PNM Transportation Electrification Program

PROPOSAL REFERENCE - FINAL DRAFT

Test Year 2021

March 2020

Public Service Company of New Mexico
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2. Purpose of this Document

This document shall serve as a reference for the proposed PNM Transportation Electrification (TE) Program. All components of the proposed program will be detailed in this document and will include assumptions, calculations, and descriptions of the final product.

This document shall support testimony for the PNM TE Program before the New Mexico Public Regulations Commission (NMPRC).

This document represents the initial proposal of the PNM TE Program. All contents within are subject to approval by the NMPRC.
3. Executive Summary

House Bill 521 – PRC Application for Vehicle Electricity (“HB 521”) was enacted into law on June 14th, 2019 and requires investor-owned utilities (“IOUs”) to file an application with the New Mexico Public Regulations Commission (“PRC”) by January 1, 2021 to expand transportation electrification.

Pursuant to HB 521, PNM proposes infrastructure incentives for residential and commercial customers, Electric Vehicle (“EV”) specific Time of Day (“TOD”) rates for residential and commercial customers, funding for education and outreach, and administrative costs for program implementation. Total cost of implementation will be included in PNM base rate. Transportation electrification is in the public interest for many reasons. EVs have no tailpipe emissions and operate more efficiently than internal combustion engines, which results in a lower carbon footprint when using energy from the electrical grid. While the initial upfront cost of EVs is typically higher than traditional vehicles, the total cost of ownership of EVs is much lower as fuel prices are lower and there is very little maintenance required. Finally, EVs put downward pressure on rates for all customers as existing grid infrastructure is utilized more efficiently. This has been shown in California, where the widespread adoption of EVs has proven to generate more revenue than the corresponding maintenance and operation cost of the infrastructure, which results in exerting downward pressure on rates for all customers.

Public Service Company of New Mexico’s (“PNM”) Application for Approval of Electric Vehicle (“EV”) Infrastructure Investment, EV TOD Rates, and EV Customer Education and Outreach Program seeks approval for the following pursuant to HB 521: (a) $1.5 Million for rebates for the purchase cost of 3000 Level 2 residential chargers, (b) $225,000 for the installation of 150 Level 2 chargers for low income residences, (c) $1.75 Million for rebates for the installation cost of electrical infrastructure behind the meter and up to the base of any public charging station (“make-ready infrastructure”) for DC Fast Charging (“DCFC”) along corridors for commercial customers, (d) $450,000 for the installation of make-ready infrastructure for public charging stations, (e) $450,000 for the installation cost of make-ready infrastructure for workplace charging for commercial customers, (f) $100,000 for the installation cost of make-ready infrastructure for multifamily housing, (g) $1.5 Million for the installation of make-ready infrastructure for mass transit, (g) the implementation of an EV TOD rate, (h) $1.0 Million for funding customer education and outreach about the benefits of EVs and the aforementioned PNM EV programs, and (i) $1.27 Million for administrative costs such as personnel, third party administration support, and program management software costs. The law also states, “A public utility that undertakes measures to expand transportation electrification pursuant to this section shall have the option of recovering the public utility's reasonable costs for the expansion through a commission-approved tariff rider or base rate or both.” The costs are the total cost of the program until the next filing, scheduled to be filed two years from the submission date of this filing.
4. Background

4.1. Legislation

The New Mexico Legislature passed House Bill 521 - PRC Application For Vehicle Electricity ("HB 521"), which became law on June 14th, 2019 and is included in its entirety in Appendix A. HB 521 accomplishes two major things: 1) requires IOUs to file an application for approval at the NMPRC to expand transportation electrification and 2) clarifies that a person or business who sells electricity as fuel for transportation needs shall not be considered a Utility as per the Public Utilities Act. This document addresses the only the first section of the legislation.

When considering programs for approval, the Commission shall consider whether the investments, incentives, programs and expenditures are:

1) Expected to improve system efficiency and allow for the integration of variable resources
2) Expected to increase access to the use of electricity as transportation fuel
3) Designed to contribute to the reduction of air pollution and greenhouse gases (GHG)
4) Expected to support increased consumer choice and allow for private investments
5) Reasonable and prudent
6) Transparent through the incorporation of public reporting requirement

4.2. PNM Electrified Transportation Efforts

PNM has been a leader in supporting electric transportation to demonstrate the capabilities of the technology. In 2014, PNM Resources joined more than 70 other utilities through the Edison Electric Institute in committing 5% of annual fleet acquisition budget to the purchasing of plug-in electric (PEV) vehicles and technologies. This commitment stands today, and PNM has incorporated plug-in technology to both light duty sedans and pickups as well as medium duty bucket trucks. Approximately 7% of the PNM fleet is currently electrified. PNM will continue to increase its electrified fleet as model availability is able to meet functional requirements.

4.3. Stakeholder Engagement

During the development of this program proposal, PNM engaged with many stakeholders to solicit feedback and guidance to ensure that the program will serve customer needs. During the first stage, many stakeholders such as municipalities and environmental groups were involved in informal meetings to discuss market trends and customer concerns. On October 7th, 2019 external stakeholders were invited to PNM for a public review of the program proposal and to solicit feedback. Stakeholders included the following:

- Charge Point
- City of Albuquerque
All feedback was considered and integrated into the current plan described in this document. The initial draft of this document was shared with participating stakeholders in December 2019. PNM again considered all feedback received and incorporated ideas and addressed concerns as necessary. This final draft is the product of collaboration between PNM and all stakeholders who participated in the advisory process.

4.4. Current Market

The market for EVs is quickly transforming and becoming mainstream. The advent of improved battery energy density combined with decreasing initial costs means the EVs that are currently on the market are approaching range and cost parity with traditional internal combustion engine vehicles (ICEVs).

Nationally, EVs account for roughly 2% of all new vehicle sales. However, this market is strongly influenced by the states that have passed Zero Emission Vehicle (ZEV) or Low Emission Vehicle (LEV) legislation. There are currently 14 states that have enacted ZEV or LEV mandates.

