

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN PUBLIC)	
SERVICE COMPANY’S APPLICATION FOR)	
AUTHORIZATION OF LARGE CUSTOMER)	
RENEWABLE*CONNECT PROGRAM AND)	Case No. 23-00271-UT
TARIFF AND OTHER ASSOCIATED RELIEF,)	
)	
SOUTHWESTERN PUBLIC SERVICE COMPANY,)	
)	
Applicant.)	
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NOTICE TO CUSTOMERS

To customers of Southwestern Public Service Company (“SPS” or “Company”): this document is required by the New Mexico Public Regulation Commission (NMPRC or “Commission”). The purpose of this document is to provide you with notice of SPS’s request that the NMPRC approve SPS’s proposed new renewable energy purchase program for large customers called Renewable*Connect. This notice:

- o Describes the PRC process for considering SPS’s requested relief; and
- o Describes how you can participate in this process if you wish to do so.

If you would like to participate in this process, the information below details how you may participate. **IF YOU DO NOT WANT TO PARTICIPATE IN THIS PROCESS, NO ACTION IS REQUIRED ON YOUR PART.**

NOTICE is hereby given by the NMPRC of the following:

1. On August 11, 2023, SPS filed its Application with the Commission for approvals related to a new voluntary renewable energy purchase program, Large Customer Renewable*Connect (“Renewable*Connect” or “R*C”), which is set forth in the proposed Large Customer Renewable*Connect Rate Rider (“R*C Rate Rider”). Specifically, SPS requests that the Commission:

- a. approve the terms and conditions of participation in the initial phase of its Renewable*Connect program, referred to as the R*C-I program phase, including the subscription process, as set forth in the proposed R*C Rate Rider and associated customer agreement;
- b. authorize SPS's proposed use of the approximately 80 megawatts ("MW") of non-jurisdictional generating capacity associated with two purchased power agreements ("PPAs") between SPS and Roswell Solar, LLC and Chaves County Solar, LLC (collectively referred to as the "Roswell-Chaves Solar Facilities") to supply the R*C-I program phase;
- c. approve SPS's proposed formula for calculating and applying the monthly customer (subscriber) dollar per kilowatt-hour ("kWh") charge for renewable energy purchased through the R*C-I program phase;
- d. approve SPS's proposed monthly credits available to R*C-I program subscribers;
- e. authorize SPS to allocate a subscribing customer's monthly unused energy¹ to the SPS system;
- f. approve SPS's proposed methodology for crediting or, in some instances, charging subscribing customers for their unused energy;
- g. approve the form of the proposed tariff, the R*C Rate Rider, as well as SPS's proposed process for implementing and annually updating the charge and credit components of the R*C Rate Rider; and
- h. grant SPS all other approvals, authorizations, waivers, or variances that the Commission determines are necessary for SPS to implement and effectuate the relief granted in this case.

2. Section 62-16-7 of the Renewable Energy Act (NMSA 1978, §§ 62-16-1 to -10 (2004, as amended through 2021) "REA") provides the Commission may require utilities offer a voluntary program for purchasing additional renewable energy under a separate Commission-approved rate. Further, Commission Rule 572.18 (17.9.572.18 NMAC) directs public utilities to

¹ A subscribing customer will have "unused energy" in a month in which the customer consumes less energy than the volume of energy allocated to the customer in accordance with the customer's subscribed generation share of the program resource.

offer a voluntary renewable energy tariff for those customers who want the option to purchase additional renewable energy.

3. SPS developed and is proposing the Large Customer R*C program in response to requests from its large commercial and industrial customers for a voluntary renewable energy purchase program that will facilitate their ability to meet their own renewable energy and sustainability goals. The R*C program will allow these customers the opportunity to purchase additional amounts of renewable energy that are in excess of what is currently required under New Mexico's REA and the applicable Renewable Portfolio Standard ("RPS") requirements at a reasonable cost and under clear terms and pricing established in a Commission-approved tariff.

4. The R*C program could be implemented in multiple phases. The first phase of the program, R*C-I, will utilize the non-jurisdictional generating capacity (~80 MW) of the Roswell-Chaves Solar Facilities to supply the new program. SPS's Application is limited to and seeks Commission approvals necessary to implement the R*C-I program phase.²

5. Customers who receive electric service under the Company's Large General Service Transmission ("LGS-T") rate schedule (Rate No. 34) with over a 5 megawatts ("MW") peak monthly demand at a single premises are eligible to participate in the R*C-I program phase.

