BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF SOUTHWESTERN PUBLIC SERVICE COMPANY'S APPLICATION REQUESTING: (1) ACKNOWLEDGEMENT OF ITS FILING OF THE 2018 ANNUAL RENEWABLE ENERGY PORTFOLIO REPORT; (2) APPROVAL OF ITS ANNUAL RENEWABLE ENERGY PORTFOLIO PROCUREMENT PLAN FOR PLAN YEAR 2020; (3) APPROVAL OF THE PROPOSED RATE FOR ITS 2020 RENEWABLE PORTFOLIO STANDARD RIDER; AND (4) OTHER ASSOCIATED RELIEF,	)	**CASE NO. 19-00134-UT**
SOUTHWESTERN PUBLIC SERVICE COMPANY,	)	
APPLICANT.	)	

DIRECT TESTIMONY

of

RUTH M. SAKYA

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

November 1, 2019

TABLE OF CONTENTS

GLOSSARY OF ACRONYMS AND DEFINED TERMS

Acronym/Defined Term	Meaning
2018 RPS Report	SPS's 2018 Annual Renewable Energy Portfolio Report
2020 RPS Rider	SPS's proposed 2020 Renewable Portfolio Standard Rate Rider
Commission	New Mexico Public Regulation Commission
DG	Distributed Generation
ERCOT	Electric Reliability Council of Texas
ETA	Energy Transition Act
FPPCAC	fuel and purchased power cost adjustment clause
MWh	megawatt-hour
Next Plan Year	SPS's Filing for Plan Year 2021
Plan Year	SPS's Filing for Plan Year 2020
PPA	Purchased Power Agreement
PUA	New Mexico Public Utility Act
PUCT	Public Utility Commission of Texas
QF	Qualifying Facility
RCT	Reasonable Cost Threshold
REA	Renewable Energy Act (NMSA 1978, §§ 62-16-1 to 62-16-10) (2019)
REC	Renewable Energy Certificate
RPS	Renewable Portfolio Standard

Acronym/Defined Term	Meaning
RPS Plan or 2020 RPS Plan	SPS's RPS Plan for 2020 Plan Year and 2021 Next Plan Year
Rule 572	Renewable Energy Rule (17.9.572 NMAC)
SPP	Southwest Power Pool, Inc.
SPS	Southwestern Public Service Company, a New Mexico corporation
SunE	SunEdison, LLC
WREGIS	Western Renewable Energy Generation Information System
Xcel Energy	Xcel Energy Inc.
XES	Xcel Energy Services Inc.

LIST OF ATTACHMENTS

Attachment	Description
RMS-1	RPS Rule 572 “Road Map”
RMS-2	SPS’s Annual Renewable Energy Portfolio Report for 2018
RMS-3	SPS’s 2019 Filing of the Annual Renewable Energy Act Plan for 2020 Plan Year and 2021 Next Plan Year
RMS-4	Revenue Requirement for 2020 Plan Year and 2021 Next Plan Year
RMS-5(CD)	Workpapers (Provided on CD)

Case No. 19-00134-UT
Direct Testimony
of
Ruth M. Sakya

I. WITNESS IDENTIFICATION AND QUALIFICATIONS

Q. Please state your name and business address.

A. My name is Ruth M. Sakya. My business address is 119 E. Marcy Street, Suite 202, Santa Fe, New Mexico 87501.

Q. On whose behalf are you testifying in this proceeding?

A. I am filing testimony on behalf of Southwestern Public Service Company, a New Mexico corporation ("SPS") and wholly-owned electric utility subsidiary of Xcel Energy Inc. ("Xcel Energy").

Q. By whom are you employed and in what position?

A. I am employed by SPS as Manager, Regulatory Administration.

Q. Please briefly outline your responsibilities as Manager, Regulatory Administration.

A. I am responsible for determining the appropriate regulatory policy for SPS. In this role, I direct and prepare comments, testimony, and briefing materials for policy matters impacting SPS and advocate on behalf of SPS and its customers before the Southwest Power Pool, Inc. ("SPP"). Among my responsibilities are SPS's renewable energy matters before the New Mexico Public Regulation Commission ("Commission"), including SPS's annual renewable portfolio

standard ("RPS") plans and reports and cost recovery under the RPS Rider. In carrying out my responsibilities regarding these renewable energy matters, I have become familiar with the Commission's Renewable Energy Rule[1] ("Rule 572"), the Renewable Energy Act[2] ("REA"), the Public Utility Act[3] ("PUA"), and other statutes and Commission rules affecting renewable energy and ratemaking.

Q. Please describe your educational background.

A. I graduated from the University of Wyoming in 1998 with a Bachelor of Science degree in Finance and, in 2001, with a Master of Science degree in Finance, with an emphasis in Regulatory Economics. I completed the coursework and successfully passed the qualifying exams toward a Ph.D. in Public Affairs from the University of Colorado, Denver.

Q. Please describe your professional experience.

A. I began my career in 1999 as an intern with the Illinois Commerce Commission and in 2000 joined the Public Utility Commission of Texas ("PUCT") as a Senior Policy Analyst. I have held various other positions, including Rate Analyst at a multi-jurisdictional electric and gas utility, and Senior Analyst and then

[1] 17.9.572 NMAC (as revised April 2014).

[2] 1978 NMSA, §§ 62-16-1 through 62-16-10 (2019).

[3] 1978 NMSA, §§ 62-3-1 *et seq* (2019).

Supervising Analyst with a consulting firm specializing in services to regulatory agencies and municipal entities. In 2004, I accepted a position with Xcel Energy Services Inc. ("XES") as Senior Rate Analyst. In 2007, I accepted a position with XES as Manager, Regulatory Policy. Beginning January 1, 2012, my position as Manager, Regulatory Policy was transferred to SPS, where my job responsibilities continued to be the same as they were since 2007. In April 2018, I became Manager, Regulatory Administration.

Q. Have you testified or filed testimony before any regulatory authorities?

A. Yes. I have filed testimony with the Commission, the PUCT, and the Colorado Public Utilities Commission in numerous cases, including SPS's prior RPS Plan filings. I have also testified before each of these regulatory authorities regarding, among other things, the topics discussed in this direct testimony.

II. PURPOSE AND SUMMARY OF TESTIMONY AND RECOMMENDATIONS

Q. What is the purpose of your testimony in this proceeding?

A. My testimony will:

- describe the RPS requirements, including a summary of the amendments to the REA effectuated by the Energy Transition Act ("ETA");
- provide an overview of SPS's RPS requirements under the REA and Rule 572 as it applies to the amended REA[4] and of SPS's filing for the 2020 Plan Year ("Plan Year"), in compliance with Rule 572.14, as well as the 2021 Next Plan Year ("Next Plan Year") (the filing is referred to herein as the "RPS Plan" or "2020 RPS Plan");
- acknowledge the separate filing of SPS's 2018 Annual Renewable Energy Portfolio Report ("2018 RPS Report") in accordance with Rule 572.19;
- present and support SPS's requested variances from Rule 572 and certain related provisions of prior Commission orders, which are inconsistent with the REA as amended by the ETA;
- present SPS's RPS Plan, which includes SPS's plan for the Plan Year, including the information and analysis required by Rule 572, and, for informational purposes, similar information for the Next Plan Year;
- present SPS's Plan Year and Next Plan Year projected costs and SPS's request to recover the Plan Year costs, including reconciliation of the 2018 RPS Rider, through SPS's proposed 2020 RPS Rate Rider ("2020 RPS Rider") and SPS's proposed Reconciliation Rider;

[4] Rule 572 has not yet been updated to reflect the ETA amendments to the REA and accordingly, SPS has requested variances from these provisions of Rule 572. To the extent that SPS represents that it complies with Rule 572, such representation refers to the sections not impacted by the ETA.

- present SPS's request to register and administer the Hale wind facility Renewable Energy Certificates ("REC"), including the New Mexico-allocated share of the RECs, with the Electric Reliability Council of Texas ("ERCOT");
- address SPS's compliance with prior Commission orders; and
- present SPS's requested approvals in this proceeding.

Q. Why is SPS filing its RPS Plan on November 1, 2019?

A. Following enactment of the ETA, SPS filed a Motion to Vacate the July 1, 2019 filing date and allowing SPS to file its 2020 REA Plan by November 1, 2019. The Commission issued an order granting SPS's motion on June 6, 2019.

Q. Will the filing date impact any of SPS's requested approvals?

A. Yes. Based on the November 1 filing date, the 2020 RPS Rider Rate is not expected to be approved and effective until May 1, 2020.

Q. Please summarize SPS's RPS compliance status for the Plan Year, the Next Plan Year, and going forward.

A. SPS has effectively pursued construction and procurement of renewable resources even before the passage of the ETA, and has sufficient renewable resources to meet its obligations for the Plan Year and Next Plan Year. SPS does not need to add resources to meet its 20 percent RPS requirement.

Looking further ahead, however, SPS will need to start planning for its 2025 requirements and beyond, and such planning cannot wait until 2024. While SPS will need to add incremental system resources over time, several potential options exist within SPS's system which may provide timely and reliable resources to meet requirements in that timeframe.

Q. Please summarize the conclusions reached in your testimony.

A. SPS presents its RPS Plan in compliance with the REA and Rule 572. Specifically:

- SPS's RPS Plan discusses the continuation of previously-approved renewable resources and programs and that no additional renewable resource acquisitions are presented because SPS has sufficient resources to meet its 2020 RPS compliance obligations.
- The 2020 projected costs are reasonable and consistent with prior Commission orders.
- The request to register and administer the RECs generated from the Hale wind facility is reasonable and in the public interest.
- SPS has complied with all prior Commission directives in SPS's RPS filings in so far as those directives do not conflict with the REA as amended by the ETA.

SPS's RPS Plan is consistent the goals and intent of the REA and Rule 572 and in the public interest. Accordingly, the RPS Plan and the 2020 RPS Rider should be approved.

Q. Please identify the other SPS witnesses in this case and briefly describe the areas covered in their respective testimonies.

A. SPS is presenting the following witnesses:

Mr. Ben R. Elsey: provides SPS's projected RPS compliance position for each of the years 2020 through 2025 (the next year in which the RPS requirement increases) and demonstrates that based on SPS's current projections, SPS can meet the 20 percent RPS requirement through 2024.

Mr. Richard M. Luth: presents the 2020 RPS Rider rate, including the rate for the reconciliation of the 2018 RPS Rider. In addition, Mr. Luth presents the calculation of the amounts above the 2019 large customer cap, to be returned in 2020, and included in the 2020 revenue requirement.

Q. Were Attachments RMS-1 through RMS-4 and certain workpapers contained in Attachment RMS-5(CD) prepared by you or under your direct supervision and control?

A. Yes.

Q. Are the referenced documents included in Attachment RMS-5(CD) true and correct copies of the referenced documents?

A. Yes.

III. OVERVIEW OF THE REA AND RULE 572

Q. Have there been any changes to the New Mexico renewable energy requirements under the REA?

A. Yes. The New Mexico legislature enacted Senate Bill 489, the ETA, during the 2019 legislative session. Senate Bill 489 was signed into law by the Governor on March 22, 2019. The bill became effective on June 14, 2019. Among other changes, the ETA significantly increased the RPS requirements and added a zero carbon standard (62-16-4(A)), removed the large customer cap (which significantly increased SPS's overall RPS requirement) (62-16-4(A)(2)), eliminated the diversity requirements (62-16-4(A)(4)), modified the Reasonable Cost Threshold ("RCT") (62-16-4(C)); and mandated that all renewable energy purchased by a retail customer through an approved voluntary program shall not be used to determine the RPS requirements and shall not be subject to charges by the public utility to recover costs of complying with the RPS requirements (62-16-7(B)(2) and (3)) .

