



# PNM Transportation Electrification Program

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Public Service Company of New Mexico

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## **1. Executive Summary**

Pursuant to House Bill 521 (“TE Statute”), Public Service Company of New Mexico’s (“PNM”) Transportation Electrification Program (“TEP” or “Program”) includes infrastructure and vehicle incentives for residential customers, infrastructure incentives for non-residential customers, a continuation of pilot rates to shift charging to off-peak periods, funding for education and outreach, and administrative costs for program implementation. PNM proposes to continue recovering TEP costs through the First Revised Rider No. 53 (“Rider 53” or “TEP Rider”), except for costs associated with the advanced cellular meters which will be recovered through a general rate case.

Transportation electrification is in the public interest for many reasons. Electric vehicles (“EVs”) have no tailpipe emissions and operate more efficiently than internal combustion engines, resulting in a lower carbon footprint when using energy from the electrical grid. This is especially pertinent in New Mexico, which has adopted an aggressive decarbonization policy for the electricity sector. To increase the pace of transportation electrification, PNM’s Application seeks approval of a broad range of incentives designed to make it easier and more economic for customers to choose EVs to meet their unique transportation needs. PNM’s 2024-2026 TEP includes the following to facilitate adoption of transportation electrification within PNM’s service area:

- (a) \$7,833,750 in residential incentives for Level 2 chargers, customer make-ready costs, electric bicycles, and EV purchases, including a \$2,321,250 (30%) budgetary carve-out for income-qualified customers;
- (b) \$11,225,000 in non-residential incentives for customer make-ready and line extension costs for Level 2 and Direct-Current Fast Charging (“DCFC”) chargers, including a \$2,025,000 (18%) budgetary carve-out for income-qualified customers;
- (c) \$3,100,000 to support shared transportation electrification, including \$3,000,000 for institutional and municipal mass transit incentives and \$100,000 in financial support for a car-share program, both budgets of which are intended to be deployed in underserved communities;
- (d) \$650,000 for Market Transformation, which includes incentives and administrative funding for a residential managed charging pilot program and a non-residential fleet advisory services pilot program;
- (e) \$3,080,000 for education, outreach, and marketing to educate customers on the benefits of transportation electrification and the TEP, a minimum of \$924,000 (30%) of which is intended for efforts to reach income-qualified customers and those living in underserved communities; and,
- (f) \$7,052,100 for program administration costs, which is necessary to properly implement and sustain the TEP for the duration of the program.

As designed, the TEP delivers more than \$22.5 million, or 68.5% of the total proposed budget, directly to customers purchasing and installing qualifying EVSE. The TEP devotes 25%

of the overall budget to increasing EV and EVSE access to income-qualified customers and customers who live in underserved communities. The TEP provides budgetary carveouts and, in some cases, increased rebates and incentives for income-qualified residential customers to purchase and install EV charging infrastructure at their residential service address in addition to rebates for the purchase of an electric bicycle or an electric car. All non-residential incentive programs, except fleet DCFC rebates, have a budgetary carve-out to support the development of EV charging infrastructure in underserved communities and incentives for shared transportation modalities to improve transportation electrification for income-qualified customers and those living in underserved communities. Taken together, we are proud that these investments will facilitate an equitable distribution of transportation electrification benefits to PNM customers.

The TEP presents a holistic plan and necessary investments to expand transportation electrification in New Mexico. PNM looks forward to implementing the TEP and leading the state in the development of a cleaner and more efficient transportation future.

## **2. Background**

### **2.1. NMSA 1978, Section 62-8-12 (2019)**

On April 3, 2019, Governor Michelle Lujan Grisham signed the TE statute into law, which incorporated a new section into the Public Utilities Act of 1978. The TE Statute implemented two primary objectives. First, it required all public utilities to file an application with the New Mexico Public Regulation Commission (“NMPRC” or “Commission”) to expand transportation electrification no later than January 1, 2021. Second, it clarified that any person or entity selling electricity as a transportation fuel is not defined as a “public utility” pursuant to the Public Utility Act.<sup>1</sup>

In addition, the TE Statute identified six criteria to be used in evaluating an application to expand transportation electrification. Accordingly, plans to expand transportation electrification should be:

1. Expected to improve electrical system efficiency, the integration of variable resources, operational flexibility, and system utilization during off-peak hours;
2. Expected to increase access to the use of electricity as a transportation fuel, with consideration given for increasing such access to income-qualified users and users in underserved<sup>2</sup> communities;
3. Designed to contribute to the reduction of air pollution and greenhouse gases;
4. Expected to support increased consumer choice in electric vehicle charging and related infrastructure services;
5. Reasonable and prudent, as determined by the Commission; and,
6. Transparent through the incorporation of public reporting requirements.

### **2.2. NMPRC Rule 17.9.574**

On December 14, 2022, the Commission issued a final order in Case No. 22-00085-UT, adopting Rule 17.9.574, establishing additional compliance requirements for investor-owned utilities (“IOUs”) and TEP applications. The Commission established requirements for all IOUs to file three-year TEP applications, filing dates and review timelines, and annual progress reporting

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<sup>1</sup> The second objective of the TE Statute effectively created a competitive retail market for the sale of electricity as a transportation fuel.

<sup>2</sup> NMSA 1978, Section 62-8-12 defines “underserved communities” as areas in the state of New Mexico, including a county, municipality or neighborhood, or subset of such area, where the median income of the area is low-income. In UT-00237-UT, the Commission approved the use of the EPA EJScreen mapping tool, available at <https://ejscreen.epa.gov/mapper>, to identify geographic areas with a low-income population of 80-90 percentile or greater as underserved communities.

requirements among other items. Germane to this 2024-2026 TEP overview document, the Commission established the following additional program requirements for all transportation electrification program applications:

1. Strategies and measures for expanding transportation electrification among income-qualified customers and underserved communities;
2. Strategies and measures for expanding transportation electrification across multiple EV classes, including but not limited to personal and commercial light-duty, medium-duty, and heavy-duty EVs, and electric bicycles;
3. Expected customer participation estimates and the methods used to derive such estimates;
4. Strategies and measures for servicing multiple market segments, including but not limited to commercial businesses, multi-family dwelling units, single-family homes, and ride-sharing and public transit programs;
5. Strategies and measures for coordinating with State or Federal EV infrastructure planning;
6. Strategies and measures for coordinating with existing business locations that sell and dispense transportation fuel to the public; and,
7. Identifications of key performance indicators for program success.

### **2.3. Transportation Electrification Program (2022 – 2023)**

In accordance with [NMSA 1978, Section 62-8-12 \(2019\)](#),<sup>3</sup> PNM filed its inaugural Transportation Electrification Program application with the Commission on December 18, 2020, Case No. 20-00237-UT. The Commission issued its Final Order approving PNM’s Transportation Electrification Program (2022–2023) on November 10, 2021, effective following the Order on Motion for Rehearing, dated December 8, 2021.

PNM’s inaugural TEP (“2022-2023 TEP”) was founded on four primary pillars. First, PNM proposed rebates and incentives to reduce cost barriers for customers installing qualified EV charging infrastructure. Second, PNM proposed EV charging rates for residential and non-residential customers to encourage customers to charge EVs during off-peak hours. Third, PNM proposed market transformation activities to educate customers on the benefits of electric vehicles and to promote the TEP’s rebates and incentives. Finally, PNM proposed a program administration structure to support the successful deployment of the other three pillars.

The TEP Online Marketplace and Online Application portal were launched on December 15, 2022, allowing customers to apply for infrastructure incentives and participation in the EV charging rates. The advanced cellular meters needed to implement the Whole-Home EV

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<sup>3</sup> <https://nmonesource.com/nmos/nmsa/en/item/4407/index.do#!b/62-8-12>

(“WHEV”) rate and 3F Charging Station Pilot Rates were received in March 2023, and PNM began installing these meters on March 6, 2023. Customer interest in the infrastructure incentives and EV charging rates is strong, which indicates these offerings will continue to drive the adoption of transportation electrification within PNM’s service territory. Consequently, the proposed TEP is based on the inaugural TEP with some modifications to meet increased market demand and address additional barriers to customer adoption.

## 2.4. Current Electric Vehicle Market and Electric Vehicle Market Forecast

Electric vehicle technologies have progressed since 2022-2023 TEP was filed in December 2020, and the market for electric transportation is positioned for exponential growth in the short-term in alignment with the S-curve adoption model of previous disruptive technologies, as shown by Figure 1 below. When PNM filed 2022-2023 TEP, the market share of new EV registrations in PNM’s service territory was less than 2%. By the end of 2022, the market share of new EV registrations in PNM’s service territory had surpassed 7%, and the EVs in fleet (i.e., Vehicles in Operation or “VIO”) exceeded 6,700 vehicles. Consequently, EV adoption has entered the Early Adopters<sup>4</sup> stage, during which adoption becomes exponential as is shown in Figure 2 below. These advances in adoption have been made despite supply chain related EV availability constraints and long lead-times for customer EV orders through local dealerships.

