

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
REPORT ON FEDERAL FUNDING OPPORTUNITIES**

Pursuant to Decretal Paragraph B of the New Mexico Public Regulation Commission (“NMPRC” or “Commission”) Final Order issued on December 21, 2023 (“Order”), Public Service Company of New Mexico (“PNM” or “Company”) files this report on federal funding opportunities.

Paragraph B of the Order states:

By **July 1, 2024**, PNM shall submit to the Commission, and publish on its website, an informational filing detailing available funding opportunities for the BESS Project, such as opportunities under the Inflation Reduction Act or Infrastructure Investment and Jobs Act, and other relevant cost-reducing opportunities, including but not limited to, the result of applications for tax credits for the BESS Project. This informational filing shall include a comprehensive overview of all funding opportunities explored, the steps taken to secure such funding, and the results of these efforts. The purpose of this informational filing is to provide the Commission with a clear understanding of PNM’s due diligence in attempting to reduce costs to customers through available federal incentives. The informational filing shall be supported by affidavit. The informational filing shall not require further action by the Commission.

1. PNM made every effort to structure the 12 MW Battery Energy Storage System Project (“12 MW BESS Project”) so that it would qualify for an Investment Tax Credit (“ITC”)

up to 30% of its qualifying costs under the Inflation Reduction Act (“IRA”). The ITC is comprised of two parts: the Base Tax Credit and the Wage & Apprenticeship Requirements. For systems greater than 1 MW, the Base Tax Credit is 6% of the total qualifying project cost basis and the Prevailing Wage & Apprenticeship (“PWA”) requirement represents the remaining 24%. The PWA portion of the ITC requires that workers be paid the local prevailing wage for work on facility construction, as well as for alterations and repairs for a 10-year period following the project being placed into service. The apprenticeship portion of the PWA further requires that a project meet requirements to employ sufficient apprentices (as measured by the percentage of total labor hours) from a registered apprenticeship program.

2. On June 18, 2024, the United States Department of the Treasury and the Internal Revenue Service (“IRS”) released final rules regarding the PWA requirements in the IRA. The final rules will not be effective until 60 days after publication. Furthermore, the 12 MW BESS Project facilities were only placed into service on June 30, 2024. As a result, the ITC amount the 12 MW BESS Project will be eligible for cannot be determined with certainty at this time.

3. To claim the ITC for the 12MW BESS Project, the Company must complete IRS Form 3468, *Investment Tax Credit*, and include the form with its income tax filing for the year the project is placed in service. Subsequently, the Company must maintain records supporting the claim for the credit for IRS audit purposes. In addition, as discussed in the Affidavit of Jason Jones, the Company must continue to document satisfaction of the prevailing wage and apprenticeship requirements.

Respectfully submitted this 1st day of July, 2024,

PUBLIC SERVICE COMPANY OF NEW MEXICO

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**AFFIDAVIT IN SUPPORT OF
PUBLIC SERVICE COMPANY OF NEW MEXICO'S
REPORT ON FEDERAL FUNDING OPPORTUNITIES**

**STATE OF NEW MEXICO))
) ss
COUNTY OF BERNALILLO)**

I, Jason Jones, being first duly sworn, depose and state as follows:

1. I am employed by PNMR Services Company, as Executive Director of Utility Operations Technology and Capital Management for Public Service Company of New Mexico (“PNM”). I have been employed by PNM for 13 years. In this capacity, I am responsible for overseeing the engineering and other technical aspects of PNM’s electric generation portfolio.

2. PNM structured the 12 MW Battery Energy Storage System Project (“12 MW BESS Project”) so that it would qualify for an Investment Tax Credit (“ITC”) up to 30% of its qualifying costs under the Inflation Reduction Act (“IRA”). To meet the Prevailing Wage & Apprenticeship (“PWA”) portion of the ITC, PNM requires that workers be paid the local

prevailing wage for work on facility construction, as well as for alterations and repairs for a percentage of total labor hours be performed by qualified apprentices.

