



## New Mexico Building Decarbonization Roadmap Meeting #5 Summary Nov. 12, 2024, In-Person (ALB)

23 stakeholders representing approximately 20 different organizations attended Roadmap meeting #5 on Nov. 12.

### Meeting Materials

- [Meeting agenda](#)
- [Priorities reading packet](#)
- [Gridworks' meeting slides](#)
- [Attendee list](#)
- [Initiative webpage](#)

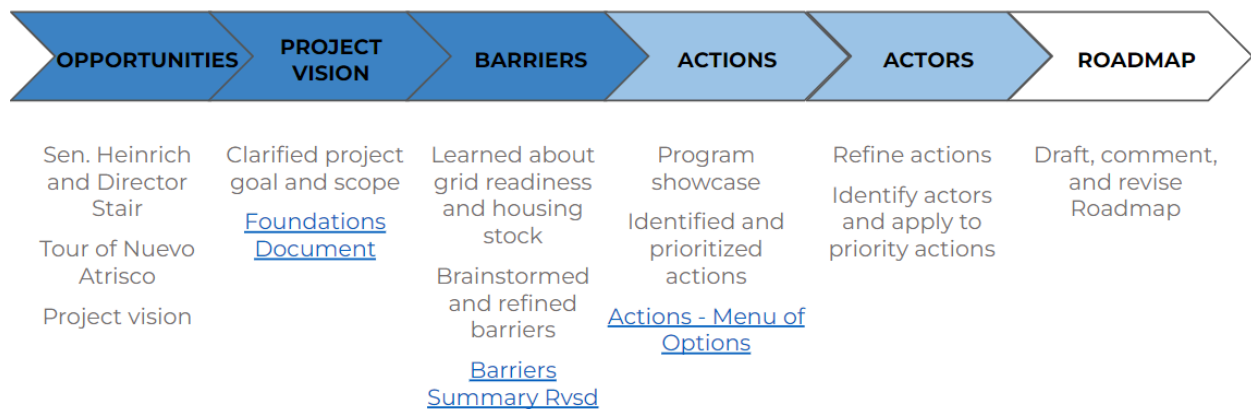
### Welcome and Objectives

Gridworks opened the meeting, led a group icebreaker activity, and discussed the meeting's objectives:

- To understand and comment on all six priorities and next steps;
- To assess participants' support for each priority; and
- To finalize the actors for each priority.

### Project Recap

Gridworks refreshed project steps for participants using the following diagram, noting that the documents linked below will provide the basis for sections in the Roadmap.



### Discussion Format

Gridworks reviewed the meeting structure for the day, taking each of the priority actions listed



below in discussion modules.

1. Free technology training for licensed trades
2. Tariff on-bill financing
3. Grid modernization and distribution system planning support
4. Clean heat standard
5. Beneficial electrification rate design
6. Point of sale incentives

For each module, the group reviewed the status to date, heard from participants who have expertise in that particular topic, reviewed proposed next steps, and then discussed the action as a whole group. To conclude each module, participants were asked to identify their comfort with each priority via “dot survey” flip charts posted on walls and to offer any proposed changes after reflecting on the group discussion.

### **Free Technology Training for Licensed Trades**

Dot survey results: Are you comfortable including this in the roadmap with the changes discussed today? 15 YES, 0 NO

Group discussion topics:

- Santa Fe Community College provided an overview of its contractor heat pump training program and energy auditor certification program.
- Need to replicate similar programs at other colleges around the state.
- Challenge: physical lab/equipment required for hands-on training.
- Energy auditor training requires an “optimizer” software tool; DOE approved software is SNUGPRO.
- Need to bring down the cost of energy audits (\$600-\$1,000 per home audit). Possible avenues:
  - Cost-share between utility and owner (example: energy performance contract model)
  - Amortize cost of energy audits via property taxes
  - Add as a component to utility energy efficiency plans; barrier is investor-owned utility energy efficiency plans are tied to KWh savings
- Workforce development opportunity via energy auditors - bring in people new to the field or as business expansion for existing contractors

Decisions on priority action revision:

- Remove proposed next step #3 - energy coaches to train contractors. End-use customer education and assistance is the priority for this program, not contractors.
- Add as a priority: develop a mechanism to reduce energy audit upfront costs

### **Tariff On-Bill Financing**

Dot survey results: Are you comfortable including this in the roadmap with the changes



discussed today? 16 YES, 0 NO

Group discussion topics:

- Tri-State provided an overview of its on-bill financing program expected to launch in New Mexico in 2025.
  - need to also consider a mechanism for other distribution coops that are not under Tri-State's umbrella
- Is a Public Regulation Commission (PRC) waiver/variance needed for on-bill financing? Will it require rate change approval by the PRC?
- Consider setting a threshold whereby small rate changes would not require a full rate case for coops. Consider developing criteria that allows coops to opt in to certain programs without a full rate case.
- Coops will need staffing help for program administration.
- What about collections/unpaid bills? Concerns about the debt that utilities could carry. Consider creating a fund for unpaid on-bill financing balances - loss reserve fund:
  - Could the new green bank, NM Climate Investment Center, house?
  - Could coops' energy efficiency 1% allowance provide the loss reserve?
- What about investor-owned utilities consideration of on-bill financing? Many issues:
  - Billing systems, utility administration, back office logistics
  - Concern about arrears that will become utility debt
  - Xcel Colorado could provide a model
  - Other mechanisms to reduce upfront costs: point-of-sale incentives, energy efficiency program rebates

