

El Paso Electric

EPE: Powering Responsible and Innovative Growth in Southern New Mexico

Innovative Programs Serving Southern New Mexico — Presented to the NM Legislature Economic and Rural Development and Policy Committee
- Doreen Gallegos, Chairwoman

Presenters:

Jessica Christianson – VP Customer Experience
David Hawkins – VP System Planning and Operations Support

Affordability

Economic Development

Grid Modernization

Transportation Electrification

Your Presenters

Two EPE leaders presenting today's innovation portfolio for southern New Mexico



Jessica Christianson

Vice President, Customer Experience

Leads enterprise-wide strategies for customer satisfaction, affordability, and operational efficiency for more than 400,000 customers across West Texas and southern New Mexico.

- Affordability and low-income programs
 - Customer experience and community partnerships
 - Clean energy and emerging technology programs
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David C. Hawkins

Vice President, System Planning and Operations Support

Responsible for operation of EPE's electric grid, transmission and generation planning, FERC interconnection, environmental compliance, and workplace safety.

- Grid operations, resilience, and modernization
 - Transmission planning and large-load interconnection
 - With EPE since 2002; M.S. and B.S. in Electrical Engineering, NMSU
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About El Paso Electric

Serving the Rio Grande region since 1901 — 125 years of powering west Texas and southern New Mexico.

125

Years of service since 1901

465K

Customers served

10,000

Square miles of service territory

2,010 MW

Net dependable generating
capability

Who We Are

A regional electric utility providing generation, transmission, and distribution service across the Rio Grande valley — from Hatch, New Mexico to Van Horn, Texas.

- Generation portfolio of ~2,010 MW, including a 15.8% share of Palo Verde Nuclear and a growing solar and storage fleet
- Serves steel, copper and oil refining, and military installations including Fort Bliss, White Sands, and Holloman AFB
- Two interconnections with CFE serving Ciudad Juárez, Mexico

125 Years of Service

1901 Founded as the El Paso Electric Railway Company on August 30.

1925 Renamed El Paso Electric and begins serving southern New Mexico.

2026 Marking 125 years powering the region's homes, businesses, and growth.

Five Pillars of Innovation

EPE is advancing five interconnected program areas that together deliver affordability, economic growth, community investment, grid resilience, and clean transportation for southern New Mexico.



Pillar 1 **Affordability** Low-Income Rider

Waives monthly customer charges for qualifying low-income residents, directly reducing energy burden for New Mexico's most vulnerable households.



Pillar 2 **Growth** Large Load Tariffs

Creates dedicated cost-based rate paths for major new customers (10+ MW and 30+ MW), enabling transformative large-load growth while protecting existing ratepayers from cost shifting.



Pillar 3 **Economic Development Fund** Community Investment

\$240M capital invested, 1,456 jobs created, and 18 companies supported — driving regional economic growth across southern New Mexico.



Pillar 4 **Grid Modernization** Distributed Energy Storage

Pilot program providing localized grid support, peak shaving, and customer backup power — EPE's first front-of-the-meter battery deployment.



Pillar 5 **Transportation Electrification** NM TEP Programs

Expanding EV infrastructure, residential rebates, and managed charging access across EPE's service territory through the NM Transportation Electrification Plan.

Affordability

Low-Income Rider

Protecting low-income customers while modernizing New Mexico's rate structure.



Low-Income Rider

Targeted relief for qualifying New Mexico residential customers



Low-Income Rider — Targeted Relief for Qualifying Customers

The proposed Low-Income Rider eliminates the monthly customer charge for qualifying residents, directly reducing energy burden for New Mexico's most vulnerable households.

Phase 1

~~\$14.36/mo~~ → **\$0**

Monthly customer charge waived for qualifying residents

Phase 2

~~\$18.89/mo~~ → **\$0**

Monthly customer charge waived for qualifying residents



Tariff

Rate No. 01 — Residential Service



Eligibility

Customer identified in NM Health Care Authority client database as authorized for SNAP or eligible for LIHEAP



Legislative Authority

Enabled by legislation passed during the 2025 New Mexico legislative session allowing utilities to propose a low-income rate option



Goal: Support low-income customers and limit the impact of proposed rate increases

Growth

Enabling transformative large-load growth in southern New Mexico while protecting all existing customers from cost shifting.

