**PNM PRAC August 2025 Meeting**
August 19, 2025, 1:00PM to 3:00PM
PNM Headquarters / Online Meeting

PNM Attendees: Heidi Pitts, Julio Aguirre, Michael Settlage, Debrea Terwilliger, Denine Rothman, Donna Holliday, Blanca Pinon, John Verheul, Pablo Magallanes-Flores, Abraham Casas, Erica Baca, Ian MacDougall (MCR), Cindy Menhorn (MCR)

PRC Staff: Elisha Leyba-Tercero, Edison Jimenez, Daren Zigich

ABCWUA Attendees: Andy Harriger, Keith Herrmann

NM AREA Attendees: Brian Andrews

REIA-NM Attendees: Jim DesJardins, Stephanie Dzur

Western Resources Attendees: AnnaLinden Weller, Cydney Beadles

CCAE: Cara Lynch

Other Attendees: Glenn Wikle (NM Democratizing Energy Liaison), Jane Yee (NMPEC), Randy Sadewic, Positive Energy

Recap of Prior Discussions

* Michael Settlage reviewed the prior discussions on the update to the Production Demand Allocators and Transmission Allocators as shown on Slides 3 and 4.

Modern Rate Design (Heidi Pitts)

* Slide 5
	+ PNM reviewed the TOD pilot as shown on Slide 5.
	+ Modern Rate Design is what we will be talking about the rest of the year and into next year. We spoke of this in testimony in prior rate cases.
	+ The entire 3rd party evaluator report is available in the grid mod proceeding.
* Slide 6
	+ PNM reviewed the installation of meters for the TOD pilot and the cancellation trends as shown on Slide 6
	+ First meters were installed in Feb 2024
	+ The residential rate has a control group and is the only rate that have a control group.
	+ 7,500 total are allowed in the residential pilot (incl. control) and 2,500 in commercial pilot.
	+ There will be a more formalized survey done later to determine why people left the rate.
* Slide 7
	+ PNM reviewed the rates used in the TOD pilot. PNM noted that the off-peak rates are close to the block 1 rates, which is causing customers with only block 1 usage to not see results.
* Slide 8
	+ When a residential customer signs up for TOD, they are on a wait list. The 3rd party evaluator randomly places them on control or TOD rate group. The control group will be on Rate 1A for up to 12 months, then will be moved to the pilot rate. Customers in the rate group will get bill guarantee credits after 12 continuous months on the rate (on their 15th month bill). If they have paid more on the TOD pilot than the regular rate, they’ll get a credit based on that difference, making them whole. If they pay less on TOD, then they keep those savings.
	+ The bill guarantee credit is for the first 12 months only.
	+ Bill guarantee is for residential and small power only as larger customers are more familiar to TOD rates already.
* Slide 9
	+ At the moment, what we are seeing is that customers who are saving money are those who have usages that are high enough to pay block 3 rates. This is because the off peak rates are almost equal to block 1 rates.
	+ Julio Aguirre: Future proposals will be driven by these results and will be discussed in future meetings.
	+ We note that those who are saving money are saving more than those who are getting bill credits.
	+ AnnaLinden Weller: Have you considered reworking educational materials for low usage customers?
		- We are applying these results to our outreach, but we don’t have any specific changes that we are able to share right now. We are incorporating everything we’re learning into the next batch of proposals and materials.
* Slide 10
	+ PNM reviewed information they have used for educational materials.
	+ Randy Sadewic: Are you considering offering smart devices or resources that can help shift loads that can be programmed to follow the TOD shift?
		- We have not at the moment. We looked at them when we first started to designing the pilot. It’s not an idea we have dismissed, but its not what we are doing now.
		- Denine Rothman: We do send monthly Home Energy Reports, which do recommend some smart devices like thermostats.
* Slide 11
	+ PNM reviewed the locations of pilot participants and noted they are pleased with the geographic dispersion of the pilot participants.
* Slide 12
	+ 35 to 40% of PNM’s customers are low-income and they are a significant number in the pilot too.
* Slide 13-15
	+ PNM reviewed customer satisfaction survey results by the 3rd party evaluator.
	+ 25-00049-UT is the docket number for grid mod proceeding.
	+ High bill alerts and other online tools only go online after 90 days due to needing usage information.
	+ 30% responded to the survey, which is good numbers for an email survey.
		- The majority are older, more likely to work from home, less likely to have children at home, higher earning and higher educated than the average New Mexican.
	+ Brian Andrews: Survey is very interesting. Over 50% of them are interested in bill savings, despite being higher earning. It seems there is a disconnect between the reason we’re doing this (environmental concerns) and how many people are choosing the rate for the same reason.
		- This graph might change when we have higher participation in the surveys. These types of responders are emblematic of early adopters.
		- Denine Rothman: We will be incorporating environmental reasons in more educational materials.
* Slide 17
	+ PNM reviewed the impact analysis results draft report, which was done in early 2025, with customers who had been on the rate through December 2024.
	+ There are two comparison graphs, one for summer (June-August 2024) and one for non-summer (Sept-Dec 2024) usage. Both graphs compare the usage of residential control group customers to pilot rate group customers.
	+ The summer graph shows that pilot rate customers are responding to the price signal as there is a distinct drop in usage for the summer on-peak hours (5-8pm). However, it appears those customers are using less not shifting.
	+ The non-summer graph shows a small reduction in the evening on-peak hours but no difference in the two groups’ usage during the morning on-peak hours.
	+ PNM’s 3rd party evaluator will do a similar analysis in 2026 when there will be more customers on the rate. These are the first results.
* Slide 18
	+ Same analysis but comparing usage between low-income and non low-income customers.
	+ The low-income usage comparison is showing what we expect to see for load shifting. We see a surge leading up to 5pm. This is not statistically significant, but is useful for a policy story.
* Slide 19
	+ Discussion of commercial customers on TOD pilot rate schedules
	+ TOD pilot is popular with school districts
	+ One account manager reports that his single shift small manufacturing customers can adjust for TOD with very easy shifts, for instance moving start of the shift to the super-off-peak hours so that when the shift opener arrives early to turn on all the machines, which often causes a spike in demand, it is during the super-off-peak daytime hours.
* Slide 20
	+ This represents a small restaurant showing behavioral change after education. The TOD manager and Pricing Load Researcher met with this customer to review hourly data and the customer saw that in the early evening on-peak hours they had “vampire” usage from lighting or other small appliances that could be reduced for bill savings.
* Slide 21
	+ This slide shows another customer showing summer-vs-non-summer savings.
	+ Cara Lynch: For customers who shift load off of the on-peak, does that look like it can help with peak load shaving?
		- We can certainly do those kind of analyses, but we haven’t gotten that information from our teams.