Q. Please describe the renewable energy requirements under the REA.

A. Section 62-16-4(A) of the REA establishes the following renewable energy requirements, as a percentage of New Mexico retail sales, for SPS and other

investor-owned utilities in New Mexico: (i) 15 percent by 2015; (ii) 20 percent by 2020; (iii) 40 percent by 2025; (iv) 50 percent by 2030; and (v) 80 percent by 2040. In addition, no later than 2045, zero carbon resources shall supply one 100 percent of all retail sales of electricity in New Mexico. Utilities are required to make reasonable and consistent progress over time toward meeting these requirements.

Q. Does the REA provide guidance to the Commission regarding administration of the REA?

A. Yes. Renewable resource acquisitions under the REA must: (i) maintain and protect the safety, reliable operation, and balancing of loads and resources on the electric system; and (ii) prevent unreasonable impacts to customer electricity bills, while taking into consideration the economic and environmental costs and benefits of renewable energy resources and zero carbon resources.

Q. Specifically, what cost limitations does the REA include regarding a utility's proposed acquisition of renewable resources to meet the RPS?

A. Section 62-16-4(E) of the REA provides an RCT; whereby, if a public utility finds that if in any given year the cost of renewable energy that would need to be procured or generated for purposes of compliance with the RPS would be greater

than the RCT, the public utility is not required to incur that cost. In effect, the RCT is a benchmark that balances the: (i) interests of customers to be protected from undue cost increases caused by the RPS; against (ii) potential benefits of the renewable resources.

Q. How is the RCT defined?

A. Under the REA, the RCT is defined as the average annual levelized cost of sixty dollars per megawatt-hour ("MWh") at the point of interconnection of the renewable energy resource with the transmission system, adjusted for inflation after 2020. As I will discuss, because SPS is able to meet both the Plan Year and Next Plan Year RPS requirements with its existing resources, a resource comparison against the RCT is unnecessary is at this time.

Q. Does the RPS Plan meet the 2020 requirement of 20 percent of New Mexico retail sales?

A. Yes. The 2020 RPS Plan demonstrates that SPS will meet the overall RPS requirement of 20 percent of New Mexico retail sales, as required by the REA.

As it relates to the specific data and analysis requirements of Rule 572, please refer to Attachment RMS-1, which: (1) provides an outline of the Rule 572 requirements; and (2) identifies where in the 2020 RPS Plan the requirements

are addressed. In addition, Mr. Luth sponsors or co-sponsors the following sections of the 2020 RPS Plan: Plan Section II(C), as well as Appendices B and C, and Mr. Elsey co-sponsors Plan Sections II(A), II(B), and II(E).

Finally, SPS has served all parties required by Rule 572.14(D) and posted a copy of the filing on its website as required by Rule 572.14(D) at:

https://www.xcelenergy.com/company/rates_and_regulations/filings/new_mexico_renewable_porfolio_standard.

Q. Did SPS comply with all requirements for its 2018 RPS Report as set forth in Rule 572?

A. Yes. SPS has separately filed its RPS Report for 2018. For ease of reference, I have provided a copy as Attachment RMS-2.

IV. REQUESTED VARIANCES AND REQUESTED RELIEF

Q. What do you discuss in this section of your testimony?

A. In this section of my testimony, I discuss SPS's requested variances from Rule 572. Although the REA has been amended through the ETA, Rule 572 has not yet been updated to reflect the changes. Accordingly, SPS requests variances from certain provisions of Rule 572.

I also discuss SPS's request to be relieved of certain obligations under prior Commission orders that are also no longer applicable given the amendments to the REA.

Specifically, SPS requests variances related to the: (i) calculation and application of a large customer cap reduction; (ii) calculation of the RCT; and (iii) diversity requirements.

A. Variance Requests

Q. What does Rule 572 require in relation to variance requests?

A. Rule 572.21 requires a utility to perform the following:

A. identify the section of this rule for which the exemption or variance is requested;

B. describe the situation that necessitates the exemption or variance;

C. set out the effect of complying with this rule on the public utility and its customers if the exemption or variance is not granted;

D. define the result the request will have if granted;

E. state how the exemption or variance will be consistent with the purposes of this rule;

F. state why no other reasonable alternative is preferable; and

G. state why the proposed alternative is in the public interest.

Q. Please briefly list SPS's requested variances.

A. SPS requests the following variances:

1. **Large customer adjustment.** Rule 572.10 and 14(B)(1) and (3), relate to calculation of the RPS requirement and include a reduction to the overall energy sales for the large customer adjustment (*see* Section 7 (L) and (M)). Because this adjustment has been removed from the REA, SPS requests a variance from reducing its overall RPS requirement by the large customer adjustment.

2. **RCT calculation.** Rule 572.14(C), details the calculation of the Plan Year revenue requirement, particularly the determination of the RCT. However, the RCT has been specifically defined by the ETA in a manner that is different than that of Rule 572. Accordingly, the calculation required by Rule 572 is inconsistent with the REA and SPS requests a variance from providing this calculation.

3. **Diversity requirements.** Rule 572.11 defines a diverse RPS portfolio. However, the REA was amended to remove the diversity requirements.

Q. Why is SPS requesting a variance from these sections of Rule 572?

A. As I mentioned earlier, these provisions of Rule 572 are inconsistent with the amendments made to the REA pursuant to the ETA.

Q. How would complying with these provisions of Rule 572 impact SPS and its customers if the variance is not granted?

A. These provisions of Rule 572 are inconsistent with the amended REA, and if the variance requests are not granted, SPS's REA Plan would not be consistent with the REA as amended by the ETA and would risk violating the REA.

Q. What would be the result if the variance requests are granted?

A. SPS's RPS Plan would be consistent with the policy and legal determinations made by the State as set forth in the REA.

Q. Please state how the variances will be consistent with the purposes of Rule 572.

A. The purpose of Rule 572 is to implement the REA. To the extent Rule 572 has not yet been updated to implement the amendments to the REA, the appropriate course of action is to grant SPS's variance requests.

Q. Why is no other reasonable alternative preferable?

A. Until Rule 572 is revised consistent with the amended REA, no other option will allow SPS to follow the policy and legal directives established by the REA.

Q. Why is the proposed alternative in the public interest?

A. The REA has been defined as a policy of meeting the public interest. Thus, granting variances which enable SPS to apply the provisions of the REA as amended is in the public interest.

B. Requested Relief From Prior Commission Orders

Q. Are there any corresponding Commission orders which SPS requests to be relieved from as a result of the amendments to the REA?

A. Yes. Similar to the requested variances, these provisions relate to the: (i) application of a large customer adjustment; (ii) calculation of the RCT under the existing Rule 572 methodology; and (iii) evaluation of diverse resource potential.

Q. Did the Commission require SPS to take any action in Case No. 13-00222-UT related to the application of a large customer adjustment?

A. Yes. The 2013 Final Order[5] required, in part that: (i) commencing with the 2015 Plan Year, SPS must apply the large customer adjustment pursuant to Rule 572 in effect as of the date of the RPS filing; and (ii) SPS shall not make further

[5] *See* Case No. 13-00222-UT, *In the Matter of Southwestern Public Service Company's Application Regarding: (1) Its 2012 Annual Renewable Portfolio Report; (2) Its 2013 Annual Renewable Energy Portfolio Procurement Plan; and (3) Associated Requests for Waivers, Clarification and Relief,*, Final Order Partially Adopting Recommended Decision (December 18, 2013), Finding of Fact Paragraph No. 7.

procurements until its surplus RECs are retired against its RPS requirement or explicitly authorized to expire by the Commission.

As I mentioned earlier, the REA has been amended to remove the large customer adjustment. Therefore, SPS requests a permanent variance from this requirement.

As it relates to the second provision, regarding future provisions, the REA was also amended and provides that a utility be allowed to make progress toward meeting the increased goals. Although SPS is not seeking resource acquisitions in the proceeding, it is likely to do so in future proceedings, and this requirement is contrary to the REA and should be lifted.

Q. Are there any other Commission orders related to the large customer cap adjustment?

A. Yes. In Case No. 18-00201-UT, the Commission examined the issue as to whether all of SPS's RPS-related costs should be recovered through the RPS Rider or through a combination of the RPS Rider and the fuel and purchased power cost adjustment clause ("FPPCAC"). The issue at hand was whether the large customer cap was accurately being calculated and applied. In the Final Order, the Commission determined that "it is reasonable to allow SPS to continue

its dual method of recovery until SPS is no longer procuring RECs beyond its RPS compliance requirement in a plan year. This should occur no later than plan year 2025, following the expiration on December 30, 2024 of SPS's Caprock PPA".[6]

SPS requests a permanent variance from this obligation because the large customer cap has been removed from the REA; therefore, this provision of the Commission's Final Order is no longer applicable.

[6] *See* Case No. 18-00201-UT, *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Acknowledgment of its filing of the 2017 Annual Renewable Energy Portfolio Report; (2) Approval of its Annual Renewable Energy Portfolio Procurement Plan for Plan Year 2019; (3) Approval of the Proposed Rate for its 2019 Renewable Portfolio Standard Rider; (4) Approval of its Proposed Treatment of Renewable Energy Certificates Associated with the Sagamore and Hale Wind Facilities; and (5) Other Associated Relief*, Final Order Adopting Recommended Decision (December 12, 2018), Ordering Paragraph 14.

Q. Is SPS under a continuing obligation to comply with any Commission orders related to diversity?

A. Yes. The Final Orders in Case Nos. 04-00334-UT, 05-00354-UT, and 06-00360-UT[7] require SPS to evaluate non-wind renewable resources available in SPS's service area until the Commission determines that SPS's renewable energy portfolio satisfies the diversity requirement of the REA. However, because the REA was amended to remove the diversity requirements, SPS requests that this requirement be eliminated.

[7] Case No. 04-00334-UT, *In the Matter of Southwestern Public Service Company's 2003 Annual Portfolio Report and 2004 Annual Portfolio Procurement Plan Pursuant to the Renewable Energy Act (Laws 2004, Chapter 65),* Final Order (Dec. 21, 2004); Case No. 05-00354-UT, *In the Matter of Southwestern Public Service Company's Annual Renewable Energy Portfolio Report for 2004, its Application for Approval of the 2005 Annual Renewable Energy Portfolio Plan, and its Evaluation of Non-Wind Renewable Resources Available in its Area,* Final Order Approving Recommended Decision (Dec. 20, 2005); and Case No. 06-00360-UT, *In the Matter of Southwestern Public Service Company's Annual Renewable Portfolio Report for 2005, its Application for Approval of the 2006 Annual Renewable Energy Portfolio Plan, and its Evaluation of Non-Wind Resources Available in its Area,* Final Order Approving Recommended Decision (Dec. 21, 2006).

V. SPS's 2020 RPS PLAN

Q. What do you discuss in this section of your testimony?

A. In accordance with Rule 572.14, I present SPS's calculation of its Plan Year and Next Plan Year RPS compliance requirements and discuss SPS's Plan Year and Next Plan Year compliance with the overall RPS renewable energy requirement. The RPS Plan is Attachment RMS-3 to my testimony.

Q. Please describe SPS's RPS Plan.

A. Consistent with Rule 572, the RPS Plan contains the following: (1) a description and schedule demonstrating that SPS will acquire sufficient renewable resources to satisfy its overall RPS requirement for the Plan Year and Next Plan Year; (2) a description of SPS's proposed mechanism for cost recovery of its 2020 renewable energy and other RPS-related costs; and (3) a comparison of the RPS Plan to the Integrated Resource Plan.

Q. Is SPS proposing any new procurements of additional renewable resources for the Plan Year?

A. No. As discussed in more detail later in my testimony, SPS has sufficient renewable resources (including banked RECs) to meet the overall Plan Year and

Next Plan Year RPS requirements (*see* Attachment RMS-3, Appendix A). Accordingly, Rule 572.14(B)(8) and (9) are not applicable to this filing.

As it relates to diversity requirements, SPS is requesting a variance from the diversity requirements. I discussed this request earlier in my testimony.