6. Eligible customers will have the option to subscribe, on a per premises basis, for a minimum allocation share of 5 MW (with additional 1 MW increments available above the minimum) of the Roswell-Chaves Solar Facilities non-jurisdictional generating capacity. For each

² Ultimately, if SPS's customers request program expansion and SPS can identify and acquire an appropriate resource, there may be opportunities for SPS to develop and seek Commission approval of a future Renewable*Connect program phase.

premises, a customer can subscribe for an allocation share that is no greater than the annual peak for the most recent twelve-month period at the premises at the time of subscribing.

7. For the R*C-I program phase, SPS will offer contract terms of either 10 or 16 years. The 16-year term offering is based on and tied to the remaining term of the Roswell-Chaves Solar Facilities PPAs. Thus, going forward, the length of the offering will adjust consistent with the remaining length of the resource PPAs.

8. Although customers will be subscribing to the R*C-I program phase based on an overall generation share (per MW) of the Roswell-Chaves Solar Facilities non-jurisdictional generating capacity, their monthly renewable energy allocations (in megawatt-hours (“MWh”)) will be tied to the Roswell-Chaves Solar Facilities’ actual monthly generation. This approach is consistent with that taken in SPS’s existing Commission-approved voluntary renewable energy purchase program, Solar*Connect Community (“Solar*Connect”) and is done to ensure that generation from the facilities supplying the R*C-I program will match the subscribed demand—i.e., ensuring the program is not over-subscribed. Additionally, this approach will allow SPS to precisely measure when the R*C-I program is fully subscribed.

9. To determine an R*C-I subscriber’s monthly renewable energy allocation, SPS will multiply the customer’s subscription share percentage—i.e., the ratio of the subscriber’s generation share (in MW) to the total non-jurisdictional generating capacity of the Roswell-Chaves Solar Facilities (~80 MW)—by the actual monthly non-jurisdictional generating capacity of the Roswell-Chaves Solar Facilities.

10. The R*C-I program phase is designed such that subscribing customers will pay all incremental costs associated with the program, including but not limited to SPS’s costs to acquire the renewable energy, including the costs of associated Renewable Energy Certificates (“RECs”),

and all administrative costs. In exchange for being responsible for all incremental costs associated with the program, R*C-I program subscribers will be provided with certain bill credits.

11. While SPS has received indications from eligible customers demonstrating there is sufficient interest in the R*C-I program phase to fully subscribe the program under either of the two proposed contract term options, undersubscription—i.e., a situation in which SPS would be obligated to supply less energy through the program than is produced by the program resource—is possible. In the event that the R*C-I program is undersubscribed, SPS will remain responsible for the costs associated with all energy generated by the Roswell-Chaves Solar Facilities' non-jurisdictional generating capacity, as it is today. Specifically, SPS is committing to not seek any incremental costs associated with unsubscribed energy during the R*C-I program phase from non-subscribing customers. However, annual incremental costs associated with the program that would not have been incurred but for the program – e.g., costs of RECs and administrative costs necessary to implement the program – that are not collected in a particular year due to undersubscription of the program will be trued up in SPS's annual updates and reallocated among the existing program subscribers. This process will protect non-subscribers from bearing incremental costs associated with the R*C-I program phase.

12. R*C-I subscribers will pay a monthly dollar per MWh (\$/MWh) charge for renewable energy purchased through the R*C-I program. The monthly R*C-I Charge is composed of: (1) the \$/MWh hour cost of the R*C-I program resources—i.e., the Roswell-Chaves Solar Facilities; (2) the \$/MWh hour total resource net curtailment and congestion costs associated with the delivery of the renewable energy acquired through the program; (3) a \$/MWh charge for the incremental program-specific administration costs; and (4) full subscription incentive charge for those customers contracting for a 10-year program term.

13. The R*C-I charge will be applied to subscribing customers on top of their established LGS-T rate schedule (Rate No. 34) charges.

14. Although SPS will update the estimated R*C-I charge in its 2024 RPS filing, and the R*C-I customer charge will be reconciled such that it is based actual costs, based on current costs, the estimated monthly R*C-I charge for the first year of the program (2025) for the 10- and 16-year term is: \$41.44 and \$41.03 per MWh, respectively.