In 2018, EVs accounted for 0.81% of sales in New Mexico, a figure that represents a 72% increase from the previous year. Table 1 shows that although our total sales are below the national average, the
EV sales in New Mexico are growing at a faster pace than the national average. The implementation of a strong utility program, along with legislative support will help to support market growth and allow New Mexico to become a leader in the transportation electrification sector.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>YOY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Mexico</td>
<td>0.47%</td>
<td>0.81%</td>
<td>72.3%</td>
</tr>
<tr>
<td>USA</td>
<td>1.20%</td>
<td>1.96%</td>
<td>63.3%</td>
</tr>
</tbody>
</table>

*Table 1: EV Market Share (source: www.evadoption.com)*

Per data obtained through the PNM membership with EPRI, there are currently an estimated 3000 EVs in New Mexico, approximately 2500 of which are located within the PNM service area. It is not unexpected that roughly 80% of all EVs are in PNM service area as early adopters of new technology such as EVs typically reside in urban areas. PNM serves two of New Mexico’s metropolitan areas, Albuquerque and Santa Fe. In order to increase the adoption of EVs throughout the state, it is important to invest in charging infrastructure within metropolitan areas as well as along travel corridors to facilitate travelers needs beyond simply urban commuters. Success of the TE sector will depend on ensuring that charging infrastructure and technology is available and convenient for both urban and rural drivers.

### 4.5. New Mexico Climate Action

The State of New Mexico recently made headlines through the passage of the Energy Transition Act (ETA). This Act requires utilities to produce 100% carbon-free electricity by 2045. PNM has stated that it expects to reach this milestone by 2040. This legislation is significant for the transportation sector because it means that electric vehicles will produce less emissions over time as the carbon footprint of the grid decreases.

In January 2019, New Mexico Governor Lujan-Grisham also addressed climate change via Executive Order 2013-003. The Executive Order sets a GHG reduction goal of at least 45% by 2030 as compared to 2005 levels. Vehicle emissions are addressed in the document through introducing implementing LEV and ZEV “clean car standards”. This program is discussed in the 2019 New Mexico Climate Strategy report, which outlines plans to make clean car standards effective starting with vehicles built in the model year 2023.

Finally, many independent agencies in New Mexico have announced their own goals related to the impact of transportation on the climate. For example, The State of New Mexico has earmarked funds for the purchase of electric fleet vehicles and installation of charging infrastructure. The City of Santa Fe has identified increasing low- and zero-emissions vehicles in the City fleet and community as a priority through the Sustainable Santa Fe 25-Year Plan. Also, the City of Albuquerque has announced the purchase of electric fleet vehicles in both the light duty and mass transit sectors to reduce the City’s environmental impact. These are just a few examples of transportation electrification initiatives in PNM service area.
4.6. Market Forecast

The market for EVs is poised for steady growth for the foreseeable future. As technology improvements increase range and decrease cost, and as more consumers become aware of the financial and environmental benefits of EVs, the market share will continue to increase.

As with other disruptive technologies, the growth of EVs is expected to follow the S-Curve for adoption. The S-Curve, illustrated in Figure 1 and originally developed by E.M. Rogers, is often used to model the acceptance of innovative technologies by different customer segments. Figure 2 shows historical examples of the S-Curves of other disruptive technologies through the 20th century.
Currently, electric vehicle adoption in New Mexico is just below 1% of market share, placing it in the “Innovators” stage of adoption. Some other states, notably those with LEV/ZEV mandates in place, have moved into the “Early Adopters” phase. Figure 3 shows the national forecast for EV sales and the steady growth over the next decade up to the inflection point.

As stated in Section 4.5, New Mexico plans to enact LEV/ZEV mandates beginning with model year 2023. This PNM Transportation Electrification Program is designed to be implemented for years 2021-2022. Therefore, it is prudent to compare the market in New Mexico to those states who have not yet enacted LEV/ZEV policy. To meet the national average for non-ZEV/LEV states in 2021-2022, there would be a cumulative total of approximately 6200 EVs in PNM service area in 2022.

A main goal of HB 521 is to encourage strong utility programs to expand adoption of transportation electrification above and beyond what could be expected to occur in the market absent additional incentives. The goal of the PNM Transportation Electrification Program is to help meet the adoption rate needed to keep New Mexico on track to meet its stated climate goals. Based on S-Curve modelling to achieve these goals, there can be an expected cumulative total of approximately 7,800 EVs in PNM service area by the end of 2022. The PNM program proposal is designed to satisfy the needs of this projected market.
5. Benefits to Customers

All customers benefit from the increase in electrification of the transportation sector. In addition to benefits to EV-owners such as the lower cost of ownership, there are also significant societal benefits of electrified transportation that extend beyond the customers who own or plan to purchase an EV. These include a lower impact on the environment compared to ICEVs, the utility’s ability to balance load using variable resources, and the downward pressure on rates from increased energy sales.

5.1. Environmental

Transportation is the largest single sector of GHG emissions as per the EPA as shown in Figure 4.

![Figure 4: GHG Emission by Sector (source: US EPA)](image)

The electrification of transportation is key to reducing total GHG emissions and other detrimental emissions such as particulate matter as outlined by Requirement 3. While the generation of electricity currently contributes significantly to GHG emissions in the U.S., New Mexico is leading the nation through the passage of the ETA, which will also help EVs get cleaner over time. As the electric grid becomes cleaner, an electrified transportation sector would contribute significantly to a reduction in emissions.

Furthermore, EVs are already much more efficient at converting energy than the ICEV counterparts in terms of GHG emissions. Figure 5 shows the equivalent GHG emission in terms of miles-per-gallon-equivalent (MPGe) for different electricity resource mixes around the country. EVs in New Mexico currently have the environmental footprint of a car that averages 63 MPG.
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5.2. Cost of Ownership

One of the most attractive benefits of EVs are the much lower cost of ownership as opposed to ICEVs. The US Department of Energy (USDOE) states that the average household spends nearly one fifth of
total family expenditures on transportation. The ability to lower that cost for customers means more money in their pockets. These savings can come from direct ownership of EVs, or through indirect means as business and municipal fleets require fewer operating costs and those savings are passed on to consumers.