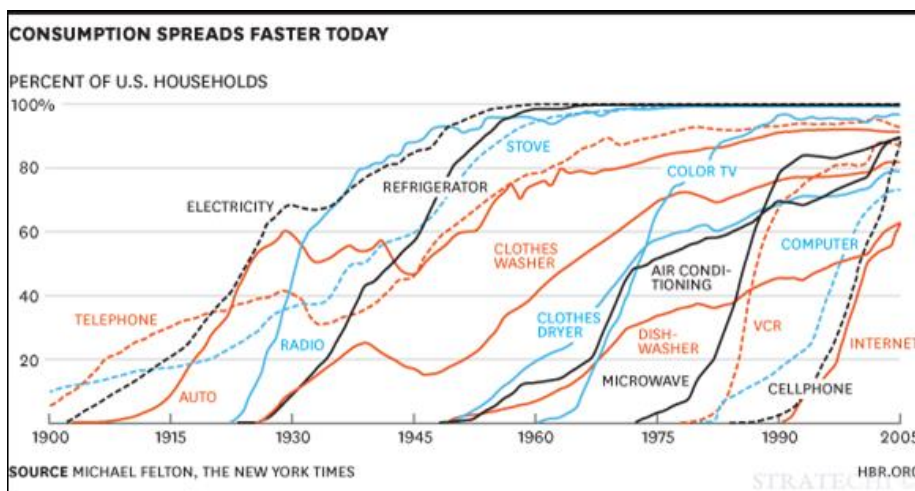


Figure 1, Historical S-Curve

s (source: Harvard Business Review)

<sup>4</sup> According to the Technology Adoption Life Cycle (TALC), originally developed by E.M. Rogers, the adoption of new technologies follows a bell curve model whereby the first 2.5% of adopters are Innovators, the next 13.5% of adopters are Early Adopters, and the next 34% of adopters are the Early Majority. Historically, disruptive technologies have experienced exponential growth between the Early Adopters and Early Majority stages of technology adoption.



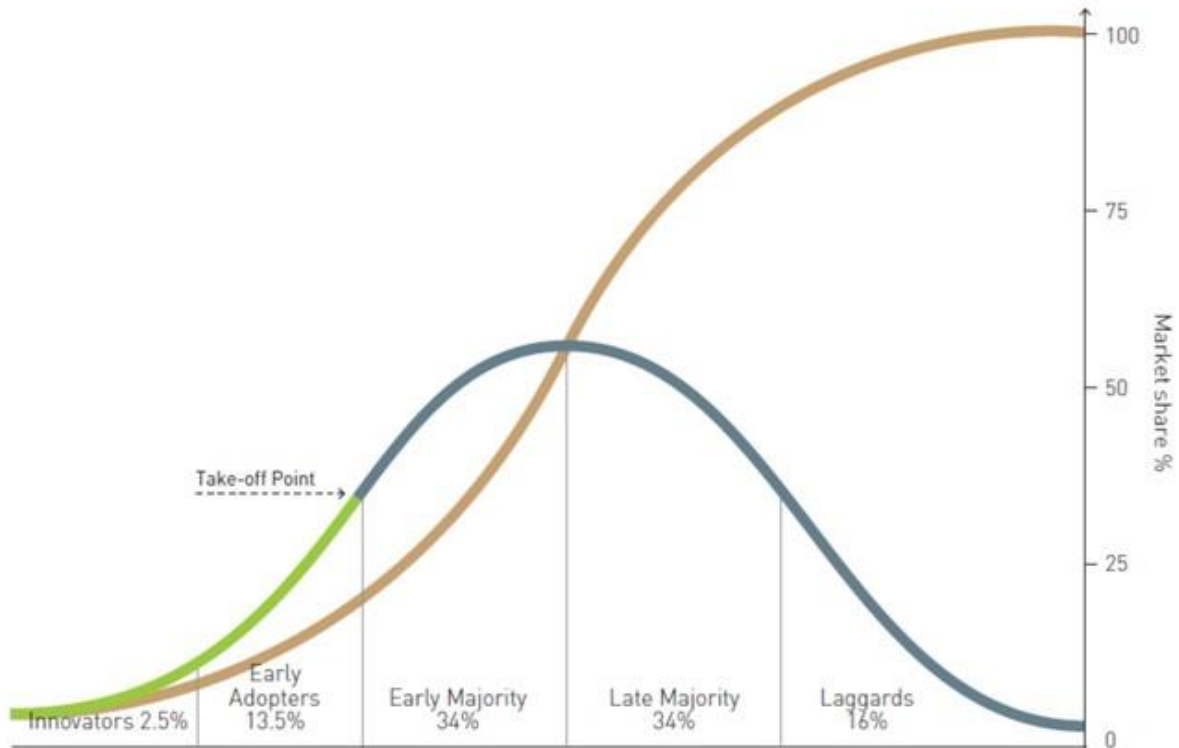


Figure 2, S-Curve and Bell Curve for Adoption Rate (source: *The Australian Business Review*)

Recent policy initiatives are expected to further increase EV adoption in the coming years. For example, the adoption of the Clean Car Rule by the New Mexico Environmental Improvement Board and Albuquerque Bernalillo County Air Quality Control Board sets emissions requirements for all new vehicle sales in New Mexico,<sup>5</sup> beginning in model year 2026. Federal funding provided through the National Electric Vehicle Infrastructure (“NEVI”) Formula Program<sup>6</sup> is expected to facilitate the installation of a national EV charging network along alternative fuels corridors throughout the United States. Finally, a recent tailpipe emissions standard proposed by the U.S. Environmental Protection Agency (“EPA”) for light-duty vehicles is expected to increase EV market share to 60% by 2030, according to a recent report by the Electric Power Research Institute (“EPRI”) issued on April 14, 2023.

To support the burgeoning EV market in New Mexico, PNM proposes to incentivize the development of both residential and non-residential EV charging facilities throughout PNM’s

<sup>5</sup> See 20.2.91 NMAC; 20.11.104 NMAC. See, also, <https://www.env.nm.gov/the-road-to-clean-cars-new-mexico/>.

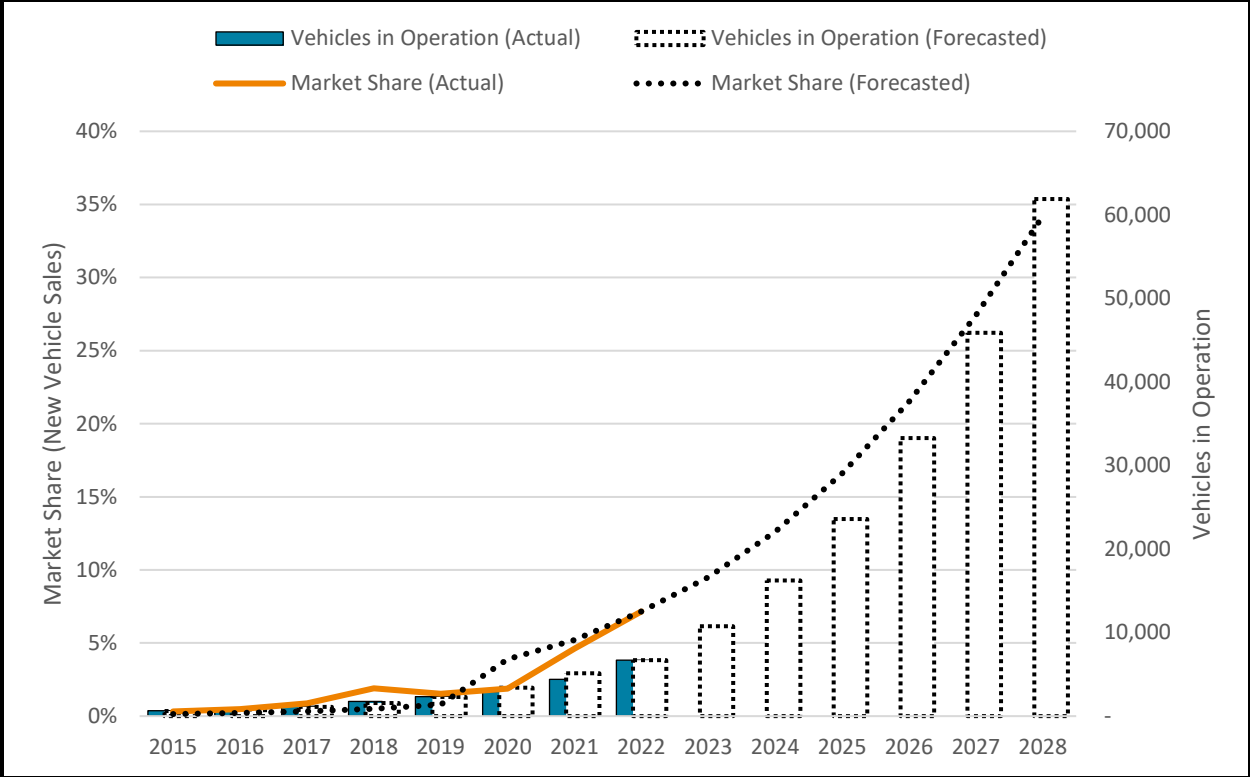
<sup>6</sup> <https://www.fhwa.dot.gov/environment/nevi/>.

service area by providing infrastructure incentives for approximately 25% of the new residential and non-residential EV charging need, which is expected to support the installation of EV chargers or electric vehicle supply equipment (“EVSE”) for those customers who might be disinclined to adopt otherwise. For residential customers, PNM anticipates 22,500 new EV drivers during the 2024 – 2026 program years, and PNM proposes to support the installation of residential EV chargers for 25% of new EV drivers, which is consistent with the methodology used in the TEP approved by the Final Order in 20-00237-UT.