15. It is possible that a subscribing customer's monthly load could be less than their monthly R*C-I renewable energy allocation, resulting in unused subscribed energy. However, because all energy delivered from the R*C-I program resources—i.e., the Roswell-Chaves Solar Facilities—in a month must be used, SPS proposes to allocate a customer's subscribed but unused energy to the SPS system at the unused energy rate, which, is based on the Locational Marginal Price for energy at the Roswell-Chaves Solar Facilities settlement locations, as determined by the Southwest Power Pool, Inc. ("Southwest Power Pool"). SPS proposes that the total monthly R*C-I charge for a subscribing customer with unused energy be based on the customer's full monthly R*C-I renewable energy allocation, including the unused energy. However, SPS will apply a credit (or in some instances a charge)³ to the customer's total R*C-I charge.⁴ The total unused energy credit/charge (in \$) to be applied against the total R*C-I charge (in \$) will be determined by multiplying the volume of unused energy (measured in MWh) by the unused energy rate (\$/MWh).

³ It is possible for this to be a charge, depending on the Southwest Power Pool Locational Marginal Price for energy at the Roswell-Chaves Solar Facilities settlement locations and/or natural gas prices.

⁴ When determining a customer's total monthly R*C-I charge, SPS begins by calculating the REC costs, which will be recovered from the customer, regardless of the unused energy credit/charge. Consequently, SPS will retire all RECs associated with the subscribing customer's monthly R*C-I renewable energy allocation on behalf of the customer.

16. Subscribing customers will receive four credits applied to their monthly bill for energy purchased under R*C-I: a demand charge credit; an energy charge credit; a Fuel and Purchased Power Adjustment Clause (“FPPCAC”) charge credit; and a RPS Rider charge credit. Generally, these credits are designed to ensure that subscribing customers: (1) pay only for their monthly energy consumption; (2) do not pay production related demand charges on the portion of their monthly load served by their subscribed share of R*C-I resource generating capacity; (3) do not pay fuel-related charges on the portion of their monthly load served by their monthly R*C-I renewable energy allocation; and (4) do not pay charges associated with SPS’s compliance with the RPS on renewable energy acquired through the program.

17. The estimated average monthly bill impact for R*C-I participants will vary based on the customer’s consumption levels and subscription term. SPS has calculated the summer and winter bill impacts of a hypothetical subscribing customer taking power at 69 kV and 115 kV+ at different subscription levels for each of the two subscription terms (10-year or 16-year). The estimated bill impacts are discussed in the testimony of Ruth M. Sakya and presented in Attachment RMS-4 of her testimony. The following tables summarize the bill impacts at a 5 MW subscription, for a 16-year and 10-year term, respectively.

Table – 16 YRS, 5 MW Subscription

Comparison of Bills under Current Base Rates with Proposed R*C-I Rates

Description	Monthly Bill at Current Rates	Monthly Bill at R*C Rates	\$ Change	% Change
<u>Large General Service Transmission 69 kV (Summer)</u>				
4,200,000 kWh and 7,500 kW	\$ 192,928.96	\$ 188,910.54	\$(4,018.42)	-2.08%
<u>Large General Service Transmission 69 kV (Non-Summer)</u>				
4,200,000 kWh and 7,500 kW	\$ 179,546.08	\$ 193,686.63	\$ 14,140.55	7.88%
<u>Large General Service Transmission 69 kV (Annualized)</u>				
4,200,000 kWh and 7,500 kW	\$ 184,007.04	\$ 192,094.60	\$ 8,087.56	4.40%
<u>Large General Service Transmission 115 kV + (Summer)</u>				
11,000,000 kWh and 18,000 kW (average)	\$ 464,451.12	\$ 461,506.73	\$(2,944.39)	-0.63%
<u>Large General Service Transmission 115 kV + (Non-Summer)</u>				
11,000,000 kWh and 18,000 kW (average)	\$ 433,588.21	\$ 448,247.01	\$ 14,658.80	3.38%
<u>Large General Service Transmission 115 kV + (Annualized)</u>				
11,000,000 kWh and 18,000 kW (average)	\$ 443,875.85	\$ 452,666.92	\$ 8,791.07	1.98%