While EVs today typically come with a higher up-front price tag, that initial investment is recovered through significant fuel and maintenance savings realized by EVs over time. Fuel has two components: total cost and volatility. In both cases, electricity is favorable over gasoline. The current (October 2019) U.S. average gallon of gasoline costs $2.63, whereas the equivalent fuel for an EV is only $1.21 per the USDOE. Utility rate structure to shift charging loads to times when the system is underutilized through TOD rates can further reduce this cost for customers.

Oil prices are notoriously volatile because they are determined by the global market and can see large price shifts based on global events, seasons, and market conditions. Electricity pricing, on the other hand, is regulated at the state level and typically only has mild seasonal and annual variability. Figure 7 shows that in addition to the gasoline gallon equivalents (GGE) for electricity being lower than gasoline, it has also been much more stable over time, which allows customers to better plan for these necessary expenses.

![Average Retail Fuel Prices in the United States](attachment:image.png)

*Figure 7: Price and Volatility Comparison for Gasoline and Electricity (source: US DOE)*

The other main savings for EVs come from the reduced maintenance required. While ICEV drivetrains have thousands of moving parts, including pistons, valves, belts, etc., EVs typically only have dozens. The lower number of fail points in the drivetrain means that fewer things need repair or replacement over time. Furthermore, EVs require no oil changes, spark plug replacement, and the regenerative braking feature means less wear and tear on the brake pads.
The combination of lower fuel and maintenance cost means that EVs save their owners expenses year over year and have a lower total cost of ownership that saves people money over the life of the vehicle.

5.3. Integration of Variable Resources

EVs offer the ability for utilities to utilize additional load that better balance the system as more variable resources such as solar and wind are included in the energy mix. EVs can accommodate these resources through the deployment of managed charging programs by the utility to send price signals to customers. This document describes TOD rate structures designed to promote charging during off-peak times and/or when penetration of variable resources on the system is at its highest in order to fulfill Requirement 1.

5.4. Rate Reduction

The electrification of transportation has been shown to directly benefit all customers in California, the region with the highest EV penetration in the country, by putting downward pressure on rates through increased energy sales. As EVs are incentivized to charge during off-peak times through TOD rates, the system benefits from increased revenue from energy sales during those times when the system is underutilized. Figure 8 is taken from a report by Synapse Energy Economics, Inc. which drew data from the two utilities with the highest EV penetration in California, Pacific Gas and Electric (PG&E) and Southern California Edison (SCE). This figure shows that during the period of 2012-2018, EVs have generated significantly more revenues than they have increased cost for the utility because the system is being utilized more efficiently. This phenomenon drives rates downward for both EV and non-EV owners alike.

![Figure 8: Revenues vs. Costs in High EV Penetration Utilities (source: Synapse Energy Economics, Inc.)](image-url)
5.5. Equitable Access to Electrified Transportation

One of the biggest challenges of any transportation electrification program is to ensure that low- and moderate-income (LMI) customers are included to ensure all customers have the ability to enjoy the benefits of electric vehicles. PNM recommends designating at least 20% of the total program budget to program components specifically for LMI participants. This budget will include targeted education, increased incentives for residential charging installations, multifamily housing charging stations, and mass transit charging infrastructure to serve LMI communities.

For the purposes of this proposal, LMI communities shall be determined using the EPA EJScreen mapping tool, available at ejscreen.epa.gov/mapper. LMI communities shall be defined as those communities with at least the 80-90 Percentile in the Low-Income Population. See Figure 9 for an example of the tool with the Low-Income Population regions on the map.

![Figure 9: EPA EJScreen Low Income Population Map](image)
6. Recovery of Program Costs

Section 1(c) of HB 521 specifically allows for the recovery of costs associated with the implementation of the EV program. PNM proposes the recovery of all associated program costs be recovered through base rate.

The costs of the programs will be included in the Utility Cost of Service only after the utilization of funds during the test years is known. Approved funds not used will not be included in Cost of Service and are not eligible for recovery.

This approach is reasonable per Requirement 5 because the benefits of transportation electrification can be realized by all customers. The environmental benefits as well as system efficiency affect all customers either directly or indirectly.

6.1. Flexibility of Program Category Funds

All categories suggested in this proposal, along with their recommended funding levels, are initial estimates designed to serve the needs of customers.

PNM may apply for supplemental funding for programs prior to the two-year minimum outlined in HB521. Applications for supplemental funds will be on a case-by-case basis and shall not be considered a full application for the TE program. Funding increases shall be based on the utilization rate of the program up to the time when additional funds are requested and shall be scaled to provide sufficient funding through the end of the program term. Additional funding amounts shall not reduce the funding for other categories.

All adjustments will be tracked and used to better allocate funds for the design of subsequent PNM TE Program proposals.
7. Description of Program Categories

Each program category is based on the permissible actions as described in HB521 Section 1(A). The categories broadly fall into three (3) categories: incentives to facilitate the deployment of charging infrastructure and associated electrical equipment (including electrification of public transit and publicly owned vehicle fleets), rate designs that encourage charging that supports the operation of the electric grid, customer education and outreach programs to increase awareness of such programs and the benefits of transportation electrification.

Please note that the following budgets for each category are the initial suggested program budgets. Budgets may be adjusted as per Section 6.1.

7.1. Utility Investment Strategy

PNM investigated many models of utility investments from utilities nationwide to determine the appropriate strategy for this program. Many popular strategies include the utility investing in and owning the necessary infrastructure for electric charging. Figure 10 shows the different models for utility investment in charging stations, also known as Electric Vehicle Supply Equipment (“EVSE”).

![Figure 10: Utility Investment Strategies (source: Union of Concerned Scientists)](image-url)

PNM proposes focusing all investments in charging infrastructure using the Utility Incentives model. This model means that all infrastructure behind the customer meter is installed, owned, and maintained privately by the customer and funded with the help of utility incentives to offset the initial deployment. This model ensures that jurisdiction between utility-owned equipment and customer-owned equipment remains clear and ends at the meter. This model was chosen specifically as it satisfies Requirement 4 by allowing for private investment in utility supported EVSE deployment.
7.2. Incentives for Charging Infrastructure

Charging infrastructure incentives are divided between the residential and commercial customer classes to best increase access to charging as per Requirement 2. The residential incentive is comprised of a refund on the charging station itself for all customers. LMI customer may also qualify for additional funds to cover the installation. The commercial incentives are focused solely on the infrastructure installation up to the base of the charging station and do not cover the cost of the charging station itself.