An analysis performed by PNM with publicly available data acquired from the U.S. Department of Energy’s Alternative Fuels Data Center shows that New Mexico is currently ranked 24<sup>th</sup> in the United States as measured by the relationship of EVs to non-residential EV chargers (EVs:EVSE) with 16.57 EVs for every non-residential EV charger (16.57:1). New Mexico needs to attain a ratio of 12:1 to move into the top quartile of states as measured by the availability of non-residential EV chargers. To meet this ratio of EVs to EVSE, PNM anticipates the needs for an additional 1,900 Level 2 charging ports and 600 DCFC stations, and, like with residential need, PNM proposes to incentivize the installation of approximately 25% of the market need via rebates, which is intended to provide enough support to persuade those who might otherwise be disincentivized by the upfront costs to install EVSE.

The table and chart below provide additional detail regarding historical EV adoption metrics in PNM’s service territory and forecasted adoption over the coming program years and five-year outlook. Data for years 2020 – 2022 were received from a proprietary source, and data for years 2023 – 2028 are based on PNM’s S-Curve model of EV adoption.

	<u>EVs in Fleet</u>	<u>Market Share</u>
<b>2020</b>	2,950	1.9%
<b>2021</b>	4,400	4.6%
<b>2022</b>	6,700	7.2%
<b>2023</b>	10,752	9.5%
<b>2024</b>	16,231	12.6%
<b>2025</b>	23,575	16.6%
<b>2026</b>	33,280	21.5%
<b>2027</b>	45,882	27.4%
<b>2028</b>	61,914	34.2%



**2.5. Stakeholder Engagement and Program Design**

During the development of this program proposal, PNM sought feedback from and engaged with many stakeholders to ensure the program will serve customer needs. From February through May 2023, PNM hosted both in-person and virtual stakeholder meetings for groups and individuals to discuss the proposed TEP and adjust as necessary.

The stakeholder engagement process has been critical to ensuring the proposed TEP (“2024-2026 TEP”) addresses all compliance requirements while also prioritizing equity and customer needs. Throughout the course of the TEP design, PNM sought and incorporated feedback into the proposed program below. Although almost every component of this program has been influenced in some way by collaboration with stakeholders, the program offerings most significantly improved include the electric bicycle rebate, the new construction residential rebate, the residential EV charger installation rebate, the income-qualified EV purchase rebate, the non-residential line extension rebates, and the car-share program. PNM is grateful for those who contributed to the 2024-2026 TEP.

Invited stakeholders included the following entities:

- AMM Consulting, LLC
- Center for Clean and Affordable Energy
- ChargePoint
- City of Albuquerque
- Land of Enchantment Clean Cities Coalition
- NM Automotive Dealers' Association
- NM Department of Transportation
- NM Public Regulation Commission Staff
- PPC Solar
- Prosperity Works
- Sandoval County
- Santa Fe Habitat for Humanity
- University of New Mexico
- Western Resource Advocates
- Albuquerque Public Schools
- Bernalillo County
- Central New Mexico Community College
- City of Rio Rancho
- City of Santa Fe
- Earthjustice
- Electrify America
- EV Go
- Francis Energy
- Go Station
- Goodman Realty
- NM Attorney General's Office
- New Mexico Highlands University
- Natural Resources Defense Council
- Santa Fe County
- Santa Fe Green Chamber of Commerce
- Sierra Club
- Southwest Energy Efficiency Project
- Tesla
- The New Mexico Affordable Reliable Energy Alliance
- Titan Development
- University of New Mexico Hospital

### **3. The 2024-2026 Transportation Electrification Program**

PNM's TEP has been designed to reduce EV adoption barriers for PNM customers. Costs to purchase and install specialized charging equipment at homes, multifamily housing properties, businesses, and workplaces can still present substantial barriers to adoption, resulting in reduced consumer confidence that an EV will meet transportation needs and hesitancy in purchasing an EV. Costs to purchase an EV present a barrier for many, which is exacerbated by volatility in global supply chains and insufficient manufacturing capabilities by many automotive manufacturers; consequently, PNM has also proposed specific rebates for income-qualified customers to ensure an equitable and just transition toward electric modes of transport. Costs of electricity as a transportation fuel can present uncertainty, especially for commercial customers who may be concerned about the impact of large, EV charging loads on their electric bill's demand charges; subsequently, PNM proposes to continue offering the residential and non-residential EV charging rates to provide customers with increased predictability in the cost of electricity.

The TEP is founded on four primary pillars: infrastructure incentives for residential and non-residential customers; vehicle incentives for income-qualified and market rate customers; EV charging rates for residential and non-residential customers; and education, outreach, and marketing efforts to educate PNM customers about the benefits of electric transportation and the TEP incentives. Program administration is the foundation that supports the four primary pillars of the TEP.

Below, PNM discusses the components of the TEP budget. First, PNM addresses the incentives designed to support residential customers who adopt electric transportation, including infrastructure and vehicles rebates. Next, PNM presents the TEP non-residential incentives, which include support via utility line extension rebates and customer make-ready rebates across use cases, including multifamily properties, public DCFC, public Level 2, workplace Level 2, fleet DCFC, fleet Level 2, and shared transportation. Third, PNM describes market transformation initiatives designed to better understand how EV technologies can be integrated into the electric grid, including a managed charging program and fleet advisory services. Then, PNM provides details on the TEP education, outreach, and marketing activities, which are critical to inform customers about the environmental and economic benefits of EVs and the TEP incentives. Finally, PNM will provide an overview of the expected program administration requirements to implement and administer the TEP.

The table below provides a budgetary overview of the TEP incentives by program category, and the remainder of this section provides details regarding each of the various program offerings and corresponding requirements to participate.

Program	Subtotal	Income-qualified	Income-qualified (%)
Residential Incentives	\$7,833,750	\$2,321,250	30%
Non-Residential Incentives	\$11,225,000	\$2,025,000	18%
Shared Transportation (Mass Transit, Car-Share)	\$ 3,100,000	\$3,100,000	100%
Market Transformation	\$650,000	\$0	0%
Marketing, Education, and Outreach	\$3,080,000	\$924,750	30%
Program Administration	\$7,052,100	\$0	0%
<b>Total</b>	<b>\$37,268,350</b>	<b>\$8,605,750</b>	<b>23%</b>

### 3.1. Residential Incentives

About 80% of charging for privately-owned EVs occurs at home.<sup>7</sup> However, many residences do not have specialized EV charging equipment, which results in extended charging periods and can disincentivize EV purchases. The residential charging infrastructure incentives are intended to enable customers to take advantage of the WHEV rate while addressing concerns about the length of time to fully charge their EV.

PNM’s proposed residential incentives reduce cost barriers for the purchase of qualifying Level 2 EV chargers and, as such, the incentive is based on the approximate cost to purchase a Level 2 charger for residential use. Level 2 chargers operate at 240V, allowing customers to recharge their EVs from 0% to 80% in 4 – 10 hours. In contrast, the Level 1 (120V) charger that often comes with an EV as standard equipment might require 40 hours or more to recharge from 0% to 80%.<sup>8</sup> The installation of the Level 2 charger complements the WHEV rate as it allows customers to fully charge their EV during the overnight EV charging window, letting customers maximize their savings and shift all of their EV charging load to a period when PNM’s system is typically underutilized.

#### 3.1.1. Residential Level 2 Charger Rebate

PNM proposes rebates for an estimated 4,500 residential customers who purchase a qualifying Level 2 charger. Market rate participants can receive up to \$500 and income-qualified participants can receive up to \$750 toward the purchase of a qualifying Level 2 charger. The

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<sup>7</sup> <https://www.forbes.com/wheels/news/jd-power-study-electric-vehicle-owners-prefer-dedicated-home-charging-stations/>.