At the same time, as Mr. Elsey discusses, while SPS does not need to add resources to meet its 20 percent RPS requirement, SPS will need to start planning for its 2025 requirements and beyond, and such planning cannot wait 2024. While SPS will need to add incremental system resources over time, several potential options exist within SPS's system which may provide timely and reliable resources to meet future requirements.

Q. Please elaborate on potential options within the SPS system.

A. First, as a result of the ETA and the increased RPS requirements, it may be desirable for SPS's New Mexico retail customers to purchase the Texas-allocation of the Roswell and Chaves solar Purchased Power Agreements ("PPA")[8]. Originally approved by the Commission in Case No. 15-00083-UT as an economic system resource, SPS has **not** been using the Roswell and Chaves solar

[8] SPS would also need to purchase the RECs associated with the energy.

PPAs to meet its RPS requirements. Instead, SPS has been allocating the PPAs among its three jurisdictions through its respective fuel mechanisms.

Recently, in PUCT Docket No. 48973, the Texas Administrative Law Judges assigned to the case issued a proposal for decision, which, if adopted by the PUCT, would disallow recovery of SPS's Texas-allocated recovery of these costs. In Case No. 15-00083-UT, SPS, in response to questioning by the Hearing Examiner, indicated that if Texas disallowed the PPAs, it would not try to seek recovery of those costs from New Mexico. However, as a result of changes in circumstances in New Mexico, particularly the amendments to the REA, SPS and the Commission may wish to consider these resources as desirable options for inclusion in SPS's RPS portfolio for a number of reasons, including:

- **Location** – the Roswell and Chaves solar facilities are located within SPS's New Mexico service area, providing economic development and other monetary and environmental benefits;

- **Resource diversity** – although the REA does not require a diverse portfolio, the diversity of resources is a factor to be considered when evaluating resources (*see* 62-16-4(F)(2)); and

- **Timing** – as Mr. Elsey discusses, acquiring new renewable resources will likely take between 3 and 4 years, while the Roswell and Chaves solar facilities are already installed and operational, which would enable SPS to begin banking RECs to meet its future increased RPS requirements.

There may also be other potential benefits including capacity benefits and relative cost savings compared to other RPS resource options, which would need to be examined more fully if the Commission were interested in SPS pursuing such an option.

Q. Are there other potential options that might also be explored by SPS or the Commission?

A. Yes. Consideration might also be given to purchasing the Texas and/or wholesale allocation of the Sagamore and/or Hale wind facilities. Finally, as a short-term bridge solution, it may make economic sense to purchase the New Mexico retail allocation RECs associated with existing renewable energy PPAs, including the Roswell and Chaves solar PPAs and the Roosevelt wind PPA.[9]

A. Plan Year and Next Plan Year RPS Requirements

Q. What are SPS's Plan Year and Next Plan Year RPS requirements?

A. The REA and Rule 572.10 require SPS to supply no less than 20 percent of SPS's New Mexico retail energy sales by renewable energy, for the Plan Year and Next Plan Year. *See* Rule 572.10(B)(3). Based on SPS's projected Plan Year and Next

[9] Consistent with the discussion beginning on page 20, above, a further step would be for New Mexico to acquire what has been the Texas-allocation portion of the Roswell and Chaves solar PPAs and the associated RECs.

Plan Year New Mexico retail sales, SPS's overall RPS requirement for the Plan Year and Next Plan Year are 1,880,714 MWh and 2,179,540 MWh, respectively. *See* Appendix A to the Plan.

B. Plan Year

Q. What renewable resources does SPS expect to use to meet its Plan Year RPS requirements?

A. In the Plan Year, SPS will continue to purchase both energy and RECs from the: (1) Caprock Wind LP; and (2) San Juan Mesa Wind Project LLC wind facilities.[10] SPS also estimates that it will purchase approximately 90,460 MWh and 13,364 MWh of energy and RECs through the SunEdison, LLP ("SunE") PPAs and its Distributed Generation ("DG") programs, respectively. In addition, consistent with the Commission's Final Order in Case No. 18-00201-UT, SPS will apply the

[10] SPS will be filing an application before the Commission to use the Mesalands Qualifying Facility ("QF") energy and RECs for the Windsource program during the Plan Year. In the Next Plan Year, SPS expects to receive wind RECs from the Mesalands as it will no longer be used in SPS's voluntary program. Since Mesalands is a QF and does not have a long-term contract with SPS, it is not included in any forecast for wind RECs in this case.

New Mexico energy allocation of the Hale wind facility RECs to its overall RPS compliance obligations.[11]

[11] *See* Case No. 18-00201-UT, *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Acknowledgment of its filing of the 2017 Annual Renewable Energy Portfolio Report; (2) Approval of its Annual Renewable Energy Portfolio Procurement Plan for Plan Year 2019; (3) Approval of the Proposed Rate for its 2019 Renewable Portfolio Standard Rider; (4) Approval of its Proposed Treatment of Renewable Energy Certificates Associated with the Sagamore and Hale Wind Facilities; and (5) Other Associated Relief*, Final Order Adopting Recommended Decision (December 12, 2018), Ordering Paragraph 22 "the Commission finds that SPS should be authorized to (i) retire the RECs associated with the Sagamore and Hale wind facilities for RPS compliance as needed".

Q. Does SPS project that it will meet the 20 percent overall RPS requirement for the Plan Year?

A. Yes. SPS will have sufficient RECs to meet its Plan Year renewable energy requirement. SPS expects to retire a combination of banked wind RECs and wind, solar, and DG RECs generated in the Plan Year.

C. Next Plan Year

Q. Please describe the compliance requirements for the Next Plan Year.

A. In the Next Plan Year, SPS's projects its overall RPS requirement to be 2,179,540 MWh (*see* Attachment RMS-3, Appendix A).

Q. What renewable resources does SPS expect to use to meet its Next Plan Year requirements?

A. Similar to the Plan Year, in the Next Plan Year, SPS expects to continue to purchase both energy and RECs from the: (1) Caprock Wind LP; and (2) San Juan Mesa Wind Project LLC wind facilities. Additionally, SPS expects to purchase additional wind RECs from the Mesalands QF in the Next Plan Year, as well as energy and RECs through the SunE PPAs and its DG programs, respectively. In addition, SPS will apply the New Mexico energy allocation of both the Hale and Sagamore wind facilities' RECs to its overall RPS compliance obligations.

Q. Does SPS project that it will meet its 20 percent overall RPS requirements in the Next Plan Year?

A. Yes. SPS will have sufficient RECs to meet its Next Plan Year renewable energy requirement. SPS expects to retire banked wind RECs, as well as wind, solar, and DG RECs generated during that year for compliance with the RPS requirements.

D. Other Rule 572 Requirements

Q. Is the RPS Plan in the public interest?

A. Yes. SPS's RPS Plan balances New Mexico's goals for renewable energy development, not only as a whole, but also through the use of diverse renewable generation sources.

VI. PROJECTED COSTS AND RECOVERY

A. Plan Year and Next Plan Year Costs

Q. Please describe SPS's Plan Year and Next Plan Year RPS-related costs.

A. In the Plan Year and Next Plan Year, SPS expects to incur costs for the following items:

1. Wind energy costs from the San Juan, Caprock, and Mesalands wind facility PPAs. These costs are allocated among SPS's three jurisdictions and recovered through SPS's FPPCAC. In the Plan Year, SPS has proposed to use the Mesalands output during the Plan Year for the Windsource program, the energy (kWh) and costs are both excluded. In the Next Plan Year, because Mesalands is a QF without a firm PPA, no costs have been estimated.

2. Wind REC costs from the San Juan and Caprock wind facilities. These costs are directly assigned to SPS's New Mexico retail jurisdiction and recovered through the RPS Rider.

3. Solar economic energy costs from the SunE PPAs. These costs are allocated among SPS's three jurisdictions and recovered through fuel.

4. Solar uneconomic energy costs from the SunE PPAs. These costs are directly assigned to SPS's New Mexico retail jurisdiction and recovered through the RPS Rider.

5. Solar RECs from the SunE PPAs. These costs are directly assigned to SPS's New Mexico retail jurisdiction and recovered through the RPS Rider.

6. DG program and administrative costs. These costs are directly assigned to SPS's New Mexico retail jurisdiction and recovered through the RPS Rider.

7. Western Renewable Energy Generation Information System ("WREGIS") costs. These costs are directly assigned to SPS's New Mexico retail jurisdiction and recovered through the RPS Rider.

8. Refunds to Qualifying Large Customers for amounts paid in excess of the REA caps. These costs are directly assigned to SPS's New Mexico retail jurisdiction and recovered through the RPS Rider. Mr. Luth discusses these costs in more detail in his testimony.

9. Hale and Sagamore wind facility costs. These costs and offsetting production tax credits are allocated among SPS's three jurisdictions in base rates and fuel.

Q. What are the Plan Year and Next Plan Year estimated costs?

A. The Plan Year and Next Plan Year cost estimates, both for economic energy and incremental RPS costs,[12] are summarized in Attachment RMS-3, Appendix B. In total, projected Plan Year renewable energy costs are $65,801,403 (total company) and projected Next Plan Year costs are $120,740,075 (total company) (pages 1 and 2, respectively, column A, line 23). Of the total, $35,155,066 (Plan Year) and $59,129,271 (Next Plan Year) are assigned to New Mexico retail customers (pages 1 and 2, respectively, column G, line 23). Of the amount assigned to New Mexico retail customers, $(18,511,546) will be recovered

[12] Incremental RPS costs include: wind and solar REC costs, uneconomic energy costs under the SunE PPAs, DG incentives and administration costs, WREGIS registration costs, and costs in excess of the Large Customer Cap.

through fuel (page 1, column E, line 23), $38,436,479 will be recovered through base rates (page 1, column C, line 23), and $15,230,133 (page 1, column F, line 23) through the RPS Rider for the Plan Year. In the Next Plan Year, $(53,009,728) will be recovered through fuel (page 1, column E, line 23), $98,520,828 (page 2, column C, line 23) will be recovered through base rates, and $13,618,171 (page 2, column F, line 23) through the RPS Rider.

Q. How were the Plan Year and Next Plan Year costs estimated?

A. The Plan Year and Next Plan Year costs, for each of the components described above, were projected as follows (the detailed calculations are provided in Attachment RMS-3, Appendix C):

1. Wind Energy Costs: Projected MWh production multiplied by the applicable year contract costs less the Commission-established wind REC price (currently, $1.35/MWh for San Juan and Caprock) (lines 1-3);

2. Wind RECs: Projected MWh production, less wholesale transfers, multiplied by the Commission-established wind REC price (currently, $1.35/MWh for San Juan and Caprock) (lines 4-6);

3. Hale and Sagamore (owned) Wind Facility Costs: Projected MWh production multiplied by the estimated net costs (lines 7-9);

4. Solar Economic Energy: Projected MWh production multiplied by the economic costs on a $/MWh basis (as a part of the total applicable year contract costs) (line 11);

5. Solar Uneconomic Energy: Projected MWh production multiplied by the uneconomic costs on a $/MWh basis (as a part of the total applicable year contract costs) (line 12);

6. Solar RECs: Projected MWh production multiplied by the Commission-established solar REC price (currently, $10.00/MWh) (line 13);

7. DG Expenses: Currently-installed DG program production, adjusted for annual degradation, multiplied by applicable incentive payments (line 15);

8. WREGIS: Plan Year and Next Plan Year transactions multiplied by cost per transactions (line 16); and

9. Qualifying Large Customer Cap Refunds: Projected refunds due to large customers for prior-year billings in excess of 2 percent of the customer's total base rate revenue (*see* Mr. Luth's direct testimony for more detail regarding this calculation) (line 17).

B. Other Costs

Q. Please describe the other costs included in the 2020 RPS Rider revenue requirement.

A. Consistent with prior Commission approvals, the following costs have also been included:

- reconciliation of the 2018 RPS Rider and associated interest;
- 2019 costs charged in excess of the large customer cap (*see* Mr. Luth's testimony);
- annual amortizations of the 2013 REC Tracker balance and associated interest; and

- return of REC sales margins.