For the purposes of this document, a charging station is defined as the single unit of the EVSE. This is analogous to a fuel dispenser that ICEVs use at filling stations. Depending on the technology, a charging station may have single port or multiple ports of either the same or different connectors (e.g. J1772, CCS, CHAdeMO).

It should be noted that the requirements for EVSE outlined in this document refer only to charging stations that intend to use PNM incentive money for purchase and/or installation. They are not general guidelines for the installation of charging infrastructure in the PNM service area. Customers that prefer to install equipment that does not meet the specifications outlined here may do so at their discretion.

7.2.1. Charging Infrastructure Overview

Charging stations, also known as EVSE, come in three different categories. These categories relate to the voltage of the EVSE and therefore the speed of charge. Figure 11 illustrates the types of charging as well as the infrastructure needed and time required for refueling.

<table>
<thead>
<tr>
<th>KNOW YOUR EV CHARGING STATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AC Level One</strong></td>
</tr>
<tr>
<td><strong>VOLTAGE</strong> 120V 1-Phase AC</td>
</tr>
<tr>
<td><strong>AMPS</strong> 12–16 Amps</td>
</tr>
<tr>
<td><strong>CHARGING LOADS</strong> 1.4 to 1.9 kW</td>
</tr>
<tr>
<td><strong>CHARGE TIME FOR VEHICLE</strong> 3–5 Miles of Range Per Hour</td>
</tr>
<tr>
<td><strong>AC Level Two</strong></td>
</tr>
<tr>
<td><strong>VOLTAGE</strong> 208V or 240V 1-Phase AC</td>
</tr>
<tr>
<td><strong>AMPS</strong> 12–80 Amps (Typ. 32 Amps)</td>
</tr>
<tr>
<td><strong>CHARGING LOADS</strong> 2.5 to 19.2 kW (Typ. 7 kW)</td>
</tr>
<tr>
<td><strong>CHARGE TIME FOR VEHICLE</strong> 10–20 Miles of Range Per Hour</td>
</tr>
<tr>
<td><strong>DC Fast Charge</strong></td>
</tr>
<tr>
<td><strong>VOLTAGE</strong> 208V or 480V 3-Phase AC</td>
</tr>
<tr>
<td><strong>AMPS</strong> &lt;125 Amps (Typ. 60 Amps)</td>
</tr>
<tr>
<td><strong>CHARGING LOADS</strong> &lt;90 kW (Typ. 50 kW)</td>
</tr>
<tr>
<td><strong>CHARGE TIME FOR VEHICLE</strong> 80% Charge in 20–30 Minutes</td>
</tr>
</tbody>
</table>

*Figure 11: EV Charging Levels (source: Utah EV)*
Level 1 is the same as plugging into a standard wall outlet and takes the longest time to charge. This is typically only appropriate for residential or very long-term charging when the customer has many hours to fuel the EV (possibly up to 24 hours). Level 2 is applicable to both residential and commercial applications where the car will be parked either overnight or for an extended time during the day, such as at work or at a shopping center. Finally, Direct Current Fast Charging (DCFC) is for uses when the driver needs to refuel as quickly as possible. DCFC is best suited to transit corridors for en route charging.

Typically, the higher the level of charging, the higher the cost of the unit and installation costs. Table 2 shows a table from the US Department of Energy on the estimated costs of installation for different levels. When PNM engaged external stakeholders regarding these costs, they were reported to be low estimates. These estimates were used for ballpark figures and PNM has included a larger budget to accommodate the actual costs of installation.

![Table 2: EVSE Installation Cost (source: US DOE)](image)

### 7.2.2. Residential

About 80% of charging for privately-owned EVs occurs at home. However, many residences don’t have any special charging equipment installed, leading to extended charging periods, which is often a disincentive to purchase an EV. The residential incentive is based on the approximate cost to purchase a Level 2 residential charger. Level 2 chargers operate at 240 V, allowing for a much quicker recharge time than the Level 1 (120 V) that comes with most EVs as standard equipment. The installation of the Level 2 charger will complement the TOD rates as it allows customers to fully charge their EV during the Super-Off Peak window overnight, which lets customers maximize their savings and shift all of their load to a period when the system is underutilized.

PNM proposes a $500 rebate per residential customer for the purchase of a qualified Level 2 charger. PNM expects 75-80%, or 5800-6200 vehicles, of the EVs on the road during the test period to be for private use. Rebates will be available for the first 3,000 customers, which is enough to offer this to approximately 50% of all expected residential EV owners. The $500 will cover the majority of the cost to purchase of a qualifying unit, as most range between $500-$800.
No single service address shall qualify for more than one (1) rebate. To qualify, the customer must provide purchase information showing that the charger meets the following criteria:

- Level 2 charger
- UL 2594 Listed
- ENERGY STAR® certified
- Smart charging capabilities to program charging windows and respond to external signals
- WIFI or cellular connection
- Charging data shall be shared with PNM to determine actual charging times and amounts
- Charger was purchased after the implementation date of the PNM TE Program
- Proof of completed installation (such as signed statement) may be required

Qualification will be verified through an online application process. The customer will need to submit a current registration for an EV at their service address, the purchase receipt for the qualifying charger, and the data sheet of the charger to illustrate that it meets all requirements for the rebate. Rebates will then be sent to qualifying customers in the form of a check.

Additionally, customers that participate in the federal Low Income Home Energy Assistance Program (LIHEAP) may qualify for additional assistance for the cost of installation of a qualified residential Level 2 charger by a qualified electrician. Approximately 5% of PNM residential customers participate in LIHEAP. Therefore, rebates for up to $1500 will be offered to the first 150 LIHEAP qualified customers for installation of the approved Level 2 charger.

No single service address shall qualify for more than one (1) rebate. To qualify, the customer must meet the following criteria:

- Also take advantage Level 2 residential charger rebate described above
- Be identified as LIHEAP in the PNM billing system by of the date of application
- Installation was completed after the implementation date of the PNM TE Program
- Proof of completed installation (such as signed statement) may be required

Qualification will be verified through an online application process. The customer will the receipt for the installation costs. Rebates will then be sent to qualifying customers in the form of a check.