<sup>8</sup> Time to charge depends on charger specifications and vehicle state of charge, among other considerations. Additional information can be found at <https://www.transportation.gov/rural/ev/toolkit/ev-basics/charging-speeds>.

Residential Level 2 Charger rebate budget is expected to serve an estimated 4,500 customers, approximately 25% of the new residential EV owners in PNM’s service territory. Of the 4,500 proposed Level 2 residential charger incentives, an estimated 225 rebates will be reserved for income-qualified customers. The rebate will cover most of the cost to purchase a qualifying charger unit, as many qualifying models range between \$400-800.

No single service address can qualify for more than two rebates for the duration of the TEP. To qualify, the customer must provide the following:

- Proof of purchase showing the charger:
  - Is a qualifying Level 2 charger;
  - Is listed by a Nationally Recognized Testing Laboratory (“NRTL”);
  - Has smart charging capabilities to program charging windows and respond to external signals through either OpenADR<sup>9</sup> or OCPP<sup>10</sup> communications protocol;
  - Can connect to WIFI or cellular (income-qualified customers who do not have WIFI already available at their service address are not required to obtain WIFI to qualify for the incentive);
  - Allows for charging data to be shared with PNM;
  - Was purchased after the latter of the effective date of this TEP or January 1, 2024;
- Proof of completed installation, such as a signed statement, may be required; and

Participation eligibility will be verified through an online application process. PNM will provide a list of all qualifying Level 2 chargers. The customer must submit a copy of their current vehicle registration for an EV at their service address for each rebate requested and the purchase receipt for each qualifying charger. Incentive funds will then be sent to the qualifying customers in the form of a check. Alternatively, customers purchasing a charger through a PNM TEP Authorized Contractor will be eligible to receive a rebate through their contractor at the point-of-sale.

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<sup>9</sup> According to the OpenADR Alliance, OpenADR, or “Open Automated Demand Response is an open and interoperable information exchange model and emerging Smart Grid standard,” which standardizes the communications message format for dynamic price and reliability signals across utilities, ISOs, and energy management and control systems; <https://www.openadr.org/faq#3>.

<sup>10</sup> The Open Charge Point Protocol (OCPP) is an open standard communications protocol for EV charging stations, which facilitates security, transactions, diagnostics, and commands across network providers and hardware manufacturers.

### **3.1.2. Income-Qualified Reserve Fund (formerly, New Construction EV Ready Rebate)**

The Income-Qualified Reserve Fund was originally proposed as the New Construction EV Ready Rebate, which was intended to incentivize the installation of a dedicated 240V circuit and NEMA14-30 or NEMA 14-50 plug during the construction process of new housing stock. On January 17, 2024, the New Mexico Regulation and Licensing Department adopted updates to *Title 14 – Housing and Construction* of the New Mexico Administrative Code requiring that all new single-family and multi-family housing construction be outfitted with a 240V circuit and NEMA 14 plug to enable EV charging in the parking area. As a result, the NMPRC adopted a modification to this program which will hold the requested budget of \$315,000 in reserve to supplement any income-qualified offerings which exhaust their approved budget and corresponding budget flexibility. Consequently, this budget of \$315,000 will be held in reserve until such time as an income-qualified specific TEP offering requires additional funding.

### **3.1.3. Residential Level 2 Installation Rebate**

Many customers will be required to install electrical facilities to support the use of a qualifying Level 2 charger. These upgrade costs can be prohibitive, especially for older homes, which disincentivizes customers from adopting EVs. Consequently, PNM proposes a supplemental rebate for costs incurred to install a qualifying Level 2 charger. Rebates up to \$1,500 will be available for market rate customers, with a total budget of \$3,300,000. For income-qualified customers, rebates up to \$3,500 will be available, with a total budget of \$787,500.

No single service address can qualify for more than one rebate for the duration of the TEP. To qualify, the customer must:

- Participate in the Residential Level 2 Charger Rebate described above;
- Provide proof of completed installation, such as a signed statement, after the date of implementation or January 1, 2024, whichever is later;
- Submit a copy of the city and/or county permit authorizing electrical upgrades; and,
- Self-certify as income-qualified if claiming the income-qualified rebate.

Equipment eligibility will be verified through an online application process. The customer will submit the receipt(s) for the installation costs. Incentive funds will then be sent to the approved customer in the form of a check. Alternatively, customers working with a PNM TEP Authorized Contractor will be eligible to receive a rebate through their contractor at the point-of-sale.

### **3.1.4. Electric Bicycle Rebate**

For some customers, alternative modes of electric transport may provide additional benefits at a reduced cost to entry. Electric bicycles represent such an alternative and, in compliance with



NMPRC Rule 574.11(B)(2), PNM proposes a \$250 incentive per residential customer for the purchase of a qualifying electric bicycle for the first 300 customers. PNM proposes a \$1,000 incentive for the first 150 income-qualified residential customers for the purchase of a qualified electric bicycle.

No single service address can qualify for more than one rebate, either market rate or income-qualified. To qualify, the customer must purchase the electric bicycle through a participating bicycle dealer, which facilitates a point-of-sale rebate for participating customers. To qualify for the rebate, the electric bicycle must:

- Be primarily intended to be used for transportation needs in order to offset car miles, purely recreational electric bicycles will not be incentivized;
- Utilize an electric motor to provide full- or partial-propulsion;
- Have an attached or detachable battery capable of being recharged via an external electrical source; and,
- Self-certify as income-qualified if claiming the income-qualified rebate.

Participation eligibility will be verified through participating electric bicycle dealerships.

### **3.1.5. Income-qualified EV Purchase Rebate**

Equitable access to affordable EV options is a key barrier to the adoption of transportation electrification, especially for income-qualified customers who may not have access to affordable and clean transportation technologies. To support the adoption of new and used EVs for income-qualified customers, PNM proposes a total budget of \$900,000 to fund rebates up to \$4,000 for the purchase or lease of a qualifying new or used EV, which is expected to serve an estimated 225 income-qualified applicants.

No single service address can qualify for more than one rebate for the duration of the TEP. To qualify, the customer must meet the following eligibility requirements.

- Have an active, residential PNM electric account;
- Purchase or lease an electric vehicle from a registered New Mexico dealership;
  - Private vehicle sales are not eligible for rebates;
- Purchase or lease a new or used electric vehicle with a total invoiced purchase price of no more than \$55,000;
- Self-certify as income-qualified.

PNM will work with a network of dealerships in PNM's service area to enable these rebates at the point-of-sale.

### **3.1.6. Managed Charging Pilot Program**

Residential EV charging is expected to increase the average electric customer's energy consumption by roughly 40%, which can represent a substantial increase in electric system demand in areas where EVs are adopted. As EV adoption increases exponentially, electric distribution system upgrades may become increasingly burdensome as peak residential loads trigger transformer and feeder upgrades to meet area needs. Managed charging presents an opportunity for PNM to collaborate with residential EV owners to balance customer EV charging needs with distribution system constraints in a way that meets customer EV state of charge expectations while limiting the need for costly system upgrades. Managed charging allows PNM to control the time, rate of charge, and location of charging loads to balance area loads while ensuring customer vehicles are ready to meet their transportation needs.

PNM will offer an actively managed charging pilot program. Up to 1,000 customers will be enrolled in the actively managed charging pilot program, which will allow PNM to control the speed and time of residential charging; although, the customer will be able to dictate their desired state of charge at a given time and will be able to opt out of actively managed charging up to 15% of the time. For enrolled customers, PNM will provide an enrollment incentive of \$75 and an annual incentive of \$75 for the second year of participation.

No single service address can enroll in more than one managed charging program offering.

## **3.2. Non-residential Incentives**

PNM's 2022-2023 TEP employed a utility incentives investment strategy, which provided rebates to customers for the installation of privately owned EVSE based on the level of charging being deployed and the equipment's intended use. These rebates were available for infrastructure costs between the PNM meter and the base of the EVSE, (i.e., a "Partial Make-Ready" or a "Customer Make-Ready" rebate). However, many non-residential customers have encountered substantial cost barriers for utility line extensions necessary to support EVSE.

Consequently, PNM proposes a modification to the current business model to expand rebate eligibility to include utility line extension costs in addition to rebates offered for infrastructure between the PNM meter and the base of the EVSE. In other words, PNM proposes a broader approach which will provide financial assistance for utility line extension costs necessary to support the installation of incentivized EV charging infrastructure. Eligible expenses include any make-ready costs, including utility line extension upgrades required to support the installation of Level 2 chargers and any customer make-ready costs incurred between the PNM meter and the base of the EV charger.

