BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN PUBLIC SERVICE COMPANY'S 2018 INTEGRATED RESOURCE PLAN FOR NEW MEXICO.	)	**CASE NO. 18-00215-UT**
SOUTHWESTERN PUBLIC SERVICE COMPANY,	)	
APPLICANT.	)	

SOUTHWESTERN PUBLIC SERVICE COMPANY'S UNOPPOSED RESPONSE TO STAFF'S COMMENTS

Applicant Southwestern Public Service Company ("SPS") submits this unopposed response ("SPS's Response") to the New Mexico Public Regulation Commission ("Commission") Utility Division Staff's ("Staff") Comments regarding SPS's 2018 Integrated Resource Plan (the "IRP") that was filed by Staff on November 15, 2018, in accordance with 17.7.3.12 NMAC of the Commission's Integrated Resource Plans for Electric Utilities Rule (17.7.3 NMAC – "IRP Rule"). This response addresses the three items in the IRP that Staff avers require further clarification or elaboration by SPS. In relation to the submission of this response, SPS has conferred with Staff counsel and is advised that Staff does not oppose SPS's filing of the response. Further, SPS and Staff have conferred regarding whether SPS's response adequately addressed the concerns identified in Staff's Comments. In this regard, Staff informs SPS that its concerns have been resolved by the matters discussed in the response. Accordingly, Staff and SPS agree that the matters addressed in SPS's Response and Errata Notice should be filed as addenda to the IRP in the Commission's records and should be posted as addenda to the IRP on the Xcel Energy Inc.'s website:

https://www.xcelenergy.com/company/rates_and_regulations/resource_plans/sps_2019-2038_integrated_resource_plan

In this response, SPS: (1) clarifies and further explains the IRP items discussed in Staff's Comments; and (2) commits to work with Staff to reach common understandings regarding the presentation of information in this IRP filing and SPS's future IRP filings. The following addresses each of the items identified by Staff in relation to the IRP requirements set forth in 17.7.3.9 NMAC of the IRP Rule:

Deficiency 1: With respect to 17.7.3.9(D)(1)(b) which states:

> *The utility shall provide a load forecast for each year of the planning period; the load forecast shall incorporate the following information and projections:*
>
> > *(b) annual coincident peak system losses and the allocation of such losses to the transmission and distribution components of the system*

Response:

SPS believes the IRP contains complete information responsive to this item. The IRP provides SPS's forecasted annual coincident peak system losses and allocates those losses to transmission and distribution components based on voltage level loss factors shown in Appendix D, Table D-5. The differences between the system peak and loss-adjusted system peak for each voltage level is the coincident peak system loss by voltage level provided in Table D-5.

The general definition of losses is the difference between the total resources and total deliveries. Line loss levels used to calculate voltage level loss factors are as follows:

Loss Level 2 – Backbone Transmission

345 kV, 230 kV and 115 kV Transmission Lines

345/230 kV, 230/115 kV Autotransformers

Loss Level 3 – Sub - Transmission

69 kV Lines

115/69 kV Autotransformers

Loss Level 4 - Primary Distribution

Distribution Substation Transformers

Distribution Primary Lines (33 kV to 2.4 kV lines)

Loss Level 5 - Secondary Distribution Transformer

Distribution Line Transformers

Loss Level 6 - Secondary Distribution Lines

Distribution Secondary and Service Lines

Transmission losses are those at Levels 2 and 3. Losses attributable to distribution facilities are those calculated for Levels 4, 5 and 6. In setting loss factors for rate classes, the losses calculated at Levels 5 and 6 are combined and a composite loss factor is determined. These levels correspond to the categories that are depicted in Table D-5. SPS will consult with Staff on how to present this information more clearly in future IRPs.