C. Cost Recovery Standards

Q. What are the standards for RPS-related cost recovery?

A. Section 62-16-6A of the REA provides that:

> "a public utility that procures or generates renewable energy shall recover, through the rate-making process, the reasonable costs of complying with the renewable portfolio standard. Costs that are consistent with commission approval of procurement plans or transitional procurement plans shall be deemed to be reasonable."

Q. Are the costs you described above incurred consistent with the Commission's prior approvals?

A. Yes. The costs incurred are based on Commission-approved RPS Plans from prior SPS RPS cases.

D. Cost Recovery

Q. How will the Plan Year and Next Plan Year costs be recovered?

A. The costs will be recovered through a combination of base rates, fuel, and the RPS Rider. Specifically, economic wind and solar energy costs from the PPAs and owned facilities will be allocated among and collected from SPS's New Mexico retail, Texas retail, and FERC customers on a proportional basis through

base rates and the FPPCAC. The remaining costs will be collected through SPS's Plan Year and Next Plan Year RPS Riders.

Q. Does SPS currently have an RPS Rider in effect?

A. Yes. In Case No. 12-00350-UT the Commission approved SPS's RPS Rider and authorized recovery of costs for calendar year 2014. In each subsequent annual RPS filing, the Commission approved SPS's annual RPS Rider revenue requirements, resulting rates, and cost recovery.[13] Similarly, in this case, I have

[13] *See* Case No. 17-00161-UT, *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Acknowledgement of its Filing of its 2016 Annual Renewable Portfolio Report; (2) Approval of its Annual Renewable Energy Portfolio Procurement Plan for Plan Year 2018; (3) Approval of the Proposed Rate for its 2018 Renewable Portfolio Standard Rider; (4) Approval of Variance from Requirements of Rule 572.14(C)(1) NMAC; and (5) Other Associated Relief*, Final Order Adopting Recommended Decision (Dec. 13, 2017); Case No. 16-00183-UT, *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Acknowledgement of its Filing of its 2015 Annual Renewable Portfolio Report; (2) Approval of its Annual Renewable Energy Portfolio Procurement Plan for Plan Year 2017; (3) Approval of the Proposed Rate for its 2017 Renewable Portfolio Standard Rider; (4) Approval of its Proposal to Calculate the Avoided Energy Related to the SunEdison, LLC Purchased Power Agreements; and (5) Other Associated Relief*, Final Order Adopting Recommended Decision (Dec. 14, 2016); Case No. 15-00208-UT, *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Acceptance of its 2014 Annual Renewable Portfolio Report; (2) Approval of its Annual Renewable Energy Portfolio Procurement Plan for 2016; and (3) Other Associated Relief*, Final Order (Dec. 16, 2015); and Case No. 14-00198-UT, *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Acceptance of its 2013 Annual Renewable Portfolio Report; (2) Approval of its Annual Renewable Energy Portfolio Procurement Plan for 2015; and (3) Other Associated Relief*, Final Order (Dec. 10, 2014); *See* Case No. 18-00201-UT, *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Acknowledgment of its filing of the 2017 Annual Renewable Energy Portfolio Report; (2) Approval of its Annual Renewable Energy Portfolio Procurement Plan for Plan Year 2019; (3) Approval of the Proposed Rate for its 2019 Renewable Portfolio Standard Rider; (4) Approval of its Proposed Treatment of Renewable Energy Certificates Associated with the Sagamore and Hale Wind Facilities; and (5) Other Associated Relief*, Final Order Adopting Recommended Decision (December 12, 2018).

prepared a 2020 RPS Rider revenue requirement and Mr. Luth provides the resulting rates. I have provided an estimated 2021 revenue requirement for informational purposes. SPS will present its 2021 RPS Rider revenue requirement, for Commission approval, in its next RPS filing (to be filed by July 1, 2020).

Q. What is SPS's 2020 RPS Rider revenue requirement?

A. As detailed in Attachment RMS-4, page 1, SPS's total proposed 2020 revenue requirement is approximately $12.9 million (column B, line 16). In addition to the 2020 projected costs of $13.8 million (column B, lines 8-14), SPS is continuing to amortize previously deferred balances of its 2013 REC Tracker (column B, lines 5 and 6) and is returning the proceeds of REC sales margins from historic vintage sales (column B, line 7). Finally, the 2020 revenue requirement is reduced by the reconciliation of the 2018 RPS Rider and an estimate of 2019 RPS Rider charges in excess of the large customer cap (column B, line 4).

Q. Did the Commission authorize SPS to recover previously deferred balances of its REC Trackers through the RPS Rider?

A. Yes. In Case No. 16-00183-UT, the Commission approved the 2017 RPS Rider, which included the 2013 REC Tracker reconciliation balance with interest.

Q. Has SPS determined the 2020 RPS Rider rate?

A. Yes. Using the 2020 RPS Rider revenue requirement, Mr. Luth calculates the 2020 RPS Rider rates. The calculations are presented by Mr. Luth in his direct testimony.

E. 2018 RPS Rider Reconciliation

Q. Please describe the 2018 RPS Rider reconciliation.

A. Please refer to Appendix E of Attachment RMS-2 for the detailed reconciliation. The 2018 RPS Rider included not only a projection of 2018 RPS costs (column A, lines 8-14), but recovery of Commission-approved uncollected costs which had been deferred and placed into regulatory assets. The prior period costs had been deferred over several years, and thus the costs were amortized to mitigate customer bill impacts (column A, lines 1-7) (i.e., only a portion of the deferred costs was collected in prior years).

Because the costs were projected, it was first necessary to determine the actual costs, which are presented in column B. The difference between the projected and actual costs was $2.057 million. The material difference is the result of the SunE PPAs being less uneconomic than forecasted (line 12 - $1.70 million).

Next, the revenues received from the 2018 RPS Rider (column C, line 16 - $19.7 million) were compared to the actual costs (column B, line 16 - $17.4 million) to determine the line item over- or under-recoveries (column D). When the actual costs were compared to actual revenues, the net result is an over-collection of $2.3 (column D, line 16). Consistent with the treatment in Case No. 12-00350-UT and each of SPS's past RPS proceedings, SPS applied the net balance to the 2020 RPS Rider revenue requirement.

VII. COMPLIANCE WITH PRIOR COMMISSION ORDERS

Q. Please describe other relevant Commission requirements.

A. In the Final Order in Case No. 15-00208-UT, the Commission approved a Recommended Decision, which among other items, approved SPS's request to modify its DG tariffs to align the payment methodology for excess energy with the SPP's Integrated Marketplace. The Recommended Decision required SPS to provide in its annual report the prior year's information showing the monthly excess generation, the average estimated price paid, the actual price, and a reconciliation of the cost on a quarterly basis. This information is provided in Appendix G to the RPS Report.

VIII. HALE WIND FACILITY REC ADMINISTRATION

Q. What do you discuss in this section of your testimony?

A. In this section of my testimony, I discuss SPS's request to administer the Hale wind facility RECs with ERCOT in order to establish compliance with the RPS.

Q. What does Rule 572 require in regards to REC registration?

A. Rule 572.17 requires RECs used for RPS compliance to be registered with WREGIS, unless WREGIS lacks the capability to import certificates from that other tracking system. WREGIS has indicated that because the Hale wind facility is located in Texas, it should be registered with ERCOT. Further, WREGIS has confirmed that it cannot import RECs from ERCOT. Accordingly, consistent with Rule 572.17(F), SPS requests approval to register the Hale wind facility with ERCOT and provide annual documentation related to the disposition of New Mexico retail-allocation of the Hale wind facility RECs.

Q. Will the ERCOT system provide the same level of tracking that WREGIS provides?

A. Yes. The ERCOT system is the same system SPS uses to track the disposition of RECs used to meet its Texas RPS requirements. Similar to the WREGIS system,

the ERCOT system will ensure that RECs are accurately tracked and that RECs are not double-counted.

Q. What information will SPS provide?

A. Consistent with Rule 572.17(B), SPS will provide the following information:

(1) the name and contact information of the renewable energy generating facility owner or operator;

(2) the name and contact information of the public utility or rural electric distribution cooperative purchasing the renewable energy certificate;

(3) the type of generator technology and fuel type;

(4) the generating facility's physical location, nameplate capacity in megawatts, location and ID number of revenue meter and date of commencement of commercial generation;

(5) the public utility or rural electric distribution cooperative to which the generating facility is interconnected;

(6) the control area operator for the generating facility; and

(7) the quantity in kWh and the date of the renewable energy certificate creation.

IX. REQUESTED APPROVALS

Q. What approvals is SPS seeking in this case?

A. SPS requests the Commission enter a final order that:

(a) acknowledges SPS's concurrent filing of its 2018 RPS Report required under 17.9.572.19 NMAC;

(b) approves SPS's 2020 RPS Plan for the Plan Year and Next Plan Year[14] under Rule 572.14, and prior Commission Orders related to SPS's 2020 and 2021 RPS requirements;

(c) approves SPS's proposed rate for its 2020 RPS Rider,[15] which includes, without limitation, recovery of its RPS-related costs over a 12-month period beginning January 1, 2020;

(d) approves SPS's proposed 2020 Reconciliation Rider;

(e) approves SPS's request to administer the Hale wind facility RECs with ERCOT in order to establish compliance with the RPS;

(f) approves SPS's requested variances from Rule 572 and certain Commission orders; and

(g) grants all other approvals, authorizations, and relief that may be required for SPS to implement its 2020 RPS Plan.

[14] Pursuant to 17.9.572.14 NMAC, the Next Plan Year is submitted for information purposes only.

[15] *See* Case No. 12-00350-UT, *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 245*, Final Order Partially Adopting Recommended Decision (Mar. 26, 2014).

Q. Does this conclude your pre-filed direct testimony?

A. Yes.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF POTTER)

RUTH M. SAKYA, first being sworn on her oath, states:

I am the witness identified in the preceding direct testimony. I have read the direct testimony and the accompanying attachment(s) and am familiar with their contents. Based upon my personal knowledge, the facts stated in the direct testimony are true. In addition, in my judgment and based upon my professional experience, the opinions and conclusions stated in the testimony are true, valid, and accurate.

Ruth M. Sakya
RUTH M. SAKYA

SUBSCRIBED AND SWORN TO before me this 31 day of October, 2019 by RUTH M. SAKYA.

