading practitioners in the field to address your energy situation comprehensively. The SEM program is funded through the “Cost-Effective Energy Saving Program” line item on customer bills.

The SEM program organizes participating organizations into a learning group that collectively moves through two full cycles of SEM implementation. Workshop sessions are used to transfer necessary knowledge and organize logistics in support of the facilitated, site-specific events that follow. We work closely with your energy team to develop management tools, including an Opportunity Register to capture and manage implementation of identified energy-saving opportunities and an Energy Intensity Model to track performance and validate your prescribed course of actions. Our SEM Coaching Team, which is comprised of seasoned management, engineering, building operations, and industrial process experts, efficiently engage your site personnel to tailor SEM implementation to your specific operating environment.



The SEM site-specific activities include:

- Assigning key program roles, including a Site SEM Champion and an Executive Sponsor;
- Establishing energy performance goals, targets, and KPIs;
- Formulating an effective energy team;
- Conducting an employee engagement event focused in an area where value can be derived from behavioral or work process changes;
- Facilitating an Energy Scan Event based on LEAN Kaizen principles that begins with site walk throughs to identify opportunities, includes the development of a prioritized value map, and culminates with an Opportunity Register; and
- Assessing current energy-related business practices to identify governance issues that will lead to improved control of energy performance on an on-going basis.



Our team creates a statistically relevant regression analysis that correlates your site energy consumption with operating information and other business drivers to develop a predictive Energy Intensity Model. When coupled with the Opportunity Register, the result is a powerful Performance Tracking Tool that can be used to measure progress toward your energy performance objectives, identify variances for troubleshooting and corrective action, and validate investments made in energy efficiency. Our SEM Coaches ensure your site personnel understand how to use and maintain the Performance Tracking Tool to manage program progress and troubleshoot variances on an ongoing basis.

The carefully designed delivery structure of the SEM Program provides your energy team with the professional support to implement specific projects and actions that immediately improve energy performance while also embedding a Continuous Improvement process in your energy management function that is sustained over time. Please contact your PNM Account Manager with any questions or to obtain information about how to enroll. We look forward to working with you to improve your energy performance.