### **3.2.1. Non-Residential Level 2 Charger Incentives**

The dispersal of Level 2 charging stations throughout towns and cities is critical to reducing range anxiety and increasing customer confidence in EV technologies. The longer charging periods make Level 2 charging ideal for any place where an EV will be parked for at least two

hours. The most popular use cases for Level 2 charging include multifamily parking spaces, public parking spaces, workplace parking spaces, and fleet parking spaces. Consequently, PNM proposes customer make-ready rebates to incentivize the installation of an estimated 455 non-residential Level 2 charging ports.

#### 3.2.1.1. Multifamily Level 2 Charger Make-Ready Rebate

Addressing multifamily charging is key to ensuring that customers who live in multifamily properties units can charge at home. Multifamily charging presents unique challenges because it can be very difficult to install typical residential chargers behind a specific resident's service panel, and it is typically more cost-effective for residents of multifamily housing units to share infrastructure. As a result, multifamily incentives are included in the Non-Residential Level 2 Charger Incentives section because it is expected that chargers at multifamily properties will be placed behind the commercial property meter. In circumstances where a resident places a Level 2 charger behind their residential electric service meter, customers are eligible to participate as a residential rebate applicant.

To encourage the installation of Level 2 charging stations at multifamily properties, PNM proposes a \$200,000 budget to support the installation of an estimated 40 Level 2 charging ports. Each charger port is eligible for a rebate up to \$5,000.

No single service address shall qualify for more than four rebates. To qualify for the rebate, charging stations must meet the following criteria:

- Qualifying Level 2 chargers;
- Accessible to residents of the multifamily property;
- Listed by a National Recognized Testing Laboratory;
- Networked to a public charging network;
- Smart charging capabilities to program charging windows and respond to external signal through either OpenADR or OCPP communications protocols;
- Charging data shall be shared with PNM;
- Installation must be completed after the 2024-2026 TEP implementation date or January 1, 2024, whichever is later; and,
- Proof of completed installation, such as a signed statement, may be required.

Qualification will be verified through an online application process. The customer will be required to submit the receipt(s) for all installation costs and the data sheet for the charger, along with any supporting information to illustrate participation eligibility. Rebates will be sent to the qualifying customer in the form of a check. Alternatively, customers working with a PNM TEP Authorized Contractor will be eligible to receive a rebate through their contractor at the point-of-sale.

### 3.2.1.2. Income-qualified Multifamily Level 2 Charger Make-Ready Rebate

To encourage the installation of Level 2 charging stations at multifamily properties in underserved areas, PNM proposes a \$400,000 budget to support the installation of an estimated 40 Level 2 charging ports. Each charger port is eligible for a rebate up to \$10,000.

No single service address shall qualify for more than four rebates. To qualify for the rebate, charging stations must meet the following criteria:

- Customer must receive non-residential electric service from PNM;
- Multifamily property must be located in an area identified as underserved;
- Installation must be completed after the 2024-2026 TEP implementation date or January 1, 2024, whichever is later; and,
- Proof of completed installation, such as a signed statement, may be required.

Qualification will be verified through an online application process. The customer will be required to submit the receipt(s) for all installation costs and the data sheet for the charger, along with any supporting information to illustrate participation eligibility. Rebates will be sent to the qualifying customer in the form of a check. Alternatively, customers working with a PNM TEP Authorized Contractor will be eligible to receive a rebate through their contractor at the point-of-sale.

### 3.2.1.4. Public Level 2 Charger Make-Ready Rebate

Level 2 public chargers can be located at any publicly accessible parking space where electrical infrastructure can be installed. Public Level 2 chargers can be installed behind an existing electrical service or placed onto a dedicated electrical service; however, customers choosing to install Level 2 chargers behind an existing service should be aware of potential effects of EV charging on electrical demand charges. PNM proposes a total budget of \$625,000 to support the installation of approximately 125 public Level 2 charging ports, with a cap of \$5,000 per port. A budgetary carve-out of 20% (\$125,000) will be reserved for the installation of public Level 2 charging ports in underserved communities.

No single service address shall qualify for more than four rebates. To qualify for the rebate, charging stations must meet the following criteria:

- Qualifying Level 2 charging station;
- Accessible to the public;
- Listed by a National Recognized Testing Laboratory;
- Networked to a public charging network;
- For projects intended to serve income-qualified users, the charger ports must be located in an area identified as underserved;
- Smart charging capabilities to program charging windows and respond to external signal through either OpenADR or OCPP communications protocols;

- Europay, MasterCard, Visa (EMV) payment capability, either EMV Contact Chip and/or EMV Contactless Chip technologies, to allow for point-of-sale transactions if a fee is to be charged for the charger's use;
- Charging data shall be shared with PNM;
- Installation must be completed after the 2024-2026 TEP implementation date or January 1, 2024, whichever is later; and,
- Proof of completed installation, such as a signed statement, may be required.

Qualification will be verified through an online application process. The customer will be required to submit the receipt(s) for all installation costs and the data sheet for the charger, along with any supporting information to illustrate eligibility for participation. Rebates will be sent to the qualifying customer in the form of a check. Alternatively, customers working with a PNM TEP Authorized Contractor will be eligible to receive a rebate through their contractor at the point-of-sale.

#### 3.2.1.6. Workplace Level 2 Charger Make-Ready Rebate

Workplaces are the second most frequent place where customers park for long periods of time. To support workplaces that want to encourage their employees to drive EVs by offering workplace charging, PNM proposes a budget of \$625,000 to incentivize the installation of approximately 125 workplace Level 2 charging ports, with a cap of \$5,000 per port. A budgetary carve-out of 20% (\$125,000) will be reserved for the installation of workplace Level 2 charging ports in underserved communities.

No single service address shall qualify for more than four rebates. To qualify for the rebate, charging stations must meet the following criteria:

- Qualifying Level 2 charging station;
- Accessible to employees;
- Listed by a National Recognized Testing Laboratory;
- Networked to a public charging network;
- Smart charging capabilities to program charging windows and respond to external signal through either OpenADR or OCPP communications protocols;
- Signage indicating maximum parking time of 4 hours during business hours, if no fee to be charged;
- Charging data shall be shared with PNM;
- For projects intended to serve income-qualified users, the charger ports must be located in an area identified as underserved;
- Installation must be completed after the 2024-2026 TEP implementation date or January 1, 2024, whichever is later; and,
- Proof of completed installation, such as a signed statement, may be required.

Qualification will be verified through an online application process. The customer will be required to submit the receipt(s) for all installation costs and the data sheet for the charger, along with any supporting information to illustrate participation eligibility. Rebates will be sent to the qualifying customer in the form of a check. Alternatively, customers working with a PNM TEP Authorized Contractor will be eligible to receive a rebate through their contractor at the point-of-sale.

#### 3.2.1.8. Fleet Level 2 Charger Make-Ready Rebate

Business fleets represent a significant number of vehicles on the road and, as such, must be increasingly electrified to support the environmental goals of the TE Statute. To support businesses seeking to replace internal combustion engine vehicles with EVs, PNM proposes a budget of \$625,000 to incentivize the installation of approximately 125 fleet Level 2 charging ports, with a cap of \$5,000 per port. A budgetary carve-out of 20% (\$125,000) will be reserved for the installation of fleet Level 2 charging ports in underserved communities.

No single service address shall qualify for more than four rebates. To qualify for the rebate, charging stations must meet the following criteria:

- Qualifying Level 2 charging station;
- Accessible to fleet vehicles;
- Listed by a National Recognized Testing Laboratory;
- Networked to a public charging network;
- Smart charging capabilities to program charging windows and respond to external signal through either OpenADR or OCPP communications protocols;
- Charging data shall be shared with PNM;
- For projects intended to serve income-qualified users, the charger ports must be located in an area identified as underserved;
- Installation must be completed after the 2024-2026 TEP implementation date or January 1, 2024, whichever is later; and,
- Proof of completed installation, such as a signed statement, may be required.

Qualification will be verified through an online application process. The customer will be required to submit the receipt(s) for all installation costs and the data sheet for the charger, along with any supporting information to illustrate participation eligibility. Rebates will be sent to the qualifying customer in the form of a check. Alternatively, customers working with a PNM TEP Authorized Contractor will be eligible to receive a rebate through their contractor at the point-of-sale.

#### **3.2.2. Non-Residential DC Fast Charging Incentives**

Range anxiety is a substantial impediment to EV adoption for many customers, which is generally characterized as an apprehension that EVs will not have sufficient range and EV chargers will not be available to complete a desired journey. There are two tactics available to combat

range anxiety. Either increase the energy density of EV batteries and available range of EVs or increase the availability of charging stations, preferably those that allow for a full charge in under an hour.

The addition of DCFCs is critical to overcome range anxiety and support the electric transportation sector. DCFCs are most suitable along heavily trafficked corridors where travelers need to fuel during a longer journey. DCFCs can also support adoption of EVs by those living in the area but who may not be able to install a Level 2 charger at their primary residence.

