

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF NEW)
MEXICO FOR APPROVAL OF RENEWABLE)
POWER AGREEMENTS AND ENERGY)
STORAGE AGREEMENTS AND)
PROPOSAL FOR DEMAND RESPONSE)
PLAN PURSUANT TO FINAL ORDER IN)
CASE NO. 19-00195-UT,)
)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
Applicant.)
_____)**

Case No. 20-00182-UT

NOTICE OF PROCEEDING AND HEARING

NOTICE is hereby given of the following proceeding and hearing pertaining to the above-captioned case pending before the New Mexico Public Regulation Commission (“Commission” or NMPRC):

On September 28, 2020, Public Service Company of New Mexico (PNM or “Company”) filed its compliance Application with the Commission for expedited approval of purchase power agreements (PPAs) and energy storage agreements (ESAs), as required by the Final Order in Case No. 19-00195-UT (concerning the replacement resources for the San Juan Generating Station). The Commission required PNM to execute agreements for selected solar and energy storage projects as part of the Commission-approved San Juan replacement resource portfolio. Pursuant to the Commission’s directives, PNM specifically requests the Commission approve:

- (1) The First and Second Amendment to the Arroyo Solar PPA to update the PPA pricing and terms and the First and Second Amendments to the Arroyo Storage ESA to update contract terms and to increase the total battery storage capacity from the approved 40 MW to a total of 150 MW;

(2) The PPA for the 200 MW San Juan Solar 1 LLC Solar Project (“San Juan Solar 1 Project PPA”). PNM will pay \$26.31 per MWh_{AC} over a twenty-year contract term;

(3) The ESA for the 100 MW San Juan Solar 1 LLC Battery Storage Project (“SJS 1 Storage Project ESA”) connected with the 200 MW San Juan Solar 1 Project. PNM will pay a monthly capacity payment of \$7.70 per kw-month over a twenty-year contract term;

(4) The PPA for the 100 MW 201LC 8me LLC Solar Project (“Rockmont Solar Project PPA”). PNM will pay \$27.35 per MWh_{AC} over a twenty-year contract term;

(5) The ESA for the 30 MW 309SJ 8me LLC Battery Storage Project (“Rockmont Storage Project ESA”) connected with the 100 MW Rockmont Solar Project. PNM will pay \$7.99 per kw-month over a twenty-year contract term;

(6) PNM states that the above agreements as executed are less expensive than the indicative pricing for these projects and result in net present value savings of approximately \$2.5 million over the projects’ initial cost estimates.

(7) In the alternative to items (2) through (4), PNM also presents for Commission consideration a single 299 MW PPA and 130 MW ESA that would replace the 200 MW San Juan Solar 1 Project, the 100 MW SJS 1 Storage Project ESA, the 100 MW Rockmont Solar Project PPA, and the 30 MW Rockmont Storage Project ESA. The alternative project would save customers approximately \$22.7 million on a net present value basis when compared to the aggregate cost of the separate projects outlined above;

(7) Consistent with the approved cost recovery in Case No. 19-00195-UT for similar replacement purchased power and energy storage agreements, rate recovery of the contractual energy costs through PNM’s Fuel and Purchase Power Cost Adjustment Clause and recovery of

contractual capacity and other associated costs through base rates in PNM's next general rate case; and

(8) PNM's pursuit of a demand response plan based on the RFP process it has initiated through a separate docket to consider PNM's final plan for adoption of additional demand response and energy efficiency programs ("DR Plan") and cost recovery thereon.

PNM seeks expedited approval for the aspects of its application related to the PPAs and ESAs through a final order issued by the Commission in this proceeding no later than December 4, 2020. PNM states that the project developers require an expeditious deadline for non-appealable regulatory approvals of the contracts in order for the replacement resources to be online by June 30, 2020.

PNM states that the costs of the proposed solar and energy storage agreements are less than the indicative pricing for these projects presented in Case No. 19-00195-UT, and the alternative project would provide additional savings. PNM asserts that immediate approval of the proposed agreements or alternative project agreements is therefore consistent with the Commission's directives to negotiate and execute contracts for the additional projects selected as part of the CCAE-1 portfolio approved by the Commission. PNM's Application also addresses its plan to pursue a new 40 MW Demand Side Management (DSM) program to meet the additional DSM resource needs included in the Commission-approved replacement resource portfolio. Based on the results of competitive bid process, PNM is pursuing an expanded DR Plan to assure reliability during net-peak loads in the summer by including 24 MW of firm capacity. PNM proposes that these DR issues be deferred to separate proceedings to expedite the PPA and ESA issues.

Any interested person may inspect PNM's Application filed in this case at PNM's offices, 414 Silver Avenue, SW, Albuquerque, New Mexico, telephone number 505-241-2700, on PNM's

website <https://pnm.com/regulatory> or contact the Commission, telephone number 505-827-1269, 888-427-5772; or access the Commission's website at <https://edocket.nmprc.state.nm.us>. This case has been docketed as Case No. 20-00182-UT and any inquiries should refer to that number.

Consistent with the procedures allowed in Rule 17.9.551.10(A) NMAC, the Commission may approve the PPAs and ESAs and proposed cost recovery without a formal hearing if no protest is filed within a time period established in a procedural order.