⚡ Large Load Tariffs

Dedicated cost-based rate paths for new 10+ MW and 30+ MW customers



Large Load Tariffs — A Dedicated Framework for High-Demand Customers

Two new rate paths — Rate 50 and Rate 51 — provide transparent, cost-based options for large customers while safeguarding existing ratepayers.

Rate 50

High Load Factor Power Service



Minimum Monthly Billing Demand

30+ MW



Load Factor Requirement

Built for customers with **very high, consistent utilization** — 85%+ average monthly load factor



Service Type

Transmission-voltage service at a **customer-dedicated substation**



Load-Ramp Period

Up to **4-year** ramp period established in the Energy Service Agreement (ESA)

Rate 51

Large Load Power Service



Minimum Monthly Billing Demand

10+ MW



Eligibility

Rate option for large-load customers that **do not meet Rate 50's high-load-factor requirements**



Service Type

Transmission-voltage service at a **customer-dedicated substation**



Load-Ramp Period

Up to **4-year** ramp period established in the ESA



MW = megawatts | Load factor = how consistently a customer uses its available capacity

Large Load Protections — Aligning Costs, Commitments, and Risk

The Energy Service Agreement and financial security framework ensure that large-load growth pays its own way — protecting every existing EPE customer.



Energy Service Agreement

20-year minimum initial term for new Large Load customers

Secures long-term customer commitment to recover EPE infrastructure investments



Financial Security Framework

Security required where applicable; annual security adjustment as projected incremental resource costs evolve

Protects EPE and existing ratepayers from unrecovered investment risk



Customer-Specific Facility Charge

Dedicated facility costs recovered through a customer-specific Facility Charge

Ensures large-load customers bear their own infrastructure costs — not shared with existing customers



Cost-Based Billing Floor

80% contract-capacity floor + summer demand ratchet to maintain cost recovery

Prevents low-utilization scenarios from shifting costs to existing EPE customers



Result: ESA secures customer commitment to recover EPE investments — cost shifting to existing customers is prevented

Economic Development Fund

NM Economic Development Fund

18 Companies Supported

1,456 Jobs Created

\$240M Capital Invested

Investing in southern New Mexico's economic future through direct support for businesses, jobs, and regional development partnerships.

NM Economic Development Fund

Community investment driving jobs and capital across southern New Mexico



NM Economic Development Fund — Investing in Southern NM Communities

EPE's Economic Development Fund has directly supported job creation, capital investment, and regional partnership across southern New Mexico.

18

Companies Supported

1,456

New Economic-Base Jobs Created

\$240M

Capital Invested

 Fund Commitment: \$1 million per year for 20 years — dedicated to regional economic growth across southern New Mexico

Economic Development Agency Partners



MVEDA

\$325,000

Mesilla Valley Economic Development Alliance — regional business attraction and retention



Borderplex Alliance

\$150,000

Bi-national economic development across the El Paso–Las Cruces–Juárez region



Arrowhead Center

\$100,000

NMSU's entrepreneurship and business development center — innovation and startup support

Section 4 of 5

Grid Modernization

Piloting distributed energy storage to build a smarter, more resilient grid for southern New Mexico.



Featured Program

**Distributed Energy Storage Pilot Program (DESPP) — Thorn Area,
Southern NM**

DESPP — How the Pilot Works and Why It Matters

Section 4 of 5: Grid Modernization

EPE deployed 10 MW of distributed battery capacity across the Thorn area in just 4 months — demonstrating that front-of-the-meter storage can solve real grid challenges quickly and at no cost to customers.