### 7.2.3. Commercial

The commercial infrastructure rebate program is structured around the cost to install the infrastructure needed behind the customers meter and up to the base of the charger itself. Figure 12 shows the portion of the required infrastructure that is eligible for a rebate. This differs from the residential category because the commercial charging stations may be manufactured by the owner/operator and the units can become profit centers; it is not appropriate for the utility to assist a company in purchasing their own equipment or purchasing equipment which may directly charge customers.
The passage of HB521 allows for entities selling electric fuel for charging purposes to not fall under the Public Utilities Act. In practice, this means that owners of a publicly available charging station can charge a fee for the energy and power used for fueling.

To ensure that the commercial charging incentive is spread among different customer classes, the categories below describe different programs. The categories were chosen to allow for the installation of 70 DCFCs and 200 Level 2 chargers. This number of chargers was chosen to maintain an approximate 10 EVs per charging port ratio which is the ratio currently recommended by the International Energy Association. Note that this ratio assumes an average of two charging ports per charging station and there are currently approximately 230 charging ports in PNM Service area.

### 7.2.3.1. Public Fast Charging

One of the biggest barriers to EV adoption is “range anxiety” experienced by prospective customers. Range anxiety is described as the hesitation felt by many that the EV will not have the battery capacity or the charging stations available to complete the desired journey. There are two ways to combat range anxiety: 1) increase the size and range of the battery in the EV, and 2) increase the availability of publicly accessible charging stations, preferably those that allow for a full charge in under an hour.

The addition of DCFCs is key to overcoming range anxiety and supporting the electric transportation sector as a whole. DCFCs are best suited for installation along heavily trafficked corridors where travelers need to fuel during a longer journey.

To support businesses that would like to install DCFCs, PNM proposes a total budget of $1,750,000 and a cap of $25,000 per DCFC.

No single service address shall qualify for more than four (4) rebates. To qualify for the rebate, charging stations must meet the following criteria:
- DC Fast Charger with minimum 50 kW capacity
- Accessible to the public
- UL 2202, 2231-1, and 2231-2 listed
• Both types of non-proprietary charging plug available (SAE Combo, CHAdeMO)
• Networked to a public charging network
• Smart charging capabilities to program charging windows and respond to external signals
• If fee to be charged, EVSE shall have at a minimum the Europay, MasterCard, Visa (EMV) chip reader to allow for Point of Sale transaction. Other Point of Sale systems such as app-based payment, contactless credit card, and phone payment are permissible, but not required.
• Charging data shall be shared with PNM to determine actual charging times and amounts
• Installation was completed after the implementation date of the PNM TE Program
• Proof of completed installation (such as signed statement) may be required

Qualification will be verified through an online application process. The customer will need 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.

7.2.3.2. Level 2 Charging

An equally important charging model is the proper dispersal of Level 2 charging stations throughout towns and cities. The longer charging periods makes Level 2 charging ideal for any place that an EV will be parked for at least a couple hours at a time. The most popular use cases for Level 2 charging are public spaces such as shopping centers and movie theaters, workplace charging, and multifamily housing units. PNM proposes funding rebates for the installation of 200 Level 2 charging stations.

7.2.3.2.1. Public Charging

Level 2 public charging is sited at any publicly accessible parking space where electrical infrastructure can be installed. Public chargers can either be a dedicated service or behind an existing customer meter. Customers should be aware of any potential added demand charges if chargers are installed on an existing service.

PNM proposes a total budget of $450,000 for the installation of approximately 90 charging stations with a cap of $5000 for any single charging station installation.

No single service address shall qualify for more than four (4) rebates. To qualify for the rebate, charging stations must meet the following criteria:

• Level 2 charging station
• Accessible to the public
• UL 2594 listed
• Networked to a public charging network
• Smart charging capabilities to program charging windows and respond to external signals
• If fee to be charged, EVSE shall have at a minimum the Europay, MasterCard, Visa (EMV) chip reader to allow for Point of Sale transaction. Other Point of Sale systems such as app-based payment, contactless credit card, and phone payment are permissible, but not required.
• Charging data shall be shared with PNM to determine actual charging times and amounts
• Installation was completed after the implementation date of the PNM TE Program
• Proof of completed installation (such as signed statement) may be required

Qualification will be verified through an online application process. The customer will need 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.

7.2.3.2.2. Workplace Charging

Workplaces are the second most frequent place that 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 $450,000 budget for the installation of 90 workplace chargers with a cap of $5000 for any single charging station.

No single service address shall qualify for more than four (4) rebates. To qualify for the rebate, charging stations must meet the following criteria:
• Level 2 charging station
• Accessible to employees of workplace
• UL 2594 listed
• Networked to a public charging network
• Smart charging capabilities to program charging windows and respond to external signals
• If no fee to be charged, signage shall indicate a maximum parking time of 4 hours to increase the number of employees able to access the station during working hours
• Charging data shall be shared with PNM to determine actual charging times and amounts
• Installation was completed after the implementation date of the PNM TE Program
• Proof of completed installation (such as signed statement) may be required

7.2.3.2.3. Multifamily Charging

Addressing multifamily charging is key to ensuring that LMI customers who live in multifamily housing units can charge at home. Multifamily charging presents unique challenges because it can be very difficult to install typical residential chargers behind a specific unit’s service panel.
To encourage the installation of Level 2 charging stations at LMI multifamily housing units, PNM proposes a $100,000 budget for the installation of 20 multifamily chargers with a cap of $5000 for any single charging station.

No single service address shall qualify for more than two (2) rebates. To qualify for the rebate, charging stations must meet the following criteria:

- Level 2 charging station
- Accessible to residents of multifamily housing unit
- UL 2594 listed
- Networked to a public charging network
- Smart charging capabilities to program charging windows and respond to external signals
- Charging data shall be shared with PNM to determine actual charging times and amounts
- Installation was completed after the implementation date of the PNM TE Program
- Proof of completed installation (such as signed statement) may be required

Qualification will be verified through an online application process. The customer will need 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.