Distributed Generation

* Slide 22
	+ Total interconnections as of the summer of 2025, shows that almost 70% of total interconnects happened in last 6 years.
	+ Glenn Wikle: Why do we see a large drop of interconnections in 2024?
	+ We don’t know yet.
* Slide 23
	+ Total Capacity is total interconnected behind-the-meter capacity, including residential and commercial projects, but does not count for PNM facilities or PPAs.
* Slide 24
	+ Distribution of the size of cumulative solar banks as of June 2025. Not for a single month, but any customer who has a cumulative solar bank of even one kWh.
* Slide 25
	+ Looks at the total kWh in solar banks for each quarter from Q1-2021 through Q4-2024.
	+ Kind of a messy graph, but one can see the same pattern every four quarters. For all four years, Q1 is always the yellow circle, Q2 is always the green square, Q3 is the purple triangle, and Q4 is the blue diamond.
	+ The same symbol represents the same quarter of every year. The pattern is the same every year. The bank grows from Q1 to Q2 because sunny hours are growing but summer heat hasn’t hit. Q2 and Q3 (which encompasses summer months) the solar banks decrease or stay the same because solar production is largely being used and solar banks are offsetting additional consumption, Q3 to Q4 the solar banks grow a little because energy consumption decreasing in shoulder Fall months into early winter.
* Slide 26
	+ A look at what PNM would have paid if it paid small COGN systems for excess production each month using the appropriate Rate 12 avoided cost. Data looked at excess production each month from May 2024-April 2025.

Low Income

* Slide 28
	+ Most of the tables here are from PNM’s last rate case. Table HMP-3 is from my Direct Testimony.
* Slide 29
	+ These tables were created for that rate case but not used in testimony, so seeing them here for the first time. It was a comparison of average summer usage for non low-income and low-income customers in 11 cities/villages in PNM’s service territory. This provides a more nuanced look at low-income customers.
* Slide 30
	+ Using the LEAD tool at the US Dept of Energy website to provide statistics on energy burden in New Mexico. This is for the entire state.
* Discussion
	+ Cydney Beadles: Will you be talking about possible Low Income rate design? When Low Income rate design proposals came up before, there was concern that the subsidies would be recovered from other customers. Is there a way to be creative about this to bring system benefits? Maybe it requires TOU.
		- I don’t have many details about other jurisdiction proposals. We’ve written down your suggestions and this is a great chance for us to be collaborative.
		- Julio Aguirre: We have explored bringing the customer charge to zero.
		- Cindy Menhorn: All those structures mentioned are viable. The key is collaboration with stakeholders. This will come out in analytics. If we spread to all classes, it will minimize the residential impact.
	+ Stephanie Dzur: I was just concurring with Cindy that we should spread to all customers. The legislature is concerned about those just above the poverty line who would have their bills raised to help those earning just below them.
* AnnaLinden Weller: The bill does not give any specifications on how the rate is structured. I recognize the concerns that Stephanie noted about edge cases. Maybe a graded recovery or something. There are good examples from Xcel in CO. The idea around the legislation was to leave it up to the utilities and the regulator.
* Brian Andrews: Any proposal should recognize that there is significant subsidization across the rate classes. Residential customers are paying 50 to 60% of their cost to serve.
* Heidi Pitts: The residential class subsidy in the recent stipulated rate case is $41 million.
* Brian Andrews: We should think about how reliability and system planning risk hours are changing and now we have a new paradigm of shifting at different times than are normal throughout history. We need to consider that they will shift again to early morning hours especially regarding education materials.