 **The Challenge:** Thorn feeders faced overload risks during peak season — requiring a localized, innovative solution.

⚡ Grid Benefits Delivered


Peak Shaving & Congestion Reduction


Overload Mitigation


Enhanced Grid Resiliency

⚙️ Program Model


EPE-Owned Battery Assets
EPE retains full ownership of all battery systems


Front-of-the-Meter (FTM)
EPE's first FTM deployment — rapid, cost-effective distribution asset


Utility Operational Control
Full 24/7 dispatchability and monitoring


Performance Monitoring
Base Power dedicated dashboard for scheduling and integration

10 MW in 4 Months

Distributed battery capacity brought online across Thorn-area feeders — EPE's fastest-ever distribution storage deployment

★ Customer Benefits


Backup Power During Outages
Reliable backup power when it matters most


No Cost to Customers
Battery system installed at no cost for a period of 10 years


\$250 Participation Incentive
Per battery installed for participating customers


No Electric Bill Impact
Participation does not affect the customer's electric bill


Proof of concept enabling future scalability and full grid modernization across EPE's service territory

Distributed Battery Grid Impacts — Technical Overview

Distributed batteries charge during off-peak hours and discharge during peak hours — directly reducing grid stress, cutting peak demand, and improving system reliability across EPE's southern NM distribution network.

⚡ **10 MW** of distributed battery capacity deployed

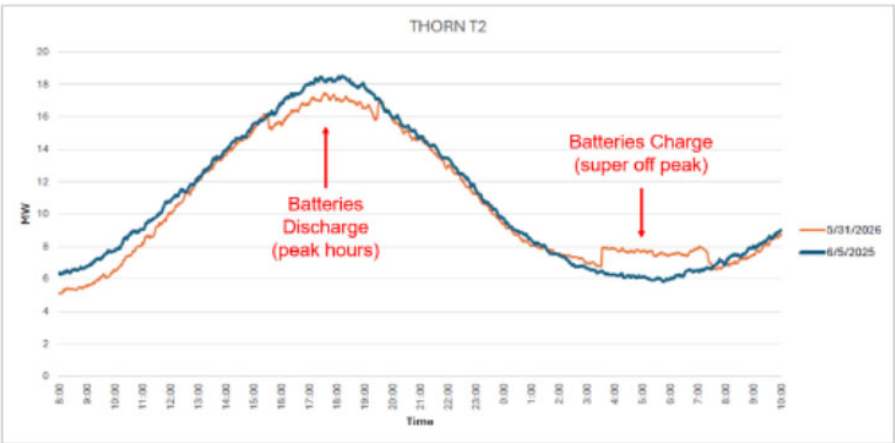
Front-of-the-meter configuration — brought online in just 4 months
First FTM deployment in EPE history; scalable across NM service territory

↓ **Batteries Discharge — Peak Hours**

Thorn T2 | May 2026 vs. Jun 2025

↑ **Batteries Charge — Super Off-Peak**

Thorn T2 | May 2026 vs. June 2025



How the Dispatch Cycle Works

- **Off-Peak (Charging):** Batteries draw from grid when demand and cost are low; stores energy for peak dispatch
- **Peak Hours (Discharging):** Stored energy releases to local feeder; directly offsets peak demand and congestion

Grid Impact Results

- Peak demand reduced on overloaded Thorn feeders
- Localized congestion relief — no new transmission infrastructure required
- 24/7 dispatch control maintained by EPE utility operations
- System supports rising electrification demand and extreme weather resilience

Scalable Pilot Model

FTM configuration enabled rapid, cost-effective deployment. Pilot results support future expansion across EPE's NM service territory.

Creation Energy Pilot — What the Demonstration Tests

A controlled pilot testing whether aggregated customer-sited solar, storage, and demand response can operate as dispatchable grid capacity.