MARY C. JOHNSON
Notary Public, State of Texas
Notary ID #12084834
My Commission Expires 08-28-2020

Mary C Johnson
Notary Public of the State of Texas
My Commission Expires: 8·28·2020

Southwestern Public Service Company
RPS Rule Map
For the 2020 RPS Plan

PLAN (572.14)		Requirement	Rule Citation	Reference
	1	General: Must Include Plan Year (PY) & Next Plan Year (NPY) Data	14	Plan Sakya Direct Testimony (DT)
	2	General: Filed by July 1	14.A	Variance Granted; Nov. 1 Filing
	3	Testimony & Exhibits Supporting PY & NPY RPS & RCT Calc	14.B1	Sakya DT; Elsey DT Plan Section II(A)
	4	Cost of procurement in PY and NPY in compliance with RPS pursuant to Section 13 of rule	14.B2	Sakya DT Plan Section II(C) Plan Appendicies B-C
	5	The amount of renewable energy the public utility plans to provide in the PY and NPY in compliance with RPS	14.B3	Sakya DT; Elsey DT Plan Section II(B) Plan Appendix A
	6	Testimony & Exhibits demonstrating how the cost and amount specified in Paragraphs (2) and (3) of this subsection were determined	14.B4	Sakya DT Plan Section II(C) Plan Appendices B-C
	7	Testimony & Exhibits demonstrating the PY and NPY procurement amounts and cost based on revenue requirements expected to be recovered	14.B5	Sakya DT; Luth DT Plan Section II(B), II(C) Plan Appendices B-C
	8	Testimony & Exhibits demonstrating the PY and NPY procurement amounts and cost if complying with a fully diversified RPS is limited by the RCT	14.B6	Sakya DT Plan Section II(A), II(B)
	9	Testimony & Exhibits demonstrating the PY and NPY procurement amounts and cost based on revenue requirements expected to be recovered if limited by the RCT	14.B7	Sakya DT Plan Section II(B), II(C)

Southwestern Public Service Company
RPS Rule Map
For the 2020 RPS Plan

PLAN (572.14)		Requirement	Rule Citation	Reference
	10	Testimony & Exhibits that demonstrate that the proposed procurement is reasonable as to its terms and conditions considering price costs of: 1) interconnection and transmission, 2) availability, 3) dispatchability, 4) REC values, and 5) portfolio diversification requirements	14.B8	Sakya DT Plan Section II(D)
	11	Testimony & Exhibits regarding the amount and impact of renewable energy that can be added in any given year without adding generating resources for load following or system regulation purposes	14.B9	Sakya DT Plan Section II(D)
	12	Testimony & Exhibits demonstrating that the portfolio procurement plan is consistent with the integrated resource plan and explaining any material differences	14.B10	Elsey DT Plan Section II(E)
	13	Demonstrate that plan is in public interest	14.B11	Sakya DT Plan Section II(F)
	14	Plan year revenue requirements: 1) RCT purposes, plan year shall reflect rate impacts on customer bills and; 2) shall be determined by applying a traditional RR impact approach for all resources including regulatory assets: a.) authorized in prior years, b.) used to satisfy the RPS and c.) shall not include normalizations and out of period adjustments	14.C	Sakya DT

Southwestern Public Service Company
RPS Rule Map
For the 2020 RPS Plan

PLAN (572.14)		Requirement	Rule Citation	Reference
	15	RR adjustments shall include: 1) net avoided fuel and purchased power costs 2) environmental credits (if not already included in the net avoided fuel costs) pursuant to compliance rules in effect during the plan year 3) cost savings or increases for capacity, generation, transmission or distribution, operation and maintenance expense, back-up and load following generation, off-system sales opportunity impacts, or other facilities and improvements or functions that may be required	14.C1	Sakya DT
	16	Avoided fuel costs are expected or modeled fuel savings that result from the procurement of renewable resources in the plan years	14.C2	Sakya DT
	17	Serve notice and send a copy of plan filing by first class mail on providers requesting such notice from: 1) NMPRC 2) AG 3) Intervenors 4) Post on website	14.D	Application (https://www.xcelenergy.com/company/rates_and_regulations/filings/new_mexico_renewable_porfolio_standard)

Xcel Energy™

July 31, 2019

FILED IN OFFICE OF
JUL 31 2019
NM PUBLIC REGULATION COMM
RECORDS MANAGEMENT BUREAU

VIA HAND DELIVERY
Ms. Melanie Sandoval, Records Bureau Chief
New Mexico Public Regulation Commission
P.E.R.A. Building
1120 Paseo De Peralta
Santa Fe, NM 87504-1269

Re: *In the Matter of Southwestern Public Service Company's 2018 Renewable Energy Portfolio Annual Report*

Dear Ms. Sandoval:

In accordance with 17.9.572.19 NMAC of the Commission's Renewable Energy Rule, Southwestern Public Service Company ("SPS") hereby files its 2018 Renewable Energy Annual Report. On June 6, 2019, the Commission granted SPS a variance from its July 1, 2019 deadline and approved a November 1, 2019 deadline for filing its 2020 Renewable Energy Plan. *See* Order Granting SPS's Verified Motion for a Variance from Rule 572 to Vacate the July 1, 2019 Filing Date in Case No. 19-00134-UT. Normally, SPS files this Annual Report concurrent with its Annual Renewable Energy Plan as required by 17.9.572.19 NMAC. This year, SPS files its Annual Report separately from its Renewable Energy Plan at Staff's request.

Please date stamp one copy of the referenced document and return with SPS's courier. If you have any questions, please contact me at (806) 378-2115.

Yours very truly,

Mario Contreras,
Manager Rate Cases

Enclosures

cc: John Bogatko, NMPRC Legal Division
Bradford Borman, NMPRC Legal Division
John Reynolds, NMPRC Staff - Economics Bureau Chief
Elisha Leyba-Tercero, NMPRC Staff - Economics
Milo Chavez, NMPRC Acting Utility Division Director

SOUTHWESTERN PUBLIC SERVICE COMPANY

ANNUAL RENEWABLE ENERGY PORTFOLIO REPORT FOR 2018

Prepared in Compliance with 17.9.572.19 NMAC

July 31, 2019

TABLE OF CONTENTS

GLOSSARY OF ACRONYMS AND DEFINED TERMS

Acronym/Defined Term	Meaning
AC	alternating current
Caprock	Caprock Wind Ranch
Commission	New Mexico Public Regulation Commission
DG	distributed generation
ETA	Energy Transition Act
FPPCAC	Fuel and Purchased Power Cost Adjustment Clause
kW	kilowatt
MW	megawatt
MWh	megawatt-hour
Mesalands	Mesalands Community College Wind Qualifying Facility
Other	Renewable Technologies Other than Wind and Solar
QF	Qualifying Facility
RCT	reasonable cost threshold
REA	Renewable Energy Act (NMSA 1978, §§ 62-16-1 to 62-16-10)
REC	renewable energy certificate
RPS	renewable portfolio standard

Acronym/Defined Term	Meaning
RPS Report	Annual Renewable Energy Portfolio Report for 2018
Rule 572	17.9.572 NMAC - Renewable Energy Rule for Electric Utilities
San Juan	San Juan Mesa Wind Project
SPP	Southwest Power Pool
SPS	Southwestern Public Service Company, a New Mexico corporation
SunE PPAs	Sun Edison Solar Purchased Power Agreements
Texico	Llano Estacado Wind Ranch in Texico, New Mexico
total company	Total SPS (before jurisdictional allocation)
WREGIS	Western Renewable Energy Generation Information System

LIST OF APPENDICES

Appendix	Description
Appendix A	Summary of Renewable Energy Generation and REC Transactions
Appendix B (CD)	Copies of RECs Acquired, Retired, or Transferred in 2018 (Provided on CD only - *filename*: Appendix B)
Appendix C	Summary of Cost Recovery Methods for RPS-related Costs
Appendix D	Summary of Renewable Costs Incurred and Recovery Mechanism
Appendix E	2018 RPS Rider Reconciliation
Appendix F	Calculation of Annual RPS Requirement
Appendix G	DG Excess Energy Payment Reconciliation
Appendix H	Report Rule Map

I. Introduction

Southwestern Public Service Company, a New Mexico corporation, ("SPS") a wholly-owned electric utility subsidiary of Xcel Energy Inc., files its Annual Renewable Energy Portfolio Report for 2018 ("RPS Report") in compliance with Section 62-16-4 of the Renewable Energy Act (NMSA 1978, §§ 62-16-1 to 62-16-10 – "REA") and the New Mexico Public Regulation Commission's ("Commission") Renewable Energy Rule (17.9.572 NMAC – "Rule 572")[1]. Rule 572.19 requires SPS to file a report on its renewable energy generation or purchases for the prior calendar year with the Commission each year, concurrent with the filing of an annual renewable energy plan [2]. Specifically, Rule 572.19 requires that each public utility:

1. itemize all renewable energy generation or renewable energy certificate ("REC") purchases and sales (Subsection A);
2. list, and include copies of, all RECs, including acquired, issued, or retired certificates (Subsection B);
3. provide documentation from the Western Renewable Energy Generation Information System ("WREGIS") regarding the RECs acquired, sold, retired, transferred, or expired, which allows the Commission to determine, by fuel type, the number of RECs: (i) acquired; (ii) sold; (iii) retired; (iv) transferred; and (v) expired in each calendar year (Subsection C);

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[1] This Report addresses renewable energy generation and purchases made prior to the enactment of the Energy Transition Act, SB 489 ("ETA") and thus complies with pre-ETA requirements.

[2] On June 6, 2019, the Commission granted SPS a variance from its July 1, 2019 deadline and approved a November 1, 2019 deadline for filing its 2020 Renewable Energy Plan. *See* Order Granting SPS's Verified Motion for a Variance from Rule 572 to Vacate the July 1, 2019 Filing Date in Case No. 19-00134-UT. Normally, SPS files this Annual Report concurrent with its Annual Renewable Energy Plan as required by 17.9.572.19 NMAC. This year, SPS files its Annual Report separately from its Renewable Energy Plan at Commission Staff's request.

4. describe the retirements made to meet the renewable portfolio standard ("RPS") compliance based on actual retail sales and procurement costs, including the quantification and explanation of qualified sales reductions for large customers and political subdivisions (Subsection D);

5. describe and quantify the implementation of the voluntary renewable tariff offered in compliance with Rule 572.18 (Subsection E); and

6. present a full explanation of approved RPS plan costs, including a complete accounting of all collected and deferred amounts (Subsection F).

As demonstrated in this Report, SPS obtained and retired sufficient RECs to meet its overall annual RPS obligations.

In addition to the above requirements, the Final Order in Case No. 05-00271-UT requires SPS to include in its future renewable energy portfolio reports "a summary of the nature and level of activities related to the development and implementation of markets for New Mexico RECs, and an account of the progress made in establishing markets for New Mexico RECs."[3] This summary is provided in Section V below. Additionally, the Final Order in Case No. 15-00208-UT[4] requires SPS to provide in its annual RPS reports information showing the monthly excess distributed generation ("DG") generation, the average estimated price paid, the actual price (based on the Southwest Power Pool's ("SPP") Integrated Marketplace) and a reconciliation of the cost on a quarterly basis. This information is provided in Appendix G, as discussed in Section VI below. Also, the

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[3] Case No. 05-00271-UT, *Petition of Southwestern Public Service Company for the Approval of Renewable Energy Cost Recovery Methodology in Accordance with the Renewable Energy Act*, Final Order on Recommended Decision (Dec. 20, 2005).

[4] Case No. 15-00208-UT, *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Acceptance of its 2014 Annual Renewable Portfolio Report; (2) Approval of its Annual Renewable Energy Portfolio Procurement Plan for 2016; and (3) Other Associated Relief,* Final Order (Dec. 16, 2015).

Final Order in Case No. 18-00201-UT[5] requires SPS to update the information in Section VI(B)(4) of the Recommended Decision about its DG REC purchase programs. This information is provided in Section VII below.

Finally, Appendix H to the RPS Report provides a guide to address where the specific requirements of Rule 572 are addressed in the report. Appendix H demonstrates compliance with all applicable sections of Rule 572.

II. Renewable Energy Generation and Renewable Energy Certificate Purchases, Sales, Retirements, Transfers, and Expirations

A. RPS Compliance (Rule 572.19(A) and (D))

For the compliance year, SPS was required to have sufficient RECs equal to no less than 15 percent of its 2018 New Mexico retail jurisdictional energy sales. *See* Section 62-16-4(A)(1) of the REA; *see also* Rule 572.10(B)(2). SPS's compliance year New Mexico retail sales were 6,181,143 megawatt-hours ("MWh"), for a RPS requirement of 615,268 MWh after the qualifying large customer adjustment (Appendix A, page 1, Lines 1 and 7; Appendix F, Lines 9 and 15). SPS retired RECs that were either: (1) banked (*i.e.,* have not been expired, transferred to wholesale customers, sold, or retired for compliance with the RPS); and/or (2) generated in the compliance year to meet its overall RPS requirement.

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[5] Case No. 18-00201-UT, *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Acknowledgement of its Filing of the 2017 Annual Renewable Portfolio Report; (2) Approval of its Annual Renewable Energy Portfolio Procurement Plan for Plan Year 2019; (3) Approval of the Proposed Rate for its 2019 Renewable Portfolio Standard Rider; (4) Approval of its Proposed Treatment of Renewable Energy Certificates Associated with the Sagamore and Hale Wind Facilities; and (3) Other Associated Relief,* Final Order (Dec. 12, 2018).