Additional details regarding the procedural requirements for this proceeding are set forth in the Procedural Order issued by the Hearing Examiners on October 8, 2020. The procedural schedule for this case is as follows:

A. Any person desiring to become a party ("intervenor") in this case shall and for whom intervention was not already granted in Case No. 19-00195-UT must file a motion for leave to intervene in conformity with Rule 1.2.2.23 NMAC on or before October 23, 2020.

B. Any protest to approvals of the solar PPAs and battery storage ESAs shall be filed on or before October 23, 2020 and shall state the grounds for protest in sufficient detail to allow the Commission to determine if the protest raises substantial doubt that the PPAs or ESAs should be approved. If no opposition to the requested approvals is raised, the Commission may waive a formal evidentiary hearing and may take final action on the pre-filed testimonies and exhibits placed before the Hearing Examiners.

C. The Commission's Utility Division Staff ("Staff") shall, and any intervenor may, file direct testimony on or before October 23, 2020.

D. Briefs addressing any legal issues a party may wish to raise in this proceeding shall be filed by October 23, 2020. Responses to such legal briefs shall be filed by October 28, 2020.

E. All parties to the case shall file by October 27, 2020 a notice indicating whether they agree to waive the public hearing in this case and, if so, whether they agree to stipulate into evidence the testimony pre-filed in the case.

F. Any rebuttal testimony shall be filed on or before October 28, 2020.

G. PNM shall file a proposed recommended decision in the format customarily issued by the Hearing Examiners by October 28, 2020. Any responses to the proposed recommended decision shall be filed by November 5, 2020.

H. A prehearing conference shall be held on October 29, 2020 at 2 p.m. via the Zoom videoconference platform. The prehearing conference may be vacated if the Hearing Examiners determine it is not necessary.

I. The public hearing of this matter will be held beginning at 9:00 a.m. MST on November 2, 2020 to hear and receive evidence, arguments, and any other appropriate matters relevant to this proceeding. Due to the November 3, 2020 general election, on that date the evidentiary hearing will convene at 9:00 a.m. and adjourn at approximately 1:00 p.m. The evidentiary hearing then will continue, as necessary, on November 4. Due to the ongoing COVID-19 pandemic, the public hearing shall be conducted via the Zoom videoconference platform. Access to and participation in the evidentiary hearing shall be limited to party-participants (i.e., counsel, witnesses, and other representatives of the parties), the Commissioners, and other Commission personnel. Interested persons may view the evidentiary hearing via a livestream on YouTube provided on the Commission's website at www.nmprc.state.nm.us.

J. Public comment shall be taken at the commencement of the public hearing in this matter on November 2, 2020 at 9:00 a.m. MST. As part of the public hearing, public comment will be taken via the Zoom platform. Therefore, persons interested in providing public comment

must request a Zoom invitation by emailing Ana Kippenbrock at Ana.Kippenbrock@state.nm.us by no later than 5:00 p.m. MDT on October 29, 2020. Public comments shall be limited to 3 minutes per speaker. Public comment shall not be considered as evidence in this case. In lieu of public comment interested persons may also submit written comments to the Commission at the email address specified below.

Interested persons may submit written comments, which shall reference NMPRC Case No. 20-00182-UT, to the Commission via its Records Bureau's email address, as set out on the Commission's webpage, at: prc.records@state.nm.us. Such comments will not be considered as evidence in this proceeding. *See* 1.2.2.23(F) NMAC.

The procedural dates and requirements provided herein are subject to further order of the Commission. The Commission's Rules of Procedure, 1.2.2 NMAC, shall apply in this case except as modified or varied by order of the Hearing Examiner or Commission. The Rules of Procedure and other NMPRC rules are available online at the New Mexico Commission of Public Records, State Records Center and Archives website at <http://www.srca.nm.gov/nmac-home/nmac-titles>.

Anyone filing pleadings, documents or testimony in this case shall, until further notice, comply with the Commission's electronic filing policy, as amended from time to time. This includes filings in .pdf format, with electronic signatures, sent to the Records Bureau's email address, as set out on the Commission's website, at: prc.records@state.nm.us within regular business hours of the due date, in order to be considered timely filed. Documents received after regular business hours, will be considered as being filed the next business day. Regular business hours are from 8:00 a.m. to 5:00 p.m. Mountain Time (MT). Parties shall serve a copy on all parties of record and Staff. All filings shall be emailed on the date they are filed with the Commission. In addition, all filings shall be emailed to the Hearing Examiners on the date filed at anthony.medeiros@state.nm.us and

ashley.schannauer@state.nm.us by no later than 5:00 p.m. MT. Such emailing shall include the Word or other native version of the filing (e.g., Excel or PowerPoint) if created in such format. Any filings not emailed to the Hearing Examiners in compliance with the requirements of this Order are subject to being summarily rejected and stricken from the record in the Hearing Examiners' discretion.

Any person with a disability requiring special assistance in order to participate in this proceeding should contact the offices of the Commission at least 24 hours prior to the commencement of the hearing.

ISSUED at Santa Fe, New Mexico this **8th** day of **October 2020**.

NEW MEXICO PUBLIC REGULATION COMMISSION

/s/ Anthony F. Medeiros

Anthony F. Medeiros
Ashley C. Schannauer
Hearing Examiners