3. For the 12 MW BESS Project Request for Proposals (“RFP”), bidders were required to state if their construction labor force and all subcontractors meet the PWA standard. Furthermore, bidders were required to detail the contractor’s understanding of the requirement, how the contractor plans on meeting the requirement, and what necessary documentation the contractor will provide to prove that the standard was met. NorthStar Energy Services, Inc. (“NorthStar”), the winning bidder provided the following response explaining its understanding of the PWA requirement:

NorthStar has successfully executed numerous projects in New Mexico with two more projects currently under construction. Our pay rates already exceed the area’s prevailing wage rates and tables. For instance, for Occupation Code 47-2111 - “Electricians” the Bureau of Labor Statistics lists Median hourly wage rate of \$28.33 for the Albuquerque area, whereas our typical pay rates for this position are \$32.00 - \$34.00/hour, a nearly 13% to 20% premium above prevailing wage rates. We record daily timesheets by position and submit reports internally to track all labor hours worked. Given the importance of demonstrating this with regard to achieving the IRA’s labor standards, we will record daily timesheets by position and job code and can upload time tracking to the Registered Apprenticeship Partners Information Database System (RAPIDS) in order to demonstrate compliance with both prevailing wage rates and apprenticeship hours. This is consistent with the approach taken to demonstrating compliance with Davis-Bacon labor requirements for Federal government projects.

NorthStar staffs projects with local craft labor when such qualified skilled personnel are available within the project area, while maintaining core teams of construction supervision and lead journeymen to ensure quality assurance and operational excellence. When necessary to supplement those local labor forces due to lack of availability, we recruit craft skilled workers from other locales. Our core teams of construction supervision and lead journey craft personnel are fulltime employees that transfer from other NorthStar projects as those assignments are completed. NorthStar would recruit labor by working with the local Albuquerque and New Mexico Job Corps as well as posting ads in the Albuquerque Journal Jobs / Classified publication.

Apprentice craft personnel make up approximately 20% of NorthStar’s construction labor force. Working alongside experienced journey workers, they are

mentored in the skills, processes and procedures required to perform their work safely, efficiently and with the utmost quality. Quanta has numerous Registered Apprentice programs through the Northwest Line College (NLC), a for-profit training university with five campuses nationally (including a campus in Texas) that provides safety and certification training in the power delivery, natural gas, and telecommunications industries. NLC offers complete solutions from pre-apprentice to advanced training that NorthStar can leverage for apprenticeship training. Further, Quanta has established processes to meet and track the project is meeting the apprentice-to-journeyworker ratio daily, and that the total apprentice labor hours for construction are met. By leveraging these Quanta resources, NorthStar will be able to meet and even exceed apprenticeship requirements while ensuring proper recordkeeping within RAPIDS. Beyond that, Quanta maintains a robust Government Affairs team that is engaged with both policymakers and labor organizations, ensuring we can adapt our operational practices as new guidance from the Department of Treasury is released.

4. Regarding the 12 MW BESS Project specifically, NorthStar detailed its plans on how it intended to meet the PWA requirement and the documentation it will provide to prove that the standard was met:

Below are details on the procedures and techniques NorthStar will employ to ensure adherence to the apprenticeship requirements associated with the IRA.

1. Percentage of total labor hours worked by qualified apprentices (12.5%) and Apprentice-to-Journeyworker ratios

- NorthStar will employ apprentices in multiple apprenticeable occupations to meet or exceed the 12.5% of total labor hours requirement (15% if construction begins after 12/31/2023) that must be worked by qualified apprentices.
 - Quanta's Registered Apprentice programs that are specifically applicable to BOP construction include: Substation Technician, System Operator, Transmission Technician, Journeyman Refresher, Construction Craft Laborer, Heavy Equipment Operator, Cable Installer, Mechanic, and Oiler
 - Quanta's Registered Apprenticeship programs meet the administrative requirements such as time tracking, record-keeping, progression notices to payroll, and updates that are due to the Registered Apprenticeship Partners Information Database System (RAPIDS)

- NorthStar will maintain records showing that apprentice to journeyworker ratios for each apprenticeable occupation working on the project were met daily.
 - We are equipped and prepared to record and maintain records of wage, fringe benefit contributions, and payroll information on a weekly basis in accordance with IRA mandated provisions for meeting Registered Apprentice requirements
 - Total labor hours worked are recorded on daily timesheets for all construction personnel throughout the duration of the project by occupation code

2. Participation

- NorthStar will keep records showing that the apprenticeship participation requirements were met by all subcontractors (and sub-tier contractors) employing 4 or more employees.
 - We provide our subcontractors with a Subcontractor Daily Labor Log that they must submit daily. (Daily Labor Log attached and only provided as an example)

5. To maintain compliance with the requirements of the ITC and avoid penalties, PNM will maintain all the necessary records associated with the 12 MW BESS Project.

FURTHER Affiant Sayeth Naught.

/s/ Jason Jones
Jason Jones

GCG#532666

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the **Public Service Company of New Mexico’s Report on Federal Funding Opportunities** was emailed to parties listed below on July 1, 2024.

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Dated this 1st day of July, 2024.

By: /s/ Phillip Metzger
Phillip Metzger, Senior Project Manager
PNM Regulatory Policy & Case Management
Public Service Company of New Mexico