Deficiency 2: With respect to 17.7.3.9(G)(2)(a) which states:

> *Each electric utility shall provide a summary of how the following factors were considered in, or affected, the development of resource portfolios:*
>
> *(a) load management and energy efficiency requirements*

Response:

SPS believes the IRP contains complete information responsive to this item and provides the following clarification. SPS's load management and energy efficiency requirements are discussed as "Demand-Side Management" ("DSM") in Section 3.05 (*Demand-Side Resources* –

pages 10-11) of the IRP, which describes in detail SPS's approved programs, past DSM achievements, and proposed DSM goals. Cost-effective DSM is included as an offset to the corresponding base, low, and high-load forecasts presented in SPS's 2018 IRP (*see* Section 6.01 – *Resource Options Considered* – page 69).

In addition, Section 4.06 (*Energy Load Forecast* - page 51) discusses SPS's econometric models for the retail energy sales that are adjusted to reflect the expected incremental impact of DSM programs. Further, Section 4.10 (*Demand-side Management* – page 55) discusses DSM program savings and explains how those projected DSM savings are calculated and used to adjust SPS's retail energy sales and coincident peak demand forecasts.

In summary, SPS's incremental DSM program savings are calculated by subtracting embedded DSM savings from future DSM savings. SPS does not directly adjust its forecast models or model output for naturally occurring DSM savings that could be attributed to actions other than those of SPS. Naturally occurring DSM energy and peak demand savings are unquantifiable. However, theoretically the historical energy sales and coincident peak demand data used in SPS's forecast modeling process does have embedded in it any naturally occurring DSM savings. Therefore, the forecast models and model output do account indirectly, through the historical data, for naturally occurring DSM savings. Naturally occurring DSM energy and peak demand savings do not impact SPS's sponsored DSM resources.

Deficiency 3: With respect to 17.7.3.9(G)(2)(f) which states:

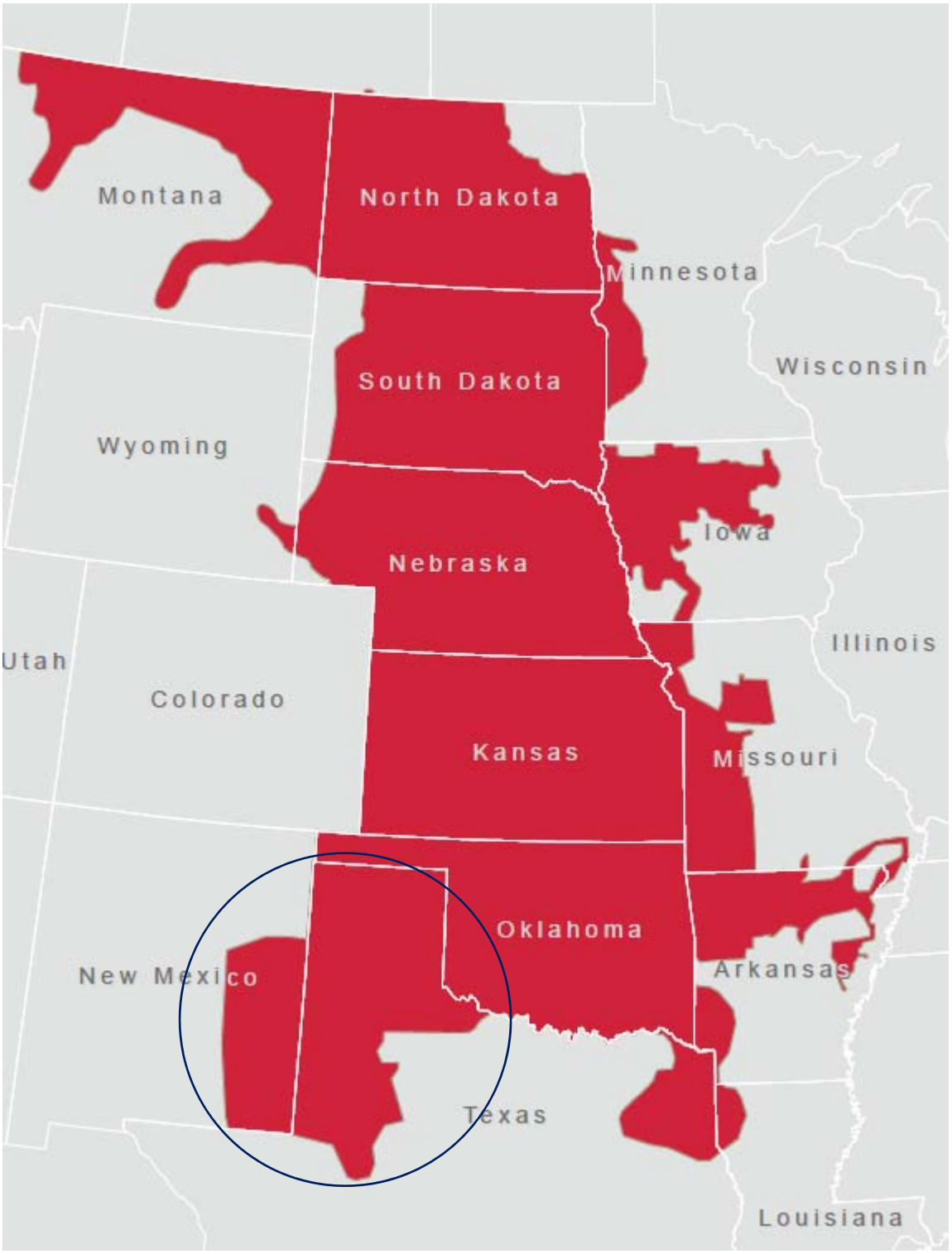
> *Each electric utility shall provide a summary of how the following factors were considered in, or affected, the development of resource portfolios:*
>
> *(f) transmission constraints*