#### 3.2.2.1. Public DCFC Make-Ready Rebate

To support the adoption of EVs and reduce range anxiety, PNM proposes a total budget of \$6,250,000 to support the development of 125 publicly accessible DCFC stations within PNM's service territory, with a cap of \$50,000 per DCFC station. Of this budget, a 20% budgetary carve-out (\$1,250,000) will be reserved for projects in underserved communities.

No single service address shall qualify for more than four rebates. To qualify for the rebate, charging stations must meet the following criteria:

- DCFC with a minimum 50 kW capacity;
- Accessible to the public
- Listed by a Nationally Recognized Testing Laboratory;
- Provide a non-proprietary charging plug, either SAE Combo or CHAdeMO;
- Networked to a public charging network;
- Smart charging capabilities to program charging windows and respond to external signals through either OpenADR or OCPP communications protocols;
- If fee to be charged, EVSE shall have at least two payment methods, such as Europay, MasterCard, Visa (EMV) chip reader, app-based payment, or contactless credit card;
- Charging data shall be shared with PNM;
- Installation must be completed after the 2024-2026 TEP implementation date or January 1, 2024, whichever is later;
- For projects intended to serve income-qualified users, the charger ports must be located in an area identified as underserved;
- Proof of completed installation, such as a signed statement, may be required;
- Customers shall enroll in the 3F Non-residential Charging Station Pilot Rate, unless discouraged by electrical system architecture
  - As a default, customers are required to include a price differential to the end-user at the same ratio as Rate 3F (3:1 in the Summer and 2:1 all other months).<sup>11</sup>

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<sup>11</sup> See, NMPRC Case No. 20-00237-UT, Recommended Decision at pp. 47-50 (August 30, 2021). Adopted by Final Order, November 12, 2021.

- Alternatively, charging stations funded under the National Electric Vehicle Infrastructure (“NEVI”) Formula Program<sup>12</sup> must meet the following requirements in addition to any requirements evaluated by the NEVI reviewers:
  - Must submit proof of funding under NEVI Formula Program;
  - Charging data shall be shared with PNM;
  - Installation must be completed after the 2024-2026 TEP implementation date or January 1, 2024, whichever is later;
  - For projects intended to serve income-qualified users, the charger ports must be located in an area identified as underserved;
  - Proof of completed installation, such as a signed statement, may be required; and,
  - Customers shall enroll in the 3F Non-residential Charging Station Pilot Rate
    - As a default, customers are required to include a price differential to the end-user at the same ratio as Rate 3F (3:1 in the Summer and 2:1 all other months).<sup>13</sup>

Qualification will be verified through an online application process. The customer will be required to submit the receipt(s) for all installation costs and the data sheet for the charger, along with any supporting information to illustrate participation eligibility. Rebates will be sent to the qualifying customer in the form of a check. Alternatively, customers working with a PNM TEP Authorized Contractor will be eligible to receive a rebate through their contractor at the point-of-sale.

#### 3.2.2.3. Fleet DCFC Make-Ready Rebate

To support the electrification of fleets, PNM proposes a total budget of \$2,500,000 to support the development of 50 fleet DCFC stations within PNM’s service territory, with a cap of \$50,000 per DCFC station.

No single service address shall qualify for more than four rebates. To qualify for the rebate, charging stations must meet the following criteria:

- DCFC Charger with a minimum 50 kW capacity;
- Not accessible to the public;
- Listed by a Nationally Recognized Testing Laboratory;
- Networked to a public charging network;
- Smart charging capabilities to program charging windows and respond to external signals through either OpenADR or OCPP communications protocols;
- Charging data shall be shared with PNM;

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<sup>12</sup> See, [88 FR 12724](#), effective March 30, 2023, pp. 12724-12757.

<sup>13</sup> See, NMPRC Case No. 20-00237-UT, Recommended Decision at pp. 47-50 (August 30, 2021). Adopted by Final Order, November 12, 2021.



- Installation must be completed after the 2024-2026 TEP implementation date or January 1, 2024, whichever is later;
- Proof of completed installation, such as a signed statement, may be required;
- Customers shall enroll in the 3F Non-residential Charging Station Pilot Rate, unless discouraged by electrical system architecture
  - As a default, customers are required to include a price differential to the end-user at the same ratio as Rate 3F (3:1 in the Summer and 2:1 all other months).<sup>14</sup>

Qualification will be verified through an online application process. The customer will be required to submit the receipt(s) for all installation costs and the data sheet for the charger, along with any supporting information to illustrate participation eligibility. Rebates will be sent to the qualifying customer in the form of a check. Alternatively, customers working with a PNM TEP Authorized Contractor will be eligible to receive a rebate through their contractor at the point-of-sale.

#### 3.2.2.5. Fleet Advisory Services Pilot Program

According to proprietary data provided to PNM, more than 90% of all transportation electrification has occurred in the residential customer segment; however, business fleets represent a significant source of greenhouse gas emissions.<sup>15</sup> Furthermore, many fleet vehicles are ideal candidates for electrification as they have regular and predictable duty cycles, and electric powertrains present reduced operation and maintenance costs for many use cases. However, fleet electrification at scale presents considerable challenges to experienced fleet managers as the technology and fueling paradigm is considerably different from internal combustion engine vehicles. To facilitate the electrification of fleet vehicles in PNM's service territory, PNM proposes to offer a Fleet Advisory Services Pilot Program, which will provide participants with a customer specific fleet electrification plan, a charging infrastructure needs analysis, and a total cost of ownership analysis for fleet electrification.

The Fleet Advisory Services Pilot Program budget is \$250,000 and is sized to accommodate an estimated ten participants. To qualify for participation, fleet applicants must meet the following criteria:

- Have a light-, medium-, and/or heavy-duty fleet of at least five vehicles; and,
- All vehicles must be kept at a single location within PNM's service area while not in use.

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<sup>14</sup> See, NMPRC Case No. 20-00237-UT, Recommended Decision at pp. 47-50 (August 30, 2021). Adopted by Final Order, November 12, 2021.

<sup>15</sup> According to data provided by the Bureau of Transportation Statistics, 8,140,000 fleet vehicles were in operation during calendar year 2020 (<https://www.bts.gov/content/us-automobile-and-truck-fleets-use-thousands>), which represents an estimated 37,444,000 metric tons of carbon dioxide emitted each year.

#### 3.2.2.6. Mass Transit Rebates

PNM proposes a total budget of \$3,000,000 to support the electrification of mass transit, which can be used to support the installation of en route charging stations and/or depot charging stations for municipal mass transit and institutional mass transit that serve underserved communities.

There is no limit on the number of installations that a single service address may qualify for; however, no single entity may receive more than one-third of the total budget for the duration of the program. To qualify for the rebate, charging stations must meet the following criteria:

- Be used to charge mass transit EVs that have at least two stops within income-qualified communities;
- Listed by a Nationally Recognized Testing Laboratory;
- Smart charging capabilities to program charging windows and respond to external signals through OpenADR or OCPP communications protocol;
- Charging data shall be shared with PNM;
- Installation must be completed after the implementation date of the 2024-2026 TEP or January 1, 2024, whichever is later; and,
- Proof of completed installation (such as signed statement) may be required

Qualification will be verified through an online application process. The customer will be required to submit the receipt(s) for all installation costs and the data sheet of the charger, along with any supporting information to illustrate that it meets all requirements for the rebate. Rebates will then be sent to qualifying customers in the form of a check. Customers who work with a TEP Authorized Contractor can have the rebate deducted from the total costs of installation, thereby providing a rebate at the point-of-sale.

#### 3.2.2.7. Car-Share Program

Outside of the TEP 2022 – 2023, PNM has supported the development of an EV car-share program hosted by Forth and Mobility Development Group, which is called the Affordable Mobility Platform (“AMP”) and made possible by funding from the U.S. Department of Energy. This pilot program has received federal funding sufficient to support AMP in PNM’s service territory through the end of 2025. As part of 2024-2026 TEP, PNM proposes to provide half of the funding needed to maintain this program for calendar year 2026, which will ensure continuity of the program through the conclusion of this TEP and will provide PNM and other stakeholders the opportunity to assess AMP’s efficacy and determine how additional car-share programs can be included in TEP 2027 – 2029. PNM proposes to set aside a budget of \$100,000 which is approximately half of the needed funding for calendar year 2026.

### 3.3. EV Charging Rate Design

Rate design is the most direct way to communicate price signals to the customer to influence charging behavior. Proper rate design can incentivize customers to charge during off-peak times, thereby increasing the efficiency of the grid and allowing for greater penetration of EVs and other variable resources while reducing the need for costly system upgrades.

Both residential and non-residential rates were approved in 20-00237-UT as an integral part of the 2022-2023 TEP, and PNM proposes to continue both rates as currently in effect. Both rates are designed to address possible barriers to EV adoption and benefit the system by shifting demand to off-peak hours.