### 7.2.3.3. Mass Transit Infrastructure

Mass transit, either in the form of municipal mass transit or institutional mass transit (e.g. school buses) is a great candidate for electrification. Mass transit has planned routes with known charging intervals as well as the ability to affect a large portion of the population. The emissions reductions from mass transit can make a major impact in the air quality along affected routes.

PNM proposes to support the deployment of mass transit infrastructure to serve LMI communities as defined in Section 5.5. The proposed budget for the mass transit infrastructure deployment was determined using estimates from the World Electric Vehicle Journal as shown in Table 3.

<table>
<thead>
<tr>
<th>Fleet cost estimates per one charger installation</th>
<th>EVSE</th>
<th>EVSE Installation</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.5kW (220V / 75A)</td>
<td>$1,000 - $3,000</td>
<td>$17,000 - $32,000</td>
</tr>
<tr>
<td>70kW (208VAC 3Ø / 200A)</td>
<td>$5,000 - $10,000</td>
<td>$20,000 - $75,000</td>
</tr>
<tr>
<td>450kW (480VAC 3Ø / 640A)</td>
<td>$350,000</td>
<td>$150,000 - $200,000</td>
</tr>
</tbody>
</table>

PNM proposes a total budget of $1,500,000 for mass transit infrastructure installation. This should be approximately enough to install four (4) 450 kW en-route charging stations and fifteen (15) depot charging stations with a capacity < 100 kW.
There is no limit on the number of installations that a single service address may apply for. To qualify for the rebate, charging stations must meet the following criteria:

- Be used to charge mass transit EVs that serve (are within 1 mile of) LMI communities
- UL 2594 / UL 2202 listed
- Smart charging capabilities to program charging windows and respond to external signals
- Charging data shall be shared with PNM to determine actual charging times and amounts
- Installation was completed after the implementation date of the PNM TE Program
- Proof of completed installation (such as signed statement) may be required

Qualification will be verified through an online application process. The customer will need 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.

### 7.3. Rate Design

Rate design is the most direct way to communicate price signals to the customer to influence charging behavior. Proper rate design will incentivize customers to charge during off-peak times, thereby increasing the efficiency of the grid and allowing for greater penetration for EVs and other variable resources without the need for costly system upgrades.

Both residential and commercial rates are being designed by the PNM Pricing department. The descriptions in this document do not describe the details of kWh prices, but rather the design philosophy and proposed charging windows. Both rates offer a TOD rate to shift demand off peak.

#### 7.3.1. Residential

The residential rate will be a whole-home rate. This means that a separate sub-meter or separate service is not required to implement the rate to benefit from charging the EV during the Super-Off Peak overnight. The decision to stay with a single meter was based on keeping costs low for the customer because a separate sub-meter will add cost to the installation. While it would be possible for a customer to shift all their load to the Super Off-Peak time, this would still benefit the system by reducing demand on the system during peak periods and would therefore benefit the system and all customers.

The residential EV rate is an extension of the general residential TOD rate. The only difference is that EV owners will qualify for an additional incentive during the Super Off-Peak from 10:00 PM to 5:00 AM year-round. See Figure 13 for a pictorial description of the Residential EV TOD.
Qualification will be verified through an online application process. The customer will need to submit a current registration for an EV at their service address.

### 7.3.2. Commercial

The biggest hurdle to commercial charging today is the demand charges that many commercial 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 can increase demand well over 100 kW.

While the 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 is proposing a new commercial volumetric EV charging rate; that is, this rate will have no demand charges, regardless of the connected charger capacity. PNM believes that this is the best way to support the deployment of commercial charging infrastructure to make charging stations readily available throughout the PNM service area.

#### 7.3.2.1. Public Charging Rate Design

The commercial EV charging rate is also a TOD rate, but in this case, it does require a dedicated service in order to remove demand charges. The commercial rate offers a Super Off-Peak period during the middle of the day to take advantage of abundant solar energy being produced at that time. This time also correlates to peak business hours, which makes it well suited for workplace charging as well as placement at other businesses and travel centers.

Figure 14 shows the TOD windows for the commercial EV charging rate.

---

**Figure 13: Residential TOD Time Windows**

<table>
<thead>
<tr>
<th>Res TOD EV</th>
<th>Super Off</th>
<th>Off Peak</th>
<th>On Peak</th>
<th>Time Of Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun Jul Aug Weekday</td>
<td>12-5a</td>
<td>10p-12</td>
<td>12-5p</td>
<td>8p-12</td>
</tr>
<tr>
<td>Weekday</td>
<td>12-5a</td>
<td>10p-12</td>
<td>5p-8p</td>
<td>8p-12</td>
</tr>
<tr>
<td>Weekday</td>
<td>12-5a</td>
<td>10p-12</td>
<td>5p-8p</td>
<td>8p-12</td>
</tr>
<tr>
<td>Other Months Weekday</td>
<td>12-5a</td>
<td>10p-12</td>
<td>5a-8a</td>
<td>8p-12</td>
</tr>
<tr>
<td>Other Months Weekday</td>
<td>12-5a</td>
<td>10p-12</td>
<td>5p-8p</td>
<td>8p-12</td>
</tr>
</tbody>
</table>

Offered to TOD residential customers with NM registered BEV or PHEV

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**Figure 14: Commercial TOD EV Charging Time Windows**

<table>
<thead>
<tr>
<th>Com TOD EV</th>
<th>Super Off</th>
<th>Off Peak</th>
<th>On Peak</th>
<th>Time Of Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun Jul Aug Weekday</td>
<td>8a-5p</td>
<td>12-8a</td>
<td>8p-12</td>
<td>5p-10p</td>
</tr>
<tr>
<td>Weekday</td>
<td>8a-5p</td>
<td>12-5a</td>
<td>8p-12</td>
<td>5a-8a</td>
</tr>
<tr>
<td>Other Months Weekday</td>
<td>8a-5p</td>
<td>12-5a</td>
<td>8p-12</td>
<td>5a-8a</td>
</tr>
</tbody>
</table>

Offered to separately metered commercial EV charging load
7.4. Market Transformation

The overall goal of the PNM TE Program is the support and encouragement of transforming to an electrified transportation sector. This transformation will not occur only through the financial support through incentives and rates for those customers with EVs, but will require significant engagement with customers who are still learning about the benefits of electrification.