Response:

SPS provides the following explanation regarding how transmission constraints are addressed in SPS's resource planning process. SPS is a member and stakeholder in the Southwest Power Pool ("SPP") Regional Transmission Organization ("RTO"). The SPP oversees and coordinates the operation of members' transmission systems and plans for upgrades to those transmission systems to ensure reliability of service to members' customers and other stakeholders in the SPP RTO.

The SPP is a member-driven organization which uses the stakeholder committee and working group process to implement major initiatives that improve or enhance SPP operations. The SPP ensures reliable supplies of power, adequate transmission infrastructure and competitive wholesale prices of electricity. Figure 1 (next page) is a map of the SPP Consolidated Balancing Area ("CBA") and SPS's service area in relation to the SPP CBA.

Figure 1


Montana
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New Mexico
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Texas
Louisiana

Additionally, the SPP conducts the Integrated Transmission Planning Assessment ("ITP Assessment"). The ITP Assessment is SPP's approach to planning transmission upgrades needed to maintain reliability, provide economic benefits, and achieve public policy goals for the SPP region in the near- and long-term horizons. The ITP Assessment works in concert with SPP's existing sub-regional planning stakeholder process and parallels the NERC transmission planning reliability standards compliance process. The ITP Assessment is designed to create synergies by integrating SPP transmission planning activities that incorporate reliability, economic, policy, and operational components in the overall assessment of the transmission grid. Section 6.2 of Appendix B to the IRP provides the 2017 ITP Near-Term Assessment, which lists transmission projects that are needed to mitigate potential reliability problems in the SPS service area.

The ITP Assessment process also provides support in the development of resource portfolios by ensuring reliability of the transmission system and assurance for the deliverability of energy from the generation resource to the load. The amount of import capability allows for economic energy and/or potential firm capacity and associated energy to be considered as an additional resource when developing the resource portfolios. Section 3.07 (*Existing Transmission Capabilities* – pages 20-22) of the IRP describes SPS's current transmission import capabilities. The amount of import capability into the SPS service area from others within the SPP is approximately 1,600 MW. There are currently 1,079 MW of firm imports leaving approximately 576 MW of import capability for potential economy purchases.

Accordingly, SPS's Response addresses each of Staff's comments regarding the purported deficiencies in SPS's 2018 IRP filing and SPS's compliance with 17.7.3.9 NMAC of

the IRP Rule. In this regard, SPS requests that the Commission consider the matters discussed in this response, which includes SPS's and Staff's proposed approach for filing and public posting of SPS's Response and Errata Notice as addenda to the originally filed IRP for purposes of its action in accordance with 17.7.3.12 NMAC.

Respectfully submitted,

By: _____

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