

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO’S)
APPLICATION FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY)
TO CONSTRUCT, OWN, AND OPERATE)
TWELVE MEGAWATTS OF BATTERY)
STORAGE FACILITIES)
)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
Applicant)
_____)**

Case No. 23-00162- UT

**PUBLIC SERVICE COMPANY OF NEW MEXICO’S APPLICATION FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT,
OWN, AND OPERATE TWELVE MEGAWATTS OF BATTERY STORAGE
FACILITIES**

Public Service Company of New Mexico (“PNM”) files this Application with the New Mexico Public Regulation Commission (“PRC” or “Commission”), pursuant to 17.1.2.9 NMAC, seeking the following:

(1) A Certificate of Public Convenience and Necessity (“CCN”), pursuant to NMSA 1978, Section 62-9-1 (2019) and NMSA 1978, Section 62-9-6 (1967), to construct, own, and operate 12 megawatts (“MW”) of battery storage facilities at two existing PNM-owned solar facility sites (the “BESS Project”). The BESS Project will assist in providing improved voltage support and power quality on two overloaded feeders, increase those feeders’ solar hosting capacity and assist in meeting load growth. The BESS Project will help reduce the costs of system upgrades needed to ensure PNM provides safe and reliable service for customers. The battery facilities are intended to be operational in June 2024. PNM seeks approval of the CCN for the BESS Project no later than December 31, 2023.

(2) PNM is not seeking a determination on the ratemaking treatment of the BESS Project in this proceeding. The proposed ratemaking treatment for the BESS Project is the subject of PNM's pending rate case in Case No. 22-00270-UT. In Case No. 22-00270-UT, PNM provided a cost estimate for the BESS Project of \$22.27 million. PNM seeks authorization to recover the actual cost of the BESS Project, including allowance for funds used during construction ("AFUDC"), which it anticipates will be in the range of \$25.84 million, with the reasonableness of the final actual costs subject to Commission review and determination in a future general rate case and subject to Rule 17.3.580 NMAC.

(3) Such other and further relief as the Commission may deem necessary in connection with the construction, ownership, and operation of the BESS Project.

In support of its Application, PNM states:

1. PNM owns, operates, leases, and controls plant properties and facilities for the generation, transmission, distribution, and sale of electric energy. It is defined as a public utility under the Public Utility Act, NMSA 1978, Section 62-3-3(G), and is subject to the Commission's jurisdiction. PNM is certified and authorized to conduct the business of providing public utility service within the State of New Mexico. A certified copy of PNM's articles of incorporation is on file with the Commission in Case No. 13-00390-UT. PNM requests that the Commission take administrative notice of PNM's articles of incorporation.

2. PNM's principal business address is 414 Silver Ave. SW, Albuquerque, New Mexico 87102.

3. PNM's attorneys and corporate representatives who should receive all notices, pleadings, discovery requests, responses, and all other documents related to this case are:

Stacey J. Goodwin, Associate General Counsel
John Verheul, Corporate Counsel

PNMR Services Company
Corporate Headquarters – Legal Department
Albuquerque, New Mexico 87158
Phone: (505) 241-4942
(505) 241-4864
stacey.goodwin@pnmresources.com
john.verheul@pnmresources.com

Richard L. Alvidrez
Miller Stratvert P.A.
500 Marquette Ave. NW, Suite 1100
Albuquerque, New Mexico 87125
Phone: (505) 842-1950
ralvidrez@mstlaw.com

Mark Fenton, Executive Director of Regulatory Policy and Case Management
Phillip Metzger, Senior Project Manager
PNMR Services Company
Corporate Headquarters – Regulatory Department
Albuquerque, New Mexico 87158
Phone: (505) 241-2845
mark.fenton@pnm.com
phillip.metzger@pnm.com

4. The BESS Project will be located at two existing PNM solar facility sites and will store a total of 12 MW of existing, co-located solar power. One site is located in Bernalillo County and the other site is located in Valencia County. Both of the sites are located outside of existing municipal boundaries. The BESS Project facilities will be located at the distribution feeders with the highest constraints. They will be built and owned by PNM.

5. After studying distribution system needs and potential solutions, PNM initiated a competitive bidding process for energy storage equipment and facilities in 2021. Because of market conditions for battery storage systems, PNM pursued an Engineer Procure Construction Management approach to acquiring the services and equipment necessary to own and operate the BESS Project. PNM issued a request for proposals (“RFP”) and received bids from three companies for a variety of energy storage system options. The bid evaluation determined that

Powin Energy, LLC's proposal would provide the technology best suited to meet PNM's identified need at the lowest reasonable cost to customers. PNM will be issuing a competitive RFP in the second quarter of 2023 for a construction contract for the construction of the necessary installation to house and interconnect the BESS equipment on PNM's distribution system.

6. PNM intends for the BESS Project to be operational by June 2024, in time for the 2024 summer peak season. Having the battery storage available during the summer of 2024 will help support adequate, efficient, and reliable service for PNM's forecasted load.