SPS was also required to meet its RPS requirements using a diversified portfolio of resources. *See* Rule 572.7(G). SPS satisfied the RPS diversification requirement for wind resources, met 79 percent of the solar diversity requirement, and met 68 percent of the DG diversity requirement. In regards to solar, DG, and "Other renewable energy technologies" (*i.e.,* "Other") resources, SPS was not required to procure these resources to meet the full diversification requirement due to constraints under the reasonable cost threshold ("RCT"). In Case No. 17-00161-UT,[6] SPS demonstrated that due to the lack of headroom under the RCT it could not procure the new renewable resources necessary to meet the diversity requirements. Accordingly, conclusions on page 37 and Finding of Fact Paragraph No. 8 on page 39 of the Recommended Decision, as approved by the Commission on December 13, 2017, found that SPS should not be required to comply with the diversity requirements for 2018. Consistent with prior Commission orders addressing variance requests from the diversification requirements, SPS satisfied the solar, DG, and "Other" shortfall with wind RECs.

The following table provides a comparison between the actual compliance year requirements as shown in Appendix A to the RPS Report as compared to the projected compliance year requirements included in SPS's 2018 RPS Plan.

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[6] Case No. 17-00161-UT, *In the Matter of Southwestern Public Service Company's Application Requesting: (1) Acknowledgement of the 2016 Annual Renewable Energy Portfolio Report; (2) Approval of its Annual Renewable Energy Portfolio Procurement Plan for 2018; (3) Approval of the Proposed Rate for its 2018 Renewable Portfolio Standard Rider; (4) Approval of Variance from Requirements of Rule 572.14(C)(1); and (5) Other Associated Relief,* Final Order (Dec. 13, 2017).

Table 1: Comparison of Projected to Actual RPS Requirements

2018 Overall RPS Requirement (MWh)			2018 Diversity Requirements (MWh)							
Projected	Actual	Difference	Resource Type	Diversity Requirements as Percent of Overall RPS Requirement	Projected Requirements	Actual Requirements	Difference	Projected Shortfall	Actual Shortfall	Difference
555,302	615,268	(59,966)	Wind	30%	166,591	184,580	(17,990)	-	-	-
			Solar	20%	111,060	123,054	(11,993)	2,504	25,384	(22,880)
			Other	5%	27,765	30,763	(2,998)	27,765	30,763	(2,998)
			DG	3%	16,659	18,458	(1,799)	2,642	5,878	(3,236)

Appendix A to the RPS Report provides the following information, by resource type: (1) RPS requirements; (2) banked RECs; (3) REC purchases; (4) REC sales; (5) REC transfers; and (6) REC expirations. Pages 3 through 7 contain an itemization of all sales and a WREGIS generation summary of all the sources from which SPS purchased RECs in the compliance year.

SPS purchased the renewable energy and RECs from the following New Mexico renewable energy facilities:

- Caprock Wind Ranch ("Caprock") – 80 megawatts ("MW") installed capacity;
- San Juan Mesa Wind Project ("San Juan") – 120 MW installed capacity;

- Mesalands Community College Wind Qualifying Facility ("QF") ("Mesalands") – 1.5 MW installed capacity;
- SPS owned and operated solar arrays at SPS's Hobbs Service Center, Eastern New Mexico University-Roswell, Clovis High School, and PR Leyva Middle School in Carlsbad – 0.079 MW alternating current ("AC");
- Sun Edison Solar purchased power agreements ("SunE PPAs") – 50 MW installed capacity; and
- customer-sited solar DG systems from SPS's Solar*Rewards program – 6.8318 MW AC.

SPS did not purchase any RECs for RPS compliance separate from its renewable energy purchases.

The following table summarizes all renewable energy generation and purchases, as well as all REC purchases, sales, transfers, and retirements made by SPS during the compliance year.

Table 2: Itemized Renewable Energy Generation and REC Transactions

Transaction Type	MWh
Beginning REC Balance	1,717,365
Plus:	
Caprock Purchases	330,327
San Juan Purchases	407,056
Mesalands Purchases	2,999
SunEdison Solar Purchases	97,370
Company Owned Solar	146
DG - Solar Rewards	12,456
REC-only Purchases	0
Total Additions	850,353
Less:	
REC Sales	261,270
Expiring RECs	254[7]
Transfers to Wholesale Customers[8]	144,106
RPS Compliance Requirement	615,268
Total Subtractions	1,020,898
REC Acquisitions less Usage (Additions – Subtractions)	(170,545)
Plus REC Adjustment from Prior Years	278
Net REC Balance	1,547,098

B. REC Registration (Rule 572.19(B) and (C))

In compliance with the REA and Rule 572.17(E), SPS registers all generators in the WREGIS system. Monthly volumes of the RECs acquired, retired, or transferred are

[7] Expiring RECs are zero cost basis RECs from Mesalands.

[8] *See* Offer of Settlement, Golden Spread Electric Cooperative, Inc., et al. v. Southwestern Public Service Company, Docket No. EL05-19-000, et al., and Southwestern Public Service Company, Docket No. ER05-168-000, et al. (consolidated) and Southwestern Public Service Company, Docket No. ER06-274-000, et al. (not consolidated), 123 FERC 61,054, and Federal Energy Regulatory Commission Docket No. ER08-479 et al settlement agreement.

included as Appendix B and are being provided solely in electronic form on the enclosed CD. The documentation includes the WREGIS-assigned serial numbers for retired RECs.

III. Voluntary Renewable Energy Tariff (Rule 572.19(E))

SPS offers a voluntary renewable energy tariff, Windsource (Renewable Energy Rate Rider – No. 33), to its New Mexico retail customers. *See* Rule 572.18. SPS purchases wind energy for its Windsource program from three 660 kilowatt ("kW") turbines located at the Llano Estacado Wind Ranch in Texico, New Mexico ("Texico"). SPS proposed changes to its Windsource program in Case No. 12-00323-UT,[9] which is currently pending before the Commission. The Texico PPA is set to expire on December 14, 2020. SPS filed a proposal for a new voluntary program, Solar*Connect to replace Windsource in Case No. 18-00308-UT which is currently pending at the Commission.

In 2018, 877 residential and 85 non-residential customers participated in the Windsource program. New Mexico customers purchased 4,122 MWh of wind energy, while the three wind turbines generated 2,889 MWh, resulting in an annual generation deficit of 1,233 MWh. Windsource wind energy purchases from the Texico facility totaled $170,946. SPS received $123,652 in premium revenues under the Windsource

[9] Case No. 12-00323-UT, *In the Matter of Southwestern Public Service Company's Application for: (1) Authorization to Enter Into a Purchased Power Agreement for the Purchase of 0.8 MW of Nominal Solar Capacity and Associated Energy for Windsource; (2) Approval of a Proposed Methodology for Calculating and Annually Adjusting the Windsource Rate; (3) Authorization to Flow Through All Windsource Costs and Revenues Through its Fuel and Purchased Power Cost Adjustment Clause, and (4) Approval to Purchase a Limited Number of RECs on an Annual Basis to Mitigate Any Customer Demand Imbalance,* pending.

tariff. Charges assessed customers under the Windsource tariff are in addition to the customer's service tariff. Both the costs and revenues associated with the Windsource program are accounted for through SPS's fuel and purchased power cost adjustment clause ("FPPCAC"), as authorized by the Commission in Case No. 07-00319-UT.[10]

Table 3 details Windsource generation, subscriptions, and subscriber balances from 1999 through 2018.

Table 3: Windsource Balance (in MWh)

Month/Year	Generation	Subscription	Monthly Balance	YTD Net Balance	Program-to-date Net Balance
1999-2017	86,795	86,976			(182)
Jan-18	330	406	(76)	(76)	(257)
Feb-18	326	333	(7)	(83)	(264)
Mar-18	428	314	114	31	(150)
Apr-18	491	264	227	259	77
May-18	214	284	(69)	189	8
Jun-18	231	366	(134)	55	(127)
Jul-18	123	390	(267)	(212)	(394)
Aug-18	195	415	(220)	(433)	(614)
Sep-18	87	362	(275)	(708)	(890)
Oct-18	108	344	(236)	(944)	(1,126)
Nov-18	180	311	(131)	(1,075)	(1,257)
Dec-18	176	334	(158)	(1,233)	(1,415)

*Note: Amounts in table may not sum due to rounding.

**Lower generation months due to outage and maintenance issues at the facility.

On a program-to-date-basis, Windsource sales have exceeded generation by 1,415 MWh.

[10] Case No. 07-00319-UT, *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice Nos. 208 and 209 and All Associated Approvals*, Final Order Partially Approving Recommended Decision (Aug. 26, 2008).

IV. Cost Recovery (Rule 572.19(F))

In accordance with Rule 572.19(F), the following discussion summarizes the approved cost recovery mechanisms for SPS's approved renewable energy costs to meet its annual RPS requirements and details the annual costs incurred for each category. Please also refer to Appendix C, which provides an overview of SPS's RPS cost recovery methods and prior Commission approvals; Appendix D, which provides the costs incurred in the compliance year and the associated recovery mechanism; and Appendix E, which provides the reconciliation of the 2018 RPS Rider[11].

A. DG REC and Administrative Costs

SPS incurred $2,250,701 in DG-related costs (Appendix D, Line 12) in the compliance year. SPS is currently collecting these costs through the RPS Rider approved in Case No. 12-00350-UT.[12]

B. WREGIS Administrative Costs

SPS incurred $9,587 in WREGIS administrative costs in the compliance year (Appendix D, Line 15). SPS is currently collecting these costs through the RPS Rider.

C. Qualifying Large Customer Cap Refunds

For large customers that qualified under Section 62-16-4(A)(2) (2014) of the REA, SPS limited RPS-related costs consistent with the REA and Rule 572. Qualifying

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[11] Reconciliation of the 2018 RPS Rider will be incorporated as a component of the proposed 2020 RPS Rider Rate filed with the 2020 Plan.

[12] Case No. 12-00350-UT, *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 245*, Final Order Partially Adopting Recommended Decision (Mar. 26, 2014).

large customers are defined as a nongovernmental customer at a single location or facility with consumption exceeding 10 million kWh per year. The REA limited RPS costs for these customers at the lower of $99,000 (adjusted annually for inflation) or 2 percent of customers' annual bills. Once the customer reaches the hard cap of $99,000, adjusted for inflation, SPS ceases billing these customers. However, the calculation of the 2 percent cap cannot occur until after the end of the calendar year and thus a refund is necessary. The estimated refund has been applied as a cost to the RPS Rider each year and trued up to actuals the following year. The refund applied was $2,109,921 (Appendix E, Line 16).

D. Wind Energy and REC Costs

SPS recovered the costs associated with its two New Mexico wind contracts (Caprock and San Juan) through a combination of the FPPCAC (proportional allocation of energy charges) and the RPS Rider (REC costs). SPS also incurred energy costs from the Mesalands facility, a QF, whose energy costs are also allocated among SPS's jurisdictions and collected through the FPPCAC. On a total company basis, $23,257,300 was collected through its fuel clauses for energy costs related to these facilities (Appendix D, Line 2). Of this amount, New Mexico retail customers were assigned $5,768,609. REC costs, recovered through the RPS Rider, were $802,062 (Appendix D, Line 3).

E. Solar REC Costs

The annual solar REC costs were $973,805, which were recovered through the RPS Rider (Appendix D, Line 8).

F. Solar Energy and Uneconomic Costs

The avoided costs related to SPS's solar procurements under the SunE PPAs, that is, those costs that represent the conventional fuel and energy costs SPS will avoid due to such purchases (also referred to as "economic costs"), are passed through the FPPCAC and allocated among SPS's three jurisdictions based on relative energy share. The uneconomic costs, or those costs above the avoided costs related to SPS's solar procurements, are directly assigned to New Mexico retail customers and recovered through the RPS Rider. For 2018, the economic costs were $2,902,432 (total company) or $714,955 (New Mexico retail) (Appendix D, Line 6). The uneconomic costs were $8,230,179 (New Mexico retail) (Appendix D, Line 7).