Project Structure

Distributed Energy Resource Aggregation (DERA) platform aggregates customer-sited resources for grid support

Resources are aggregated and dispatched rather than treated as one-off assets



Grid Services

EPE dispatches accepted available capacity through the utility interface

Target deployment is 250 homes / 5.125 MW; minimum contract capacity is 1.00 MW



Learning Agenda

Evaluates dispatchability, operational performance, and aggregated capacity value

Bridges planning assumptions with field evidence to inform future capacity decisions



Customer Model

Voluntary participation; homeowner agreement is between Creation Energy and the customer

Creation Energy owns, operates, and maintains all customer-sited equipment

✓ **Result: A utility-integrated DER model tested for capacity, grid performance, and customer participation**

Why This Matters for New Mexico

Creation Energy Pilot

A pilot-sized pathway to test infrastructure, affordability, and growth benefits — with oversight at every step.



Stakeholder Commitment: EPE listened to stakeholders in the IRP process and committed, through its Action Plan, to a demand-side resources project.

⚡ System Value Tested



Capacity During Growth



Local Grid Value



Resilience and Loss Reduction

⚙️ Regulatory Safeguards



NMPRC Oversight

Frames pilot scope and approval boundaries



Defined Scope

Demonstration scale only — no commitment to expand



Cost Recovery Review

Cost treatment reviewed by the Commission



Reporting Requirements

Annual reports with audit and retest rights

250 Homes

A demonstration-scale deployment informing future capacity planning

★ Customer and Ratepayer Protections



Las Cruces Low-Income Housing

Commercially reasonable efforts for up to ten (10) Customer Sites



Risk Held by Developer

Creation Energy carries development, operating, and performance risk



Uninterrupted EPE Service

Retail service obligations and customer contacts remain unchanged



Informs Future Planning

Pilot results add evidence as EPE evaluates future capacity options



Evidence on reliable growth and community development — with customer protections and regulatory oversight intact

Transportation Electrification

NM Transportation Electrification Plan (TEP) — 2024–2026

Expanding EV access, infrastructure, and affordability across EPE's New Mexico service territory.



NM TEP 2024–2026

NM TEP — Program Overview and Performance

Launched in 2024 with an \$11.8 million approved budget, EPE's Transportation Electrification Plan has already tripled public EV charging infrastructure across its NM service territory.

 **Final Order: March 28, 2024**

 **Programs Launched: April 1, 2024**

Approved Budget: **\$11.8 Million**

Cost Recovery: **TEP Rider**


3x
Public EV Charging Ports
~40 ports (Mar 2023) → 127 ports (Feb 2026)


45+
EV Ports Installed
Apartments & public sites; 50 more in progress


300+
Residential Rebates
Provided to qualifying customers


10%
EV Drivers in Managed Charging
Shifted to off-peak & super off-peak periods

 **Program Areas**

- Commercial Rebates and Turnkey Solutions
- Partnerships, Research and Innovations Program
- Customer Outreach Program
- Residential Rebates, Rates and Managed Charging

 **Key Performance Highlights**

- ✓ Public EV charging ports tripled — from **~40 ports** (March 2023) to **127 ports** (February 2026)
- ✓ EPE supported installation of **45 EV charging ports** at apartments and public sites; 50 additional ports in progress
- ✓ Fleet Advisory services delivered to local fleets across the service territory

 **TEP is tripling EV infrastructure** across EPE's NM service territory — accelerating clean transportation access for southern New Mexico communities.

TEP Highlights — EV Car Share and Community Outreach

Transportation Electrification

Two signature TEP initiatives — an affordable EV car-share program and broad community education — are putting clean transportation within reach for all southern NM residents.



EV Car Share Program

Launched November 2025 — Las Cruces, NM

\$5

Per Hour (+ tax)

\$50

Per Day (+ tax)



Location

307 S. Main St., Las Cruces



Booking

Go Forth app



Eligibility

Qualified drivers age 21+



Purpose

Affordable EV access for residents who may not own an EV



Customer Education, Marketing & Outreach

Building awareness across EPE's NM service territory



Ride and Drive Events



School Education Programs



Fleet Advisory Services



Media and Marketing Campaigns



Community Customer Outreach Events

 Together these initiatives build awareness, remove barriers, and accelerate EV adoption across EPE's NM service territory.