As the market continually transforms, the PNM TE Program must also evolve by using the most up-to-date metrics and engagement techniques.

7.4.1. Customer Education and Outreach

Creating awareness of the PNM electric vehicle program offerings requires a strategic customer-centric marketing plan focused on the education, experience, and benefits of driving an electric vehicle. This customer education and outreach plan aims to give the consumer what they need in the ways they need to receive the information.

Using a multi-media communication approach ensures that PNM is reaching a target market of consumers who can engage with the information to research and make informed decisions. PNM proposed a budget of $1.0 million to implement the customer education and outreach plan; 20% of this total budget will be set aside for marketing and outreach specifically for LMI customers.

7.4.1.1. Target Markets

Reaching the correct market segment ensures that messaging is relevant, informative, and valuable for the consumer. Market segments with a higher propensity for purchasing an EV include price-conscious and environmentally aware residential and business audiences and employees, including friends and family of employees.

7.4.1.2. Marketing Channels

Using the right multi-media tactics will provide consumers with relevant, informative and useful information that will guide them through the product research to purchase experience. Media tactics may include tactics such as digital search marketing used across mobile and desktop and traditional media efforts. Other marketing efforts such as search engine optimization (SEO) and marketing (SEM) across major search engines and social media platforms will reach customers to engage in digital display advertising and re-targeting tactics.

To further engage customers, PNM may use engaging video and commercial content, as well as create a mobile responsive website to include a car-focused marketplace that offers resources and emphasizes the value and benefits of driving an electric vehicle which are tactics required to meet consumer
expectations. PNM may use direct mail, outdoor board, and also leverage community relationship sponsorships to help promote EVs as important branding methods to develop consumer trust.

PNM will look for opportunities for cross-promotion and collaboration in marketing efforts with other stakeholders such as community groups, municipalities, governmental organization, utilities, and auto manufacturers and dealers to promote the use of electric vehicles throughout the state.

7.4.1.3. **Website Customer Engagement**

PNM proposes a new approach to engage customers as the trusted advisor for customers as they begin to embrace transportation electrification. An updated website engagement tool will not only provide information about the utility, but ideally will assist customers with making choices about vehicles and connecting them with dealerships in the area.

The website engagement tool could also function as a marketplace for enrolling in utility incentive programs as well as possibly providing a gateway for purchasing other equipment that meets incentive program criteria.

7.4.1.4. **Customer Communication**

Messaging is focused on informing and educating consumers about the convenience, practicality, and safety benefits and technology of EVs. This includes topics on charging TOD rates, energy efficiency practices and programs, environmental stewardship, and economic savings of ownership. Communicating the tools and resources available ensures that PNM will provides value that consumers need during the research and decision-making process.

7.4.1.5. **Customer Experience**

Participating in environmentally aware community events and partnering with national electric vehicle Ride-and-Drive events can provide consumers with an offline practical experience needed to make an informed buying decision.
8. Program Administration

8.1. Personnel

Administration of this and any future electric transportation program will require additional employees in the Customer Marketing department. Table 4 shows the description of each position required for program administration. Costs describe the all-in cost for employees. This filing is designed for the first two years of program administration.

<table>
<thead>
<tr>
<th>Position Title</th>
<th>Headcount</th>
<th>Description</th>
<th>Annual Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Manager</td>
<td>1</td>
<td>Main point of contact for program categories and management of all fund disbursement. Manages annual required reporting and program metrics.</td>
<td>$150,000/year</td>
</tr>
<tr>
<td>Program Specialist</td>
<td>1</td>
<td>Processes applications to ensure that applicants meet all program criteria.</td>
<td>$100,000/year</td>
</tr>
</tbody>
</table>

Table 4: Staffing Requirements for Administration of EV Program

8.2. Third Party Administration Support

Where appropriate, PNM proposes to enlist support from third-party experts for program administration. Third-parties would assist in payment disbursement, saturation and potential studies, and measurement and evaluation of all program categories. Third-parties will take advantage of both outside expertise and independent verification of all defined metrics. Table 5 outlines the cost estimates for each use of a third party.

<table>
<thead>
<tr>
<th>Third Party Role</th>
<th>Description</th>
<th>Annual Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment Verification and Disbursement</td>
<td>Verifies payment and sends all incentive amounts to qualified customers</td>
<td>$200,000/year</td>
</tr>
<tr>
<td>Potential Studies and Saturation Studies</td>
<td>Provides market data to determine current and future program needs</td>
<td>$150,000/years</td>
</tr>
<tr>
<td>Monitoring and Evaluation</td>
<td>Evaluates KPIs to determine program impacts</td>
<td>$25,000/year</td>
</tr>
</tbody>
</table>

Table 5: Third Party Administration Support Annual Costs

8.3. Software Tools

In order to process applications for all programs (rebates and rates), an online application tool will be required. PNM proposes using the PowerClerk software from CleanPower Research.
The PowerClerk software was used to allow for an 80% reduction in application processing time in the solar interconnection group beginning in 2017. The same tool is now being implemented in PNM New Service Delivery to streamline that process. PNM owns an enterprise license for the PowerClerk software platform, allowing unlimited programs to be supported. There is no additional cost for this software to serve as the application portal for all EV programs.

In the case that contracts between PNM and the customer are required, the program will use DocuSign e-signatures embedded within the PowerClerk platform. E-Signatures are not included in the enterprise license. PNM proposes a budget of $15,000 to cover the cost of e-signatures over the two-year design lifetime of the program.
9. Measurement and Evaluation

To determine the impact of the program, it is important to determine the key performance indicators (KPIs) to be reported. While HB 521 outlines general guidelines for desired results of the program, the measurable impacts will be the overall adoption of EVs, the ability to shift load to the off-peak periods to improve system efficiency, and the total GHG reductions through transportation electrification.

To ensure transparency as per Requirement 6, these metrics shall be publicly reported annually, beginning the year after implementation of the program.

9.1. EV Adoption

One of the most telling KPIs is if the program successfully addressed concerns regarding the wide availability of charging stations and other barriers is the overall adoption of EVs in the PNM service area. This is a proxy measurement to determine the increase of using electricity as a fuel.