Table 10 YRS, 5 MW Subscription

Comparison of Bills under Current Base Rates with Proposed R*C Rates

Description	Monthly Bill at Current Rates	Monthly Bill at R*C Rates	\$ Change	% Change
<u>Large General Service Transmission 69 kV (Summer)</u>				
4,200,000 kWh and 7,500 kW	\$ 192,928.96	\$ 189,420.98	\$(3,507.98)	-1.82%
<u>Large General Service Transmission 69 kV (Non-Summer)</u>				
4,200,000 kWh and 7,500 kW	\$ 179,546.08	\$ 194,043.44	\$ 14,497.36	8.07%
<u>Large General Service Transmission 69 kV (Annualized)</u>				
4,200,000 kWh and 7,500 kW	\$ 184,007.04	\$ 192,502.62	\$ 8,495.58	4.62%
<u>Large General Service Transmission 115 kV + (Summer)</u>				
11,000,000 kWh and 18,000 kW (average)	\$ 464,451.12	\$ 462,000.74	\$(2,450.38)	-0.53%
<u>Large General Service Transmission 115 kV + (Non-Summer)</u>				
11,000,000 kWh and 18,000 kW (average)	\$ 433,588.21	\$ 448,593.05	\$ 15,004.84	3.46%
<u>Large General Service Transmission 115 kV + (Annualized)</u>				
11,000,000 kWh and 18,000 kW (average)	\$ 443,875.85	\$ 453,062.28	\$ 9,186.43	2.07%

18. Upon Commission approval, SPS will notify eligible customers of the opportunity to participate in the R*C-I program phase. SPS proposes implementation of the R*C-I program phase beginning in 2025, dependent on when SPS receives Commission approval.

19. The Commission has assigned Case No. 23-00271-UT to this Application, and correspondence, pleadings, inquiries, written comments, or other communications concerning this matter should refer to that case number.

20. By order issued in this case on November 10, 2023, the Hearing Examiner has established the following procedural schedule and requirements for this case:

- A. Any person desiring to become a party (“intervenor”) to this case must file a motion for leave to intervene in conformity with NMPRC Rules of Procedure 1.2.2.23(A) and 1.2.2.23(B) NMAC on or before February 1, 2024. All motions for leave to intervene shall be served on all existing parties and other proposed intervenors of record.
- B. The parties will participate in at least one settlement conference on or before February 16, 2024 at a time and place to be determined by the parties. The purpose of this mandatory meeting is to facilitate settlement at an early point in the procedural schedule of this case when there is sufficient time in the procedural schedule to allow for a hearing on a stipulation.
- C. The Commission’s Utility Division Staff (“Staff”) shall, and any intervenor may, and any intervenor may file direct testimony by February 28, 2024.
- D. Any rebuttal testimony shall be filed on or before March 15, 2024. Alternatively, should a settlement be reached among all parties, a stipulation may be filed no later than March 15, 2024.
- E. Any statements in opposition to a stipulation filed as provided above shall be filed by March 20, 2024.
- F. Testimony in support of a stipulation shall be filed by March 22, 2024. If Staff is a stipulating party, Staff shall file direct testimony.
- G. Testimony in opposition of a stipulation shall be filed by March 29, 2024.
- H. A prehearing conference is tentatively scheduled for April 11, 2024, commencing at 2:00 p.m. Mountain Time (MT) on the Zoom videoconference platform. The purpose of that conference is to address, among other things, the following matters:
 - i. The order of presentation of the parties and their respective witnesses.
 - ii. Designation by each party of the witnesses they intend to cross-examine and for what length of time.

- iii. Pending motions *in limine*, motions to strike, and other prehearing motions.
 - iv. Any other matters that may expedite orderly conduct and disposition of this proceeding.
- I. A public hearing will be held beginning on April 16, 2024 and will continue on successive days until completed, as determined to be necessary by the Hearing Examiner. Each hearing session shall commence at 9:00 a.m. MT unless otherwise ordered. Based on present conditions and logistical issues, the Hearing Examiner has concluded that it will be necessary to conduct evidentiary hearing via the Zoom videoconference platform. Access to and participation in the evidentiary hearing shall be limited to party-participants (i.e., counsel and witnesses), the Commissioners, and other essential Commission personnel. The Zoom hearing will be livestreamed through YouTube and will be displayed on the Commission's website at <https://www.nm-prc.org>. Persons not participating in the evidentiary hearing as an attorney or witness may view the hearing on the Commission's website and shall not join the hearing via Zoom except to provide oral comment as allowed below.
- J. Interested persons who are not affiliated with a party may make oral or written comment as allowed by Rule 1.2.2.23(F) NMAC. Oral comment shall be taken at shortly after the beginning of the evidentiary hearing on April 16, 2024 and commenters shall be limited to 3 minutes per comment. As part of the public hearing, public comment will be taken via the Zoom platform; therefore, persons wishing to make an oral public comment must register in advance, not later than 8:30 a.m. MT on April 16, 2024, by e-mailing Ana Kippenbrock at ana.kippenbrock@prc.nm.gov. Written public comments may be submitted before the Commission takes final action by sending the comment, which shall reference NMPRC Case No. 23-00271-UT, to prc.records@state.nm.us. Public comments, whether oral or written, shall not be considered as evidence in this proceeding.