#### 3.3.1 Whole-Home EV Pilot Rate

Qualifying residential customers are currently able to participate in the pilot residential Whole-Home EV, or WHEV, rate, which does not require a separate sub-meter or separate service for PNM. Using a single meter keeps customer costs low by obviating the need for a separate sub-meter that would add cost to the installation. The WHEV rate requires installation of an advanced cellular meter to record both time-period and interval data. Although it is possible for a customer to shift all load to the off-peak period, this would still benefit the system by reducing demand on the system during peak periods and would therefore benefit the system and all customers.

PNM is currently authorized to offer the WHEV rate to 4,900 EV owners to charge their EV between 10:00 PM and 5:00 AM year-round. Of the 4,900 customers that may enroll in the new rate, 3,900 must also take the residential charger incentive, while the remaining 1,000 may be customers who do not wish to take the residential charger incentive, but otherwise qualify for the rate. The number of participants was capped to limit the expense of the new meters, which were not included in the budget for the 2022-2023 TEP. Rather, PNM proposed to recover the cost of these meters in the next general rate case. The table below provides a description of the WHEV base rates, although it must be noted that the specific cost per kWh rates are subject to change as a result of action by the Commission in the pending general rate case.

Time period		WHEV \$/kWh Rate (June, July, August)	WHEV \$/kWh Rate (All Other Months)
05:00 AM - 10:00 PM Electricity Usage	Block 1	\$0.0748255/kWh	\$0.0748255/kWh
	Block 2	\$0.1240339/kWh	\$0.1070240/kWh
	Block 3	\$0.1664298/kWh	\$0.1408090/kWh
10:00 PM – 05:00 AM WHEV Electricity Usage		\$0.0315696/kWh	

PNM proposes to expand the number of possible WHEV participants from 4,900 to a total of 10,000 through the 2024-2026 TEP. Increasing the number of potential participants allows up to 4,500 new Residential Level 2 Charger Rebate recipients to enroll in the WHEV. This further expands the number of EV owners who are incentivized to charge their EVs during off-peak hours, thereby providing system benefits by increasing off-peak utilization of the electric system.

Qualification for non-rebate applicants will be verified through an online application process. The customer will be required to submit a current registration for an EV at their PNM service address. To remain enrolled in the rate, PNM will annually verify that the customer still qualifies for participation.

### **3.3.2. Non-Residential EV Charging Station Pilot Rate**

The biggest hurdle to non-residential EV charging is electric demand charges that many non-residential customers incur when charging stations are installed on their existing service. While Level 2 charging typically will only increase demand by up to 10 kW, DCFC's can increase demand by well over 100 kW. For example, a customer on rate 3B with a PNM-owned transformer pays a demand charge of \$19.02/kW during non-summer months. This means that the highest demand for the billing period is charged this amount. If a customer installs a DCFC with 100 kW capacity that is charging an EV at the same time they hit the highest demand for the month, the monthly bill could increase by \$1,902.00. Understandably, this is a reason many customers avoid large charging loads.

While the current utilization rates for public chargers are low, a single charge using a DCFC could be thousands of dollars in demand, even though less than 100 kWh were fueled into the vehicle. To address this concern, PNM proposes to continue the 3F Non-residential EV Charging Station Pilot rate which has no demand charges, regardless of the connected charger capacity. PNM believes that this is the best way to support the deployment of non-residential charging infrastructure to make charging stations readily available throughout PNM's service area. As EV adoption increases, demand charges may no longer be burdensome to the business model for EV charging. PNM will continue to monitor charging data from incentivized stations to understand how this trend is progressing.

The 3F Non-residential EV Charging Station Pilot rate is also designed to avoid charging during peak hours, but in this case, a dedicated service will be required to remove demand charges. The non-residential rate varies between summer and non-summer months and is based on the cost of energy, which may be modified by action of the Commission in a general rate case. The table below shows the current time windows and the associated energy costs for the 3F Non-residential EV Charging Station Pilot rate. The pricing ratios of on-peak to off-peak of approximately 2:1 in the non-summer months and approximately 3:1 in the summer months should be sufficient price signals to encourage customers to prioritize charging during off-peak periods.

	<b>TOU hours for Rate 3F</b>	<b>Energy Rate</b>
<b>On-peak</b>		
Summer	5:00-10:00pm, Monday-Sunday (35 hours/week)	\$0.1865171/kWh
Non-summer	5:00-8:00am and 5:00-8:00pm, Monday-Sunday (42 hours/week)	\$0.1380762/kWh
<b>Off-peak</b>		
Summer	All other hours (133 hours/week)	\$0.0642196/kWh
Non-summer	All other hours (126 hours/week)	\$0.0642196/kWh

### 3.4. Education, Marketing, and Outreach

The average vehicle age for light-duty vehicles has grown substantially over preceding decades, and recent data indicates that the average age of a vehicle in 2020 was 12.1 years. This trend indicates that passenger vehicles are being used for longer periods of time before being retired, which suggests customer education is especially important for customers who may have vehicles approaching the end of their useful life. Indeed, an internal combustion vehicle purchased today may still be in use in 2035, so educating customers on the economic and environmental benefits of EVs today may prevent substantial greenhouse gas emissions over the coming decades.<sup>16</sup> A well-structured education, outreach, and marketing campaign empowers customers to improve their financial position by taking advantage of reduced fuel and maintenance costs while helping New Mexico achieve environmental targets and greenhouse gas emissions reductions.

The primary objective of the TEP is to support and encourage an electrified transportation sector, and the transformation of New Mexico’s transportation technologies will require more than infrastructure incentives and EV charging rates; indeed, an equitable transition toward electric modes of transportation will require significant efforts to educate and engage with customers who may be unfamiliar with the benefits of EVs. As this market develops, PNM’s TEP must evolve by using the most up-to-date education, outreach, and engagement techniques.

Educating customers about the benefits of transportation electrification is integral to driving a wider adoption of EVs in New Mexico, especially given the current level of adoption present throughout PNM’s service territory. Consequently, PNM will deploy a total budget of \$3,080,000 budget to support customer education, outreach, and marketing activities, of which an

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<sup>16</sup> According to the Environmental Protection Agency, the typical passenger vehicle emits about 4.6 metric tons of carbon dioxide per year (<https://www.epa.gov/greenvehicles/greenhouse-gas-emissions-typical-passenger-vehicle>).

estimated 30% will be set aside for marketing and outreach targeting income-qualified customers. Additionally, PNM will deploy \$175,000 per year to support community-based organizations performing direct outreach to income-qualified customers in PNM's service area.

### **3.4.1. Customer Education, Outreach, and Marketing Channels**

Many customers may be unaware of the economic and environmental benefits of EVs, the variety of makes and models, and PNM's infrastructure incentives and EV charging rates. Reaching customers is critical to increasing awareness in PNM's service territory and driving increased adoption. PNM intends to utilize a variety of marketing channels to reach customers where they normally receive and interact with new information. Examples of anticipated marketing channels and associated activities include the following:

- In-person and virtual events
  - Electric Car Ride and Drive Events
  - PNM Low-Income Assistance Fair Attendance and Presentation
  - Lunch and Learns
  - Webinars
  - Association and organization membership and meeting attendance, i.e., New Mexico Automotive Dealers' Association or Apartment Association of New Mexico
- Social media marketing
  - Pay-per-click marketing initiatives across social media platforms
  - Paid banner advertisements
  - Organic social media posting campaigns
- Traditional advertising (i.e., print, radio, tv)
  - TV and digital video advertisements
  - Radio, streaming audio, and digital voice-over advertisements
  - Newspaper and local magazine advertisements
- Email marketing
  - EV Community email campaigns
  - Content marketing campaigns (i.e., newsletters, blog posts, etc.)
- Direct marketing
  - PNM bill inserts
  - Direct mailers
  - Telemarketing
- Search engine optimization

### 3.5. Program Administration

To administer the 2024-2026 TEP, track and report key performance indicators (“KPIs”), and plan and execute community outreach and engagement, PNM will deploy a total administrative budget of \$7,052,100.

#### 3.5.1. Internal Personnel

The internal administrative costs consist primarily of internal labor to research, develop, implement, and manage the programs, coordinate with third-party contractors, administer any contracts associated with the specific programs, track KPIs to enable course correction throughout the program implementation, and prepare annual compliance filings. This work will continue to be performed by PNM’s transportation electrification department staff, which is expected to grow to meet the expanded needs of the approved TEP portfolio. A larger department staff will allow PNM to implement a larger portfolio of incentive programs while ensuring adequate personnel to perform community outreach; reporting and evaluation; and policy research and future program design.

#### 3.5.2. Third Party Administrative Support

For the benefit of PNM customers and where appropriate, PNM proposes to enlist the technical expertise and support from third-party experts for program administration. The table below provides examples of the expected third-party administrative support needed and corresponding responsibilities.