V. Renewable Energy Certificate Market Evaluation

In accordance with the Final Order in Case No. 05-00271-UT, the following summarizes the activities related to the development and implementation of markets for New Mexico RECs, including an account of the progress made in establishing markets for New Mexico RECs.

The New Mexico REC market is limited, with only a few buyers and a bi-lateral market. In addition, questions have been raised regarding the transferability of RECs within the market (*see* the Final Order in Case No. 10-00373-UT[13]). However, SPS

[13] Case No. 10-00373-UT, *In the Matter of the Public Service Company of New Mexico's Revised Renewable Energy Portfolio Procurement Plan for 2011,* Final Order (Jun. 2, 2011).

continues to explore New Mexico and other state RPS markets for REC transaction opportunities.

Finally, SPS is able (and has historically) sold limited RECs into the voluntary market, although the prices are considerably lower than the compliance market.

VI. DG Payment Reconciliation

In accordance with the Final Order in Case No. 15-00208-UT, SPS is providing Appendix G, which summarizes the monthly excess DG generation, the average estimated price paid, the actual price (based on the SPP's Integrated Marketplace), and a reconciliation of the cost on a quarterly basis for 2018.

VII. Additional DG Information

In accordance with the Final Order in Case No. 18-00201-UT, SPS is updating the information in Section VI(B)(4) of the Recommended Decision about its DG REC purchase programs by providing the information below.

SPS pays incentives under several DG REC purchase tariffs that were originally proposed in Case No. 08-00222-UT to implement five tailored programs:

1. Rate No. 52 (Small Solar Distributed Generation Program)
2. Rate No. 53 (Medium Solar Distributed Generation Program)
3. Rate No. 54 (Large Solar Distributed Generation Program)
4. Rate No. 57 (Small SDG-REC Purchase Program)
5. Rate No. 58 (Medium SDG-REC Purchase Program).
6. Rate No. 62 (3rd Party Small Solar Distributed Generation Program)
7. Rate No. 63 (3rd Party Medium Solar Distributed Generation Program)
8. Rate No. 64 (3rd Party Large Solar Distributed Generation Program)
9. Rate No. 65 (3rd Party Small Biomass Distributed Generation Program)
10. Rate No. 66 (3rd Party Medium Biomass Distributed Generation Program)

Incentive rates and terms have changed over time under revised versions of tariffs. The following summarizes the current tariffs.

Rate No. 52, which applies to small solar systems, offers three incentive payments based on the combined nameplate rating of applications received by SPS for small systems. Under tier 1, customers receive a 13¢ per kWh incentive payment for 12 years until applications received reach a combined nameplate rating of 100 kW. Under tier 2, customers receive a 10¢ per kWh incentive payment for 12 years until applications received reach a combined nameplate rating of 200 kW. Under tier 3, customers receive an 8¢ per kWh incentive payment for 12 years until applications received reach a combined nameplate rating of 300 kW. All three tiers are fully subscribed; SPS pays no incentive to customers who have installed small solar systems after the tiers became fully subscribed.

Rate No. 53, which applies to medium solar systems, offers two incentive payments based on the combined nameplate rating of applications received by SPS for medium systems. Under tier 4, customers receive a 5¢ per kWh incentive payment for 10 years until applications received reach a combined nameplate rating of 500 kW. Under tier 5, customers receive a 4¢ per kWh incentive payment for 10 years until applications reach a combined nameplate capacity of 1,000 kW. Both tiers are fully subscribed; SPS pays no incentive to customers who have installed medium solar systems after the tiers became fully subscribed.

Rate No. 54 applies to large solar systems greater than 100 kW up to 2 MW.

Rate No. 62, which applies to small solar systems owned by a party other than a Customer ("3rd Party"), offers three incentive payments to the 3rd Party based on the combined nameplate rating of applications received by SPS for small 3rd Party systems. Under tier 1, customers receive a 13¢ per kWh incentive payment for 12 years, until applications received reach a combined nameplate rating of 100 kW. Under tier 2, customers receive a 10¢ per kWh incentive payment for 12 years until applications reach a combined nameplate capacity of 200 kW. Under tier 3, customers receive an 8¢ per

kWh incentive payment for 12 years until applications received reach a combined nameplate rating of 300 kW.

Rate No. 63, which applies to medium solar systems owned by a party other than a Customer ("3rd Party"), offers three incentive payments to the 3rd Party based on the combined nameplate rating of applications received by SPS for small 3rd Party systems. Under tier 1, customers receive a 13¢ per kWh incentive payment for 10 years, until applications received reach a combined nameplate rating of 500 kW. Under tier 2, customers receive a 10¢ per kWh incentive payment for 10 years until applications reach a combined nameplate capacity of 1,000 kW. Under tier 3, customers receive an 8¢ per kWh incentive payment for 10 years until applications received reach a combined nameplate rating of 1,500 kW.

Rate No. 64 applies to large solar systems greater than 100 kW up to 2 MW.

Rate Nos. 65 and 66 apply to 3rd Party Small and Medium Biomass Distributed Generation Programs. There are no customers under these programs.

The following table shows the number of customers participating in SPS's solar REC purchase programs:

Table 4

Program	**Customer Count**
Small Solar	57
Medium Solar	87
Large Solar	1
Total	**145**

SPS expects to purchase 13,214 and 12,593 RECs under its DG REC purchase programs in 2020 and 2021, respectively. The following table shows the amounts that SPS expects to pay for RECs in 2020 and 2021.

Table 5

Program	2020	2021	REC Payment
Small Solar:			
Small Solar	$16,833	$16,746	$ 0.08
Small Solar	9,337	9,289	$ 0.10
Small Solar	5,530	5,502	$ 0.13
Small Solar	44,672	44,438	$ 0.20
Medium Solar:			
Medium Solar	14,999	14,922	$ 0.05
Medium Solar	33,122	32,960	$ 0.08
Medium Solar	17,139	17,050	$ 0.10
Medium Solar	111,716	111,137	$ 0.13
Medium Solar	733,979	730,176	$ 0.17
Medium Solar	1,313,475	1,196,118	$ 0.20
Large Solar			
Large Solar	2,942	2,927	$ 0.20
Total	**$2,303,744**	**$2,181,265**	

Southwestern Public Service Company
Appendix A: Summary of Renewable Energy Generation and REC Transactions (in MWh)
For Calendar Year 2018

Line No.	Description	Solar	Other	DG	Wind - Remaining	Total
1	2018 NM Retail Sales					6,181,143
2	Less Qualifying Large Customer Sales (Total)					2,750,448
3	Adjusted NM Retail Sales (L1 - L2)					3,430,694
4	Overall RPS Requirement (%)					15%
5	RPS Obligation, Excluding Qualifying Large Customers (L3 * L4)					514,604
6	Qualifying Large Customer MWh for the RPS (Appendix F, L7)					100,664
7	Final RPS Obligation (L5 + L6)					615,268
8	Diversity Requirement (% of RPS)	20.0%	5.0%	3.0%	72.0%	100.0%
9	RPS Obligation (L7 * L8)	123,054	30,763	18,458	442,993	615,268
10	Beginning REC Balance	-	-		1,717,365	1,717,365
11	Caprock Wind Generation	-	-	-	330,327	330,327
12	San Juan Wind Generation	-	-	-	407,056	407,056
13	Mesalands Wind Generation	-	-	-	2,999	2,999
14	SunEdison Solar Generation	97,370	-	-	-	97,370
15	Company Owned Solar Generation	-	-	146	-	146
16	SolarRewards (Distributed Generation) Generation	-	-	12,456	-	12,456
17	Total Annual Generation (Sum L11:L16) (Page 4)	97,370	-	12,602	740,381	850,353

Southwestern Public Service Company
Appendix A: Summary of Renewable Energy Generation and REC Transactions (in MWh)
For Calendar Year 2018

Line No.	Description	Solar	Other	DG	Wind - Remaining	Total
18	Less Transfers to Wholesale Customers	-	-	-	144,106	144,106
19	Less REC Sales (all vintages) (Page 3)	-	-	-	261,270	261,270
20	Less Expiring RECs [1]	-	-	-	254	254
21	Less Annual RPS Obligation (L9)	123,054	30,763	18,458	442,993	615,268
22	REC Adjustments from Prior Years [2]	300	-	(22)	-	278
23	Annual Excess/(Deficiency) (L17 - L18 - L19 - L20 - L21 + L22)	(25,384)	(30,763)	(5,878)	(108,242)	(170,267)
24	Cumulative Excess/(Deficiency) (L10 + L23)	(25,384)	(30,763)	(5,878)	1,609,123	1,547,098
25	Replace Solar, DG & Other with Wind for Overall RPS Compliance [3]	25,384	30,763	5,878	(62,025)	-
26	Impact of Replacements (Ending REC Balance)	-	-	-	1,547,098	1,547,098

Notes:

[1] Expiring RECs are zero cost basis RECs from Mesalands.

[2] Solar Adjustment due to WREGIS correction from prior year. DG Adjustments due to rounding for fractional generation (KWh metering vs. MWh REC measurement). Fractional MWh unit data is carried over into the next issuance period.

[3] In Case No. 17-00161-UT, SPS demonstrated that due to the lack of headroom under the RCT it could not procure the new renewable resources necessary to meet the 2018 diversity requirements. Accordingly, conclusions on page 37 and Finding of Fact Paragraph No. 8 on page 39 of the Recommended Decision, as approved by the Commission on December 13, 2017, found that SPS should not be required to comply with the diversity requirements for 2018.

Southwestern Public Service Company
Appendix A: REC Sales Itemization
For Calendar Year 2018 Transactions

Line No.	Transaction	MWh	Generator	Vintage
1	Transaction 1	7,405	Caprock Wind Farm	2012
2	Transaction 2	21,105	Caprock Wind Farm - Caprock Wind Farm	2013
3	Transaction 3	41,905	Caprock Wind Farm - Caprock Wind Farm	2014
4	Transaction 4	65,855	San Juan Mesa	2014
5	Transaction 5	65,379	Caprock Wind Farm - Caprock Wind Farm	2015
6	Transaction 6	59,621	San Juan Mesa	2015
	Total Sales	261,270		

Southwestern Public Service Company
Appendix A: WREGIS Generation Summary (MWh)
For Calendar Year 2018