Each year, PNM will compare the adoption of EVs in New Mexico with the past three years to see if there is an increase in growth attributable to the PNM programs. Data shall be acquired through trade associations, such as the data currently procured through EPRI, and validated through the number of customers participating in PNM EV programs.

9.2. Load Shifting

Load shifting for residential and commercial customers will determine if the programs successfully improve system efficiency and the ability to integrate more variable resources by determining what amount of load was shifted to off peak periods.

For residential customers, the use of a single meter for the whole-home EV rate means that data must be gathered from the charging station itself. For this reason, customers that use the rebate agree to share charging data with PNM. This will allow the data to be parsed to see how much of the total consumption is represented by the EV and how much is shifted to the overnight window as incentivized through the EV TOD rate.

The commercial rate is much simpler as it is a dedicated service. The customer will also agree to share the charging data from the station with PNM to validate that the service is dedicated for charging (with the understanding that some of the energy use will be used to run the charging station itself and will not solely be transferred to the vehicle). For commercial customers, the goal is to see the highest percentage possible during the Super Off-Peak during the middle of the day.
9.3. Reduction of Greenhouse Gas Emissions

The reduction in GHG emissions can be calculated by determining the amount of kWh sold that is attributed to electric transportation. This number can be gathered from the charging data for both the residential customers and commercial customers with qualifying charging stations. It can also be estimated by comparing the EV adoption data to estimated energy required for typical driving conditions.

The GHG emissions for the same amount of gas miles driven can be compared to the PNM GHG emissions for the same amount of energy. The difference between these two numbers is the effective GHG reduction due to transportation electrification.
## 10. Budget Summary

<table>
<thead>
<tr>
<th>Program Component</th>
<th>Total Cost</th>
<th>Attributed to LMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Charger Rebate (3000 Level 2 chargers)</td>
<td>$1,500,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>Residential Installation Rebate (150 Installations for LIHEAP)</td>
<td>$225,000</td>
<td>$225,000</td>
</tr>
<tr>
<td>Commercial Infrastructure Rebate (70 DCFC, 200 Level 2, Mass Transit)</td>
<td>$4,250,000</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>Marketing, Education, and Outreach (TOD education, EV awareness)</td>
<td>$1,000,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>Program Administration (2 FTEs, Third Party Support, e-Signatures)</td>
<td>$1,265,000</td>
<td>$0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$8,240,000</strong></td>
<td><strong>$2,100,000 (25%)</strong></td>
</tr>
</tbody>
</table>
AN ACT
RELATING TO PUBLIC UTILITIES; REQUIRING A PUBLIC UTILITY TO SUBMIT AN APPLICATION TO THE PUBLIC REGULATION COMMISSION TO EXPAND THE USE OF ELECTRICITY TO POWER VEHICLES AND OTHER EQUIPMENT THAT TRANSPORT GOODS OR PEOPLE; PROVIDING THAT A PERSON WHO ENGAGES IN THE RETAIL DISTRIBUTION OF ELECTRICITY FOR VEHICULAR FUEL IS NOT A PUBLIC UTILITY. BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Public Utility Act is enacted to read: "APPLICATIONS TO EXPAND TRANSPORTATION ELECTRIFICATION. —

A. No later than January 1, 2021, and thereafter upon request by the commission, but no more frequently than every two years, a public utility shall file with the commission an application to expand transportation electrification. Applications may include investments or incentives to facilitate the deployment of charging infrastructure and associated electrical equipment that support transportation electrification, including electrification of public transit and publicly owned vehicle fleets, rate designs or programs that encourage charging that supports the operation of the electric grid and customer education and outreach programs that increase awareness of such programs and of the benefits of transportation electrification.

B. When considering applications for approval, the commission shall consider whether the investments, incentives, programs and expenditures are: (1) reasonably expected to improve the public utility's electrical system efficiency, the integration of variable resources, operational flexibility and system utilization during off-peak hours; (2) reasonably expected to increase access to the use of electricity as a transportation fuel, with consideration given for increasing such access to low-income users and users in underserved communities; (3) designed to contribute to the reduction of air pollution and greenhouse gases; (4) reasonably expected to support increased consumer choices in electric vehicle charging and related infrastructure and services; allow for private capital investments and skilled jobs in related services; and provide customer information and education; (5) reasonable and prudent, as determined by the commission; and (6) transparent, incorporating public reporting requirements to inform program design and commission policy.

C. A public utility that undertakes measures to expand transportation electrification pursuant to this section shall have the option of recovering the public utility's reasonable costs for the expansion through a commission-approved tariff rider or base rate or both.

D. The provisions of this section do not apply to a distribution cooperative organized pursuant to the Rural Electric Cooperative Act.
E. As used in this section: (1) "low-income" means annual household adjusted gross income, as defined in the Income Tax Act, of equal to or less than two hundred percent of the federal poverty level; (2) "transportation electrification" means the use of electricity from external sources to power all or part of passenger vehicles, trucks, buses, trains, boats or other equipment that transport goods or people; and (3) "underserved community" means an area in this state, including a county, municipality or neighborhood, or subset of such area, where the median income of the area is low-income.

SECTION 2. Section 62-3-4 NMSA 1978 (being Laws 1967, Chapter 96, Section 4, as amended) is amended to read: "62-3-4. LIMITATIONS AND EXCEPTIONS.—

A. The term "public utility" or "utility", when used in the Public Utility Act, shall not include: (1) any person not otherwise a public utility who furnishes the service or commodity only to that person or that person's employees or tenants, when such service or commodity is not resold to or used by others, or who engages in the retail distribution of natural gas or electricity for vehicular fuel; or (2) a corporation engaged in the business of operating a railroad and that does not primarily engage in the business of selling the service or commodity but that only incidentally to its railroad business or occasionally furnishes the service or commodity to another under a separate limited or revocable agreement or sells to a utility or municipality for resale, or that sells the service or commodity to another railroad, the state or federal government or a governmental agency, or that sells or gives for a consideration under revocable agreements or permits quantities of water out of any surplus of water supply acquired and held by it primarily for railroad purposes; and such railroad corporation shall not be subject to any of the provisions of the Public Utility Act.

B. The business of any public utility other than of the character defined in Subsection G of Section 62-3-3 NMSA 1978 is not subject to provisions of the Public Utility Act.