7. The BESS Project meets the statutory criteria for issuance of a CCN under NMSA 1978, Section 62-9-1(D) (2019). The project will reduce costs to ratepayers by providing an alternative to new generation and deferring or avoiding otherwise needed upgrades to PNM's current distribution system. By locating the batteries on overloaded feeders with existing large solar installations, PNM can reduce the use of fossil fuels for meeting demand beginning in 2024. The BESS Project will also aid in ensuring grid reliability, support increased diversification of energy resources, contribute to the reduction of air pollutants resulting from power generation, and ensure efficient service to PNM's customers. The BESS Project is also the most cost-effective among feasible alternatives. PNM requests that the Commission grant PNM a CCN because the public convenience and necessity require the construction, ownership, and operation of the BESS Project, which will reduce costs to ratepayers and the use of fossil fuels, as well as help ensure grid reliability, reduce air pollutants from power generation, and ensure PNM's ability to provide reliable and efficient service at the most cost-effective rate.

8. The BESS Project will provide synergistic system benefits that result in economic benefits for customers and increase the effective capacity of PNM's existing generation so that

PNM can reliably serve its customer base and increase the amount of installed distributed solar energy.

9. The construction and operation of the BESS Project is also consistent with opportunities identified in PNM's 2020 Integrated Resource Plan.

10. Because these will be the first distribution level energy storage facilities installed on PNM's system, PNM believes it is in accordance with law and appropriate for a CCN to be issued under NMSA 1978, Section 62-1-1(D) (2019) (which establishes the criteria to be met when a certificate of necessity and convenience is required for an energy storage system).

11. While this Application is for an initial 12 MW of battery storage on PNM's distribution system, PNM expects to request approvals for similar battery storage in the future. In addition to the specific regulatory approvals enumerated above, PNM requests that the Commission determine whether the information provided in PNM's Application and supporting testimonies is sufficient to provide guidelines to streamline the process for future requests for approval of battery energy storage systems on PNM's distribution system.¹ PNM requests that future CCN applications for battery energy storage system projects on PNM's distribution system be approved within a six-month period in light of the anticipated increased use of such battery energy storage systems and related market conditions which require prompt regulatory approval. PNM requests any such other and further relief the Commission may deem necessary for PNM to develop and operate the BESS Project.

12. PNM includes and incorporates as if fully set forth herein the direct testimony and exhibits of the following witnesses: Mark Fenton, the Executive Director of Regulatory Policy and

¹ Based on the size and purpose of the proposed facilities, which are designed to address common distribution level upgrades and additions that are in the ordinary course of business, PNM also believes that the Commission could determine that similarly sized projects for the same purposes are in the ordinary course of business and therefore do not require a CCN.

Case Management for PNM; Jason Jones, the Director of Generation Engineering for PNM; Omni Warner, the Director of Distribution Engineering for PNM; and Lucas McIntosh, the Managing Director of 1898 & Co., a division of the engineering firm Burns & McDonnell. The testimonies and exhibits of these witnesses further explain PNM's requests in this Application and the facts set forth above. They demonstrate that the proposed BESS Project is required by the public convenience and necessity and meets all applicable criteria under NMSA 1978, Section 62-9-1(D).

13. As indicated on the attached Certificate of Service, PNM has served a copy of this Application and the supporting direct testimony and exhibits upon the parties to its most recent rate case, Case No. 22-00270-UT. PNM will publish notice of the filing of the Application in accordance with the requirements of the Public Utility Act and the Commission's procedural rules. A proposed form of Notice is attached as Exhibit A. Because the BESS Project is only 12 MW of capacity and will be interconnected on PNM's distribution system, notice to other electric utilities of this Application under Rule 17.1.2.9(B) NMAC is not required.

14. PNM seeks timely treatment of its Application to meet the facilities' anticipated construction schedule and to meet customer needs in 2024 and requests that a final order be issued by December 31, 2023.

15. Pursuant to NMSA, 1978, Section 62-9-1(C) of the Public Utility Act, PNM requests that the Commission approve PNM's Application without a formal hearing if no protests are filed within sixty days of the date of notice.

WHEREFORE, PNM respectfully requests that the Commission issue a Final Order in this case by December 31, 2023, that:

A. Grants a CCN for PNM's construction, ownership, and operation of the BESS Project energy systems on two feeders, to be co-located with existing PNM-owned solar facilities;

B. Approves the estimated cost of the BESS Project and confirms that such costs are subject to the Commission's Cost Overrun Rule at 17.3.580 NMAC.

C. Determines that, to the extent similar battery energy storage system projects for the same purposes require a CCN, that a streamlined process should be authorized with approval within six months; and

D. Grants such other and further approvals, authorizations, and relief as the Commission may deem necessary and appropriate in connection with the construction, ownership, and operation of the BESS Project.

Respectfully submitted,

PUBLIC SERVICE COMPANY OF NEW MEXICO

By: /s/Stacey Goodwin
Stacey J. Goodwin, Associate General Counsel
John Verheul, Corporate Counsel
PNMR Services Company
Corporate Headquarters – Legal Department
Albuquerque, New Mexico 87158
Phone: (505) 241-4927
(505) 241-4864
stacey.goodwin@pnmresources.com
john.verheul@pnmresources.com

Richard L. Alvidrez
Miller Stratvert P.A.
500 Marquette Ave. NW, Suite 1100
Albuquerque, New Mexico 87125
Phone: (505) 842-1950
ralvidrez@mstlaw.com

Attorneys for Public Service Company of New Mexico
GCG# 530823