

## **PNM PRAC September 2024 Meeting**

September 10, 2024, 1:00PM to 3:00PM

PNM Headquarters / Online Meeting

PNM Attendees: Heidi Pitts, Stella Chan, Debrea Terwilliger, Mike Settlage, Kimberly Rivera, Pablo Magallanes-Flores, Cindy Menhorn (MCR), Ian MacDougall (MCR)

PRC Staff: Bamadou Ouattara, Elisha Leyba-Tercero, Daren Zigich, Edison Jimenez

ABCWUA Attendees: Andy Harriger, Keith Herrmann, Jon Ebia

NM AREA Attendees: Peter Gould, Kelly Gould, Jim Dauphinais, Brian Andrews

Attorney General's Office Attendees: Doug Gegax, Jocelyn Barrett

Other Attendees: Joseph Yar, Glenn Wikle (New Mexico Democratizing Energy Liaison), Rocky Bacchus (Deming and Cobre Consolidated Schools), Brent Chapman

### **Agenda**

1. Feedback on the meeting schedules and charter
2. Follow up on production demand allocation discussion
3. Grid Mod RD implications and PRAC
4. Update on website and venue

### **Recording**

Link: [Save-the-Date Pricing Advisory Committee \(PRAC\)-20240910 1952-1 - Webex](#)

Password: bXvvjVc9

### **Minutes**

Feedback on Meeting Schedules and Charter – Stella Chan

- We are hoping today to discuss a few housekeeping items and our direction moving forward. Is there any feedback on the charter or meeting schedule sent out last meeting?
- Rocky Bacchus: I have some questions about reconciling between the FERC filings and the rates. Are we going to get some of that information or is that in the schedule?
  - Stella Chan: We will have the meeting and then we can circle back with any specific information that you asked for. We will have more information later in the meeting about how you can send questions to us.

Follow up on production demand allocation discussion – Mike Settlage

- Last meeting, we talked about the production demand allocation. We have been using the same method, 3 Summer 1 Winter, for quite a while at PNM and there are deficiencies in that because our portfolio has changed. We are looking into changing that and went over our proposal. We have not yet had any feedback on that presentation or the information sent out. We want to

know if all questions have been answered and if there is expected to be any further discussion from the participants.

- Rocky Bacchus: There is a lot of information to be analyzed. I expect to have more questions.
- Jim Dauphinais: We appreciate the information received thus far and we will need more information. We want the public version of the model as well and more granularity on the dollars. Is this the same one used in the current rate case?
  - Mike Settlage: Yes, it is the same cost of service study. That is a good starting point for your use, and we can answer more questions.
- Jim Dauphinais: We are concerned about a symmetry problem between the allocation of non-dispatchable and allocation of capacity value. We also have not talked about fuel cost allocations yet. We are not convinced that nuclear should be considered non-dispatchable. We would rather use dependable or non-dependable. That is, are they capable of providing nameplate capacity during the risk hours regardless of when the risk hours occur?
  - Mike Settlage: Please send them in an email and we would be happy to answer or respond to them, either to us or the whole group.
- Elisha Leyba-Tercero: Staff would like to hear from other participants in the PRAC as we represent the public interest and no particular class. We want to know what conflicting information there is.
- Stella Chan: Can parties submit their questions or idea to us in the next week so we can answer them in the next meeting? We will collect everything and present it in the October meeting, on the 22<sup>nd</sup>.
  - Jim Dauphinais: We would like to send everything by the 20<sup>th</sup>.
- Rocky Bacchus: Can we get contact information for attendees so that we can communicate outside meetings or in separate meetings?
  - Stella Chan: In the meetings, we will have the list of attendees, but no emails. Some participants are paid consultants and there are privacy concerns. We will not give emails without prior consent, and we will look at getting consent from participants.
- Daren Zigich: Half of your system capacity is in batteries, and we have not figured out functionalization of those batteries. Are we kicking this down the road to the next rate case instead of this rate case?
  - Stella Chan: We are discussing how to prepare for future rate cases. Some of this information is also an issue in the current rate case, but the PRAC is about how to manage future rate case issues.
  - Mike Settlage: This is not settlement discussions for the current case. We are trying to reach consensus and workshop ideas for the future cases.
- Rocky Bacchus: I am used to seeing utility costs broken into overhead and other items. Is this also transmission and distribution allocations?
  - Mike Settlage: We are talking about different costs, specifically production demand costs. We are talking about building plants and adding resources. This is not transmission or distribution allocations that we are talking about currently. Also, this is an allocation to classes, not a functionalization issue. We are discussing post-functionalization. If you want to know the costs in detail, you can look at our current test year in the rate case for the exact details of what costs are in what bucket.
- Rocky Bacchus: Due to schedule conflicts, I might have a little difficulty getting questions in by the 20<sup>th</sup>.
- Joseph Yar: Are we still using riskiness as our goal for hours? Is it fair to say that riskiness and ACE are synonymous.

- Mike Settlage: We are dealing with riskiness, sometimes we call that Expected Unserved Energy. Riskiness refers to the difficulty serving the load on the system. ACE has to do with whether we can balance them in real time or not. They are related, but not the same.
- Daren Zigich: Do you have granularity to show the 8760 hours?
  - Mike Settlage: Not every hour is risky. We are looking at the 75% of the riskiest hours. The model does give us that level of granularity.
- Rocky Bacchus: Are the risky hours expected to change over time and are your current risky hours expected in 1 year, 5 years, etc.?
  - Mike Settlage: Our current gross peak is in 5pm. We have a lot of renewable energy at that time and our ACE resources are backed down. As the sun sets, we lose all renewable, so we must use other resources and that is a stressful time. These times may shift in the future and will shift to add early mornings on winter days. Our methodology will automatically pick these stressful hours regardless of when they occur.

#### Grid Mod RD implications and PRAC – Stella Chan

- You have read the recommended decision for our grid mod application on offering mandatory time-of-day rates. We have talked about mandatory TOD by 2030, but the recommended decision wants us to implement them earlier. We want feedback from the PRAC on this after the final order comes out.
- Rocky Bacchus: Do you have projections on transition to heat pumps in your territory and is that a driver to your peaks?
  - Stella Chan: We do not have that information in the pricing area. Our load forecast may have that information. We can check that.

#### Update on website and venue – Heidi Pitts

- We are developing a dedicated webpage for the PRAC that would have the meeting schedule, agendas for past meetings, presentations, minutes, and recordings as available. We are also creating a PRAC email address. I am currently the bottleneck for all of this so this will make more information available without having to just contact me. The website will be available by the October meeting.
- Our venue site is on hold and currently only public information will be on the website.
- Rocky Bacchus: Can we have a more public friendly name than PRAC?
  - Heidi Pitts: The full name is the Pricing Advisory Committee. That will be clear on the website.
- Brent Chapman: We appreciate the website and having a central location for all these meetings. This will be easier than just using email.

#### **Next Meeting**

Tuesday, October 22 from 1:00 – 3:00pm

On-line