Decisions on priority action revision:

- This priority is more appropriately titled: On-Bill Options rather than Tariff On-Bill Financing
- Need to better understand the PRC's role in approving/overseeing on-bill options for coops

### **Grid Modernization and Distribution System Upgrades**

Dot survey results: Are you comfortable including this in the roadmap with the changes discussed today? 12 YES, 1 NO

Group discussion topics:

- Public Service of New Mexico provided an overview of its recently approved grid modernization program.
- The group debated the merits of the three proposed next steps:
  - General desire not to add another layer of regulation/accountability. Instead, general support to bolster existing programs that are working/newly launched at the PRC/Energy, Minerals, Natural Resources Dept. (EMNRD)



- o Suggestion that Energy Conservation and Management Div. should be the coordinating entity under the hybrid proposed next step
- PRC rulemaking and Power Up NM legislation may also address grid modernization.
- Will likely need to add to PRC and EMNRD staff to support more grid modernization work.
- Need to focus on distribution system upgrades apart from grid modernization.

Decisions on priority action revision:

- General consensus to pursue option #3 under proposed next steps, the hybrid model

### **Clean Heat Standard**

Dot survey results: Are you comfortable including this in the roadmap with the changes discussed today? 13 YES, 0 NO

Group discussion topics:

- Western Resources Advocates provided an overview of the concept of a clean heat standard and the information that is needed to design one.
- NM does not have a robust gas planning process; electric integrated resource plan process provides a better model.
  - o Need more public input/scrutiny of gas plans
- NM Gas needs to be a part of the discussion before the group can set a viable clean heat standard. Information needs:
  - o Stranded costs
  - o Gas leaks, location of aging infrastructure
  - o Customer growth forecasts
  - o Investment plans
  - o Current emissions and utility attribution
  - o Economic implications of reducing gas assets/related jobs
- Need to examine the incentives for new natural gas infrastructure (new developments, neighborhood-based approach, line extension policies)

Decisions on priority action revision:

- Group does not have enough information to design a clean heat standard. This priority is better reframed as “more robust gas planning at the PRC” identifying information gathering needs.

### **Beneficial Electrification Rate Design**

Dot survey results: Are you comfortable including this in the roadmap with the changes discussed today? 13 YES, 1 NO

Group discussion topics:

- Rates must reinforce rebates and programs - send complementary signals.



- Need to establish the rationale behind the rate: is it to maximize utility asset usage? manage EV charging? establish time-of-day rates? something else?
- Utilities need flexibility in designing rates.
- Consider establishing a threshold that triggers a rate case for coops.
  - allow smaller changes that can occur without litigation
- Learn from utilities elsewhere who have implemented beneficial electrification rates.
  - Examples: SMUD, PG&E, SCE
- Public Service of New Mexico's new Whole Home Rate:
  - popular with customers
  - goal is managed charging
  - need smart meter functionality to move to this rate
- Smart meters/granular usage data is necessary before implementing a beneficial electrification rate.
- Customer education is important as shift to dynamic rates.
- PRC's day ahead market workshops and guidelines may be a good model for rate workshops.

Decisions on priority action revision:

- General group consensus on the need to be intentional about the rationale for a beneficial electrification rate; much more work needed to determine what that rationale should be

### Point-of-Sale Incentives

Dot survey results: Are you comfortable including this in the roadmap with the changes discussed today? 12 YES, 0 NO

Group discussion topics:

- Need for transparency - midstream rebates may not be recognized by customers if not itemized on the work invoice/equipment receipt.
- Need for consumer protections with rebate programs - can be perverse incentives to oversize equipment, not pass along entire rebate, verify inspections.
- Customer communication and education is important - dedicate time to explain the rebate process to customers and contractors.
  - Part of the intended role for Energy Conservation and Management energy coaches
  - Communicate rebate resources via several channels (not one website) - do customers read bill inserts?
- High priority for Energy Conservation and Management's website – coordinating and braiding federal, state, utility incentives; work in progress.
- Websites need on-going maintenance - need to dedicate staff time.

Decisions on priority action revision:



- General support to adequately resource the state energy office to continue their good work on rebates and expand into midstream rebate programs

### Priority Actors

The group also refined actors important to carry out each priority, resulting in the following table.

L = suggested lead entity

I = implementing entity

S = supporting entity

PRIORITY ACTIONS	Public Regulation Comm.	Legisla- ture/ Elected Officials	Utilities (IOUs & Coops)	Educatio nal and Training Institutio ns	Environ- mental Orgs	State Agencies	Industry, manufac- turers, & vendors
Free tech training to trades			S	L & I (Santa Fe CC)	L (SWEEP )	S (CID, ECAM)	S
Tariff on-bill financing	S	S	L		S	S	S, I
Grid modernization and distribution system planning support	L, S	L	I			L, S	S
Clean heat standard	L	L	I - gas utilities	S	I		
Beneficial electrification rate design	I	L	S, I		S		
Point-of-sale incentives			S	S, I		L & I (ECAM)	S

### Action Items

- Any additional written comments responding to meeting #5 discussions requested by 11/19. Email to [cboies@gridworks.org](mailto:cboies@gridworks.org)
- Gridworks to release draft Roadmap for stakeholder comment no later than 12/6
- **Final stakeholder meeting:** 12/11, 1-4pm MT (virtual)