Third Party Role	Description
Application Processing & Incentive Verification and Disbursement	Responsible for hosting online marketplace and rebate application portal; receiving, reviewing, and determining eligibility of rebate applications; verifying and disbursing incentive payments to qualified customers; developing and managing Qualified Product List (“QPL”) of approved EVSE for participation in TEP; Collecting, analyzing, and reporting EV charging data from incentivized EVSE.
Managed Charging Program Administration	Responsible for administering managed charging pilot program, which includes customer enrollment, verification of customer

	participation, disbursement of participation incentives, and data collection and reporting.
Fleet Advisory Program Administration	Responsible for administering fleet advisory services program to include delivering to participating customers: (1) total cost of ownership analysis for customer fleet; (2) fleet electrification plan; (3) Charging infrastructure requirements analysis; and (4) customer support for business case analysis and EV and EVSE procurement.
Monitoring and Evaluation	Evaluates program performance against required KPIs.

**3.6. Key Performance Indicators**

In compliance with 17.9.574.13(B) NMAC, PNM will file an annual progress report including the following metrics:

1. An estimate of EV adoption, including estimated changes in EV adoption since PNM’s most recently approved TEP;
2. An estimate of the number and type of TEP-funded EV charging stations and ports and an estimate of required maintenance, frequency of repairs, and station outages;
3. The number of participants in TEP programs, including:
  - o Estimated low-income customer participation; and,
  - o Participation by customer rate class;
4. An estimate of usage or of the amount of energy sold to program participants during off-peak and on-peak hours, as well as the change in usage since the last annual progress report;
5. TEP spending by measure;
6. Estimated electricity consumption by participating EV charging stations in kWh;
7. Estimated load from incentivized EV charging infrastructure in kW;
8. Geographical distribution of participants and infrastructure investments;
9. Descriptions of average load data and load profiles of TEP programs;
10. A listing and summary of all customer outreach activities; the cost of those activities, an estimate of the number of customers reached, and an assessment of the effectiveness of each activity; and,
11. Readily available data that may inform future measures to help better understand the impact of EV charging on the electric grid.



## **4. Recovery of Program Costs**

### **4.1. Rate Rider No. 53**

NMSA 1978, Section 62-8-12(C) specifically allows for the recovery of costs associated with the implementation of the TEP. PNM proposes to continue recovering program costs through Rider No. 53 – Transportation Electrification Program (“TEP Rider”), which was initially approved by the Commission in 20-00237-UT and implemented on April 28, 2023. The TEP Rider is applicable to all non-lighting rate classes on a \$/kWh basis, which is updated annually based on the regulatory asset balance. PNM is required to file an Advice Notice and supporting testimony to justify the TEP rate for the upcoming 12 months. The annual TEP rate adjustment, unless suspended, goes into effect with the first billing cycle in May of each year.

**Approved funds that are not used are not included in the regulatory asset and are not eligible for recovery.**

### **4.2. Electric Meter Costs**

PNM proposes that all costs for the advanced cellular electric meters, as well as any costs required to implement and distribute the necessary electric meters, be recovered through base rates, as was previously approved in 20-00237-UT. In addition to the WHEV participants from the previous TEP, PNM proposes to expand the number of participants to 10,000. This will allow all new Residential Level 2 Charger Rebate recipients for 2024-2026 TEP to benefit from the WHEV charging pilot rate. Furthermore, this will ensure the expected system benefits are realized by ensuring all incentivized EV customers are encouraged to charge their EVs during off-peak hours.

#### **4.2.1. WHEV Participants by Program Years**

- 2022 – 2023 TEP
  - 1,000 Non-rebate Recipients
  - 3,900 Rebate Recipients<sup>17</sup>
- 2024 – 2026 TEP
  - 600 Non-rebate Recipients
  - 4,500 Rebate Recipients
- Total WHEV Participants
  - 10,000 Total Potential Participants<sup>18</sup>

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<sup>17</sup> All unclaimed rebate spaces for WHEV will be converted to non-rebate recipient spaces on the 2024-2026 TEP implementation date or January 1, 2024, whichever is later.

<sup>18</sup> Ultimately, PNM intends to make the WHEV available to 10,000 participants, which includes any rebate recipients from the 2022-2023 TEP and any rebate recipients from the 2024-2026 TEP who do not opt out of the WHEV in favor of the Active Managed Charging Pilot Program.

### **4.3. Flexibility of Program Funding**

NMPRC Rule 17.9.574.14(A) outlines budget flexibility for TEPs. Specifically, the rule allows a public utility to shift up to 20% of a program's budget to another program with the following qualifications:

- Inter-program budget flexibility may not be used to shift funding from a dedicated low-income program to (a) a program for standard customers or (b) any customer outreach and education program;
- Inter-program budget flexibility between different low-income programs, or into low-income programs from other programs, including low-income programs, is permissible; and,
- A public utility is authorized to exceed a particular program's original budget by up to 10% to supplement funding for that program, except for (a) pilot programs with participation caps; (b) a program for which that program's budget was reduced pursuant to subsection a of 17.9.574.14 NMAC; or (c) any customer outreach and education program.

## 5. Budget Summary

<b>Program</b>	<b>Subtotal</b>	<b>Income-qualified</b>	<b>Income-qualified (%)</b>
<b>Residential Incentives</b>	\$7,833,750	\$2,321,250	30%
<b>Non-Residential Incentives</b>	\$11,225,000	\$2,025,000	18%
<b>Shared Transportation</b>	\$3,100,000	\$3,100,000	100%
<b>Market Transformation</b>	\$650,000	\$0	0%
<b>Marketing, Education, and Outreach</b>	\$3,080,000	\$924,750	30%
<b>Program Administration</b>	\$7,052,100	\$0	0%
<b>Total</b>	<b>\$32,940,850</b>	<b>\$8,371,000</b>	<b>25%</b>

### Program Budget & Incentives Overview

	<b>Estimated No. of Rebates</b>	<b>Rebate Amount</b>	<b>Subtotal</b>	<b>Income-qualified</b>
<b>Residential</b>			<b>\$7,833,750</b>	<b>30%</b>
Residential Level 2 Charger Rebate	4,275	\$500	\$2,137,500	\$0
Income-Qualified Residential Level 2 Charger Rebate	225	\$750	\$168,750	\$168,750
Income-Qualified Reserve Fund (formerly, New Construction EV Ready Rebate)			\$315,000	\$315,000
Residential Level 2 Charger Installation Rebate	2,200	\$1,500	\$3,300,000	\$0
Income-qualified Residential Level 2 Charger Installation Rebate	225	\$3,500	\$787,500	\$787,500
Electric Bicycle Rebate	300	\$250	\$75,000	\$0
Income-qualified Electric Bicycle Rebate	150	\$1,000	\$150,000	\$150,000
Income-qualified EV Purchase Rebate	225	\$4,000	\$900,000	\$900,000

<b>Non-Residential</b>			<b>\$14,325,000</b>	<b>36%</b>
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<b>Non-Residential L2 Charger Make-Ready Rebates</b>			<b>\$2,475,000</b>	<b>31%</b>
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Multifamily L2 Charger Make-Ready Rebate	40	\$5,000	\$200,000	-
LI Multifamily L2 Charger Make-Ready Rebate	40	\$10,000	\$400,000	\$400,000
Public L2 Charger Make-Ready Rebate	125	\$5,000	\$625,000	\$125,000
Workplace L2 Charger Make-Ready Rebate	125	\$5,000	\$625,000	\$125,000
Fleet L2 Charger Make-Ready Rebate	125	\$5,000	\$625,000	\$125,000
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<b>DCFC Charger Rebates</b>			<b>\$8,750,000</b>	<b>14%</b>
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Public DCFC Make-Ready Rebate	125	\$50,000	\$6,250,000	\$1,250,000
Fleet DCFC Make-Ready Rebate	50	\$50,000	\$2,500,000	\$0
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<b>Shared Transportation</b>			<b>\$3,100,000</b>	<b>100%</b>
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Mass Transit Incentives	3	\$1,000,000	\$3,000,000	\$3,000,000
Car-Share Program	1	\$100,000	\$100,000	\$100,000
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<b>Market Transformation Incentives</b>			<b>\$1,000,000</b>	<b>0%</b>
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Managed Charging Pilot	1,000	\$150	\$150,000	\$0
Managed Charging Set-up/Admin	1	\$250,000	\$250,000	\$0
Fleet Advisory Services Pilot	10	\$25,000	\$250,000	\$0
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<b>Marketing, Education, and Outreach</b>			<b>\$3,080,000</b>	<b>30%</b>
<hr/>				
<b>Program Administration</b>			<b>\$7,052,100</b>	<b>0%</b>
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	<b>Total</b>		<b>\$32,940,850</b>	<b>25%</b>
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