21. The Commission's Rules of Procedure found at 1.2.2 NMAC will apply to this case unless modified by order of the Commission or Hearing Examiner. A copy of such Rules may be obtained from the offices of the Commission and are available online at the official NMAC website <http://www.srca.nm.gov/nmac-home/>.

22. Any interested person may examine SPS's Application, exhibits and related papers filed in this case on the Commission's website at <https://edocket.nmprc.state.nm.us> or at the offices of SPS and the Commission at the following addresses:

Southwestern Public Service Company
c/o Mike McLeod
111 East Fifth Street
Post Office Box 1937
Roswell, New Mexico 88201
Telephone: 575-625-5499 or 1-800-895-4999

New Mexico Public Regulation Commission
Docketing Office – Records Mgmt. Bureau
142 West Palace Ave. #300
Santa Fe, NM 87501
Telephone: 1-888-427-5772

23. Anyone filing pleadings, documents or testimony in this case shall serve copies thereof on all parties of record and the Commission Staff via e-mail or first-class U.S. mail as required by the Commission or the Hearing Examiner. All filings shall be e-mailed to the Hearing Examiner on the date filed by no later than 5:00 p.m. MT. Any filing e-mailed to the Hearing Examiner shall include the Word or other native version of the filing (e.g., Excel or Power Point) if created in such format. Any filings not e-mailed to the Hearing Examiner in compliance with the requirements of this order and Commission rules are subject to being summarily rejected and stricken from the record at the Hearing Examiner's discretion.

24. All documents mailed to the Commission and its personnel shall be mailed to: P.O. Box 1269, Santa Fe, New Mexico, 87504.

25. Anyone filing pleadings, testimony, and other documents in this case shall, until further notice, comply with the Commission's Electronic Filing Policy, as amended from time to time. This includes electronic filings by e-mailing in pdf format, with electronic signatures, to prc.records@prc.nm.gov within regular business of the due date in order to be considered as being 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 am to 5:00 pm MT. Pleadings, testimony

and other documents shall also be served on all parties of record and Staff in the way or ways specified in the most recent Certified of Service issued in this case by the Hearing Examiner.

26. The procedural dates and requirements currently set in this case are subject to further order of the Commission or the Hearing Examiner. Interested persons should contact the Commission for confirmation of the hearing date, time, and place, since hearings are occasionally rescheduled.

27. Any person filing prepared testimony under 1.2.2.35(I) NMAC on behalf of a party shall attend the hearing and submit to examination under oath. No person shall testify at the hearing unless that person has pre-filed testimony.

28. Additional details regarding this proceeding and its procedural requirements are set forth in the Hearing Examiner's November 10, 2023 Procedural Order.

PERSONS WITH DISABILITIES

ANY PERSON WITH A DISABILITY REQUIRING SPECIAL ASSISTANCE TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE COMMISSION AT (505) 467-9116 OR (505) 690-4191 TO REQUEST SUCH ASSISTANCE AS SOON AS POSSIBLE, PREFERABLY AS SOON AS THE PERSON RECEIVES NOTICE OF THIS PROCEEDING TO ALLOW CONSIDERATION OF THE REQUEST AND TO ARRANGE FOR A POTENTIAL REASONABLE ACCOMMODATION.

ISSUED under the Seal of the Commission at Santa Fe, New Mexico this **10th** day of **November 2023**.



NEW MEXICO PUBLIC REGULATION COMMISSION

Anthony F. Medeiros

Anthony F. Medeiros
Chief Hearing Examiner