Line No.	Fuel Source	WREGIS GU ID	Generator Plant-Unit Name	State	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
1	Wind	W1026	Mesalands Community College - Mesalands	NM	142.75	291.24	363.38	361.70	306.22	224.04
2	Wind	W801	Caprock Wind Farm - Caprock Wind Farm	NM	30,415.33	30,512.48	30,840.59	32,870.65	28,091.62	31,726.22
3	Wind	W803	San Juan Mesa - San Juan Mesa	NM	38,807.92	41,642.85	39,133.38	46,394.67	34,599.55	38,693.25
4	CO Solar	W1337	Hobbs Service Center - Hobbs Solar	NM	2.85	3.36	3.47	4.06	3.93	3.55
5	CO Solar	W1653	ENMU - Roswell - PV Demonstration	NM	3.69	4.48	4.36	5.10	5.29	4.57
6	CO Solar	W1820	Clovis High School - PV System	NM	1.93	1.18	3.05	3.98	3.81	3.56
7	CO Solar	W1913	PR Leyva Middle School - PV	NM	2.56	2.30	2.58	2.81	2.64	2.58
8	PPA Solar	W2293	SunE SPS1 - SPS1 Dollarhide	NM	1,177.07	1,201.89	1,694.52	2,002.89	2,106.67	2,169.38
9	PPA Solar	W2294	SunE SPS2 - SPS2 Jal	NM	1,306.04	1,134.80	1,723.61	2,057.14	2,210.48	2,251.94
10	PPA Solar	W2295	SunE SPS3 - SPS3 Lea	NM	1,223.67	1,199.13	1,736.94	2,255.84	2,240.48	1,790.78
11	PPA Solar	W2296	SunE SPS4 - SPS4 Monument	NM	1,263.46	1,280.69	1,915.19	2,360.30	2,316.04	2,292.71
12	PPA Solar	W2297	SunE SPS5, LLC - SPS5 Hopi	NM	1,325.06	1,320.42	1,730.98	2,186.18	2,319.79	2,203.85
13	DG Solar	W1527	SRNM2009-J-01 - SRNM2009-J-01	NM	0.43	0.50	0.59	0.57	0.59	0.59
14	DG Solar	W1563	SRNM2010-I-01 - SRNM2010-I-01	NM	22.96	37.51	43.49	46.12	36.10	54.49
15	DG Solar	W1564	SRNM2010-J-01 - SRNM2010-J-01	NM	7.05	7.81	8.23	11.08	10.95	11.30
16	DG Solar	W2019	SRNM2010-I-02 - SRNM2010-I-02	NM	47.99	56.74	67.48	70.07	71.53	75.53
17	DG Solar	W2020	SRNM2010-I-03 - SRNM2010-I-03	NM	43.77	51.99	72.94	71.25	68.55	68.14
18	DG Solar	W2021	SRNM2010-I-04 - SRNM2010-I-04	NM	51.03	46.44	85.29	65.63	65.75	68.37
19	DG Solar	W2022	SRNM2010-I-05 - SRNM2010-I-05	NM	48.08	55.22	77.88	66.17	66.48	69.21
20	DG Solar	W2023	SRNM2010-I-06 - SRNM2010-I-06	NM	45.52	42.90	80.87	68.97	73.75	80.05
21	DG Solar	W2024	SRNM2010-I-07 - SRNM2010-I-07	NM	45.32	53.63	69.64	65.16	66.88	79.83
22	DG Solar	W2025	SRNM2010-I-08 - SRNM2010-I-08	NM	46.42	45.92	77.47	68.08	68.81	72.40
23	DG Solar	W2026	SRNM2010-I-09 - SRNM2010-I-09	NM	1.97	6.62	7.10	7.02	8.86	7.97
24	DG Solar	W2027	SRNM2011-I-01 - SRNM2011-I-01	NM	21.28	21.53	32.53	33.05	37.84	41.01
25	DG Solar	W2028	SRNM2011-J-01 - SRNM2011-J-01	NM	16.87	10.64	20.88	17.03	26.59	17.82

Southwestern Public Service Company
Appendix A: WREGIS Generation Summary (MWh)
For Calendar Year 2018

Line No.	Fuel Source	WREGIS GU ID	Generator Plant-Unit Name	State	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	2018 Total
1	Wind	W1026	Mesalands Community College - Mesalands	NM	198.78	212.86	242.22	191.07	216.27	248.02	2,998.56
2	Wind	W801	Caprock Wind Farm - Caprock Wind Farm	NM	20,698.58	25,353.89	27,042.21	23,128.16	25,434.71	24,212.45	330,326.89
3	Wind	W803	San Juan Mesa - San Juan Mesa	NM	23,443.46	24,106.25	27,534.38	25,545.49	36,244.15	30,910.19	407,055.55
4	CO Solar	W1337	Hobbs Service Center - Hobbs Solar	NM	3.38	3.70	3.11	2.54	3.21	1.89	39.05
5	CO Solar	W1653	ENMU - Roswell - PV Demonstration	NM	3.03	4.47	4.36	3.11	3.34	3.63	49.43
6	CO Solar	W1820	Clovis High School - PV System	NM	3.78	3.25	2.86	2.07	2.33	1.75	33.55
7	CO Solar	W1913	PR Leyva Middle School - PV	NM	0.00	2.63	2.26	1.68	1.97	0.00	24.01
8	PPA Solar	W2293	SunE SPS1 - SPS1 Dollarhide	NM	1,763.63	1,755.83	1,372.97	1,102.65	1,170.97	886.51	18,404.98
9	PPA Solar	W2294	SunE SPS2 - SPS2 Jal	NM	1,977.02	1,955.88	1,435.59	1,160.64	1,243.43	908.39	19,364.95
10	PPA Solar	W2295	SunE SPS3 - SPS3 Lea	NM	1,671.70	1,908.67	1,466.37	1,279.17	1,291.94	984.64	19,049.32
11	PPA Solar	W2296	SunE SPS4 - SPS4 Monument	NM	1,978.79	2,023.03	1,503.01	1,322.44	1,299.26	956.77	20,511.67
12	PPA Solar	W2297	SunE SPS5, LLC - SPS5 Hopi	NM	2,035.72	1,976.84	1,489.49	1,173.36	1,327.96	949.20	20,038.86
13	DG Solar	W1527	SRNM2009-J-01 - SRNM2009-J-01	NM	0.56	0.52	0.54	0.00	0.97	0.42	6.29
14	DG Solar	W1563	SRNM2010-I-01 - SRNM2010-I-01	NM	48.43	35.83	29.54	23.49	19.33	21.15	418.45
15	DG Solar	W1564	SRNM2010-J-01 - SRNM2010-J-01	NM	7.46	11.34	8.20	7.44	6.40	6.50	103.75
16	DG Solar	W2019	SRNM2010-I-02 - SRNM2010-I-02	NM	72.97	73.13	53.82	26.75	9.39	10.42	635.81
17	DG Solar	W2020	SRNM2010-I-03 - SRNM2010-I-03	NM	65.03	45.17	44.75	37.40	24.11	36.99	630.10
18	DG Solar	W2021	SRNM2010-I-04 - SRNM2010-I-04	NM	61.93	46.22	78.46	48.98	46.21	52.11	716.39
19	DG Solar	W2022	SRNM2010-I-05 - SRNM2010-I-05	NM	57.92	45.30	50.07	36.22	34.97	25.85	633.36
20	DG Solar	W2023	SRNM2010-I-06 - SRNM2010-I-06	NM	72.16	48.53	88.50	48.62	42.42	26.56	718.82
21	DG Solar	W2024	SRNM2010-I-07 - SRNM2010-I-07	NM	72.00	49.51	71.86	44.40	39.19	27.68	685.09
22	DG Solar	W2025	SRNM2010-I-08 - SRNM2010-I-08	NM	66.74	46.07	81.19	47.36	42.20	42.53	705.16
23	DG Solar	W2026	SRNM2010-I-09 - SRNM2010-I-09	NM	7.61	7.41	7.14	6.08	4.75	6.25	78.76
24	DG Solar	W2027	SRNM2011-I-01 - SRNM2011-I-01	NM	38.29	36.97	34.17	34.11	15.04	22.75	368.57
25	DG Solar	W2028	SRNM2011-J-01 - SRNM2011-J-01	NM	20.86	19.67	14.73	12.24	10.81	9.26	197.39

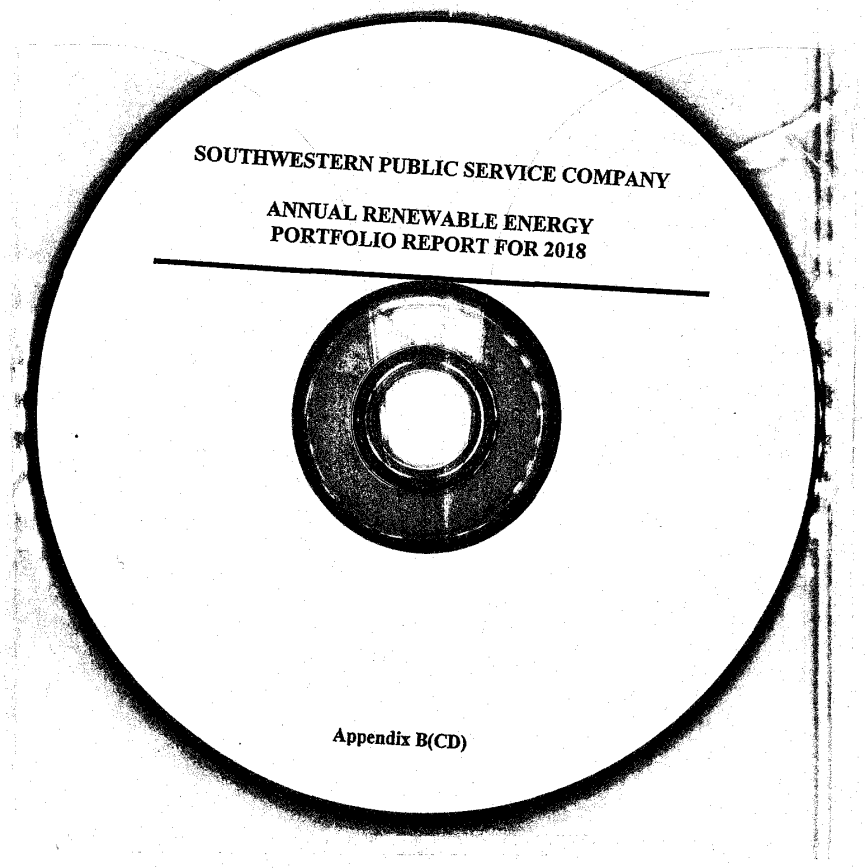
Southwestern Public Service Company
Appendix A: WREGIS Generation Summary (MWh)
For Calendar Year 2018

Line No.	Fuel Source	WREGIS GU ID	Generator Plant-Unit Name	State	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
26	DG Solar	W2032	SRNM RFP - Haley Farms	NM	54.72	56.96	58.24	57.28	50.56	59.52
27	DG Solar	W2537	SRNM2011-I-02 - SRNM2011-I-02	NM	34.56	37.27	47.41	48.52	48.39	51.02
28	DG Solar	W2731	SRNM2012-J-01 - SRNM2012-J-01	NM	11.66	9.34	14.24	11.62	12.46	13.57
29	DG Solar	W2946	SRNM2012-I-01 - SRNM2012-I-01	NM	16.11	25.79	31.08	33.06	36.02	31.89
30	DG Solar	W3465	SRNM2013-I-01 - SRNM2013-I-01	NM	27.51	31.66	37.34	34.72	37.28	36.18
31	DG Solar	W3605	SRNM2013-I-02 - SRNM2013-I-02	NM	25.79	30.11	35.06	33.25	33.93	32.60
32	DG Solar	W3606	SRNM2013-I-03 - SRNM2013-I-03	NM	25.34	29.59	34.42	32.65	33.33	34.51
33	DG Solar	W3607	SRNM2013-I-04 - SRNM2013-I-04	NM	25.79	30.11	34.70	33.05	33.66	34.81
34	DG Solar	W3608	SRNM2013-I-05 - SRNM2013-I-05	NM	25.96	30.36	31.99	33.41	34.04	31.18
35	DG Solar	W3609	SRNM2013-I-06 - SRNM2013-I-06	NM	25.67	30.43	31.75	33.50	34.09	35.25
36	DG Solar	W3610	SRNM2013-I-07 - SRNM2013-I-07	NM	26.10	30.57	35.40	33.47	33.98	35.08
37	DG Solar	W3611	SRNM2013-I-08 - SRNM2013-I-08	NM	25.31	29.57	34.50	32.69	33.41	34.62
38	DG Solar	W3612	SRNM2013-I-09 - SRNM2013-I-09	NM	25.73	30.03	34.95	30.72	33.76	33.72
39	DG Solar	W3613	SRNM2013-I-10 - SRNM2013-I-10	NM	25.79	30.09	35.04	33.22	33.90	35.15
40	DG Solar	W3614	SRNM2013-I-11 - SRNM2013-I-11	NM	25.51	29.88	34.73	32.89	33.53	34.71
41	DG Solar	W3615	SRNM2013-I-12 - SRNM2013-I-12	NM	25.28	29.54	34.38	32.37	32.61	34.20
42	DG Solar	W3616	SRNM2013-I-13 - SRNM2013-I-13	NM	21.16	14.61	17.06	27.90	18.81	17.12
43	DG Solar	W3617	SRNM2013-I-14 - SRNM2013-I-14	NM	18.75	20.01	15.55	7.64	11.31	13.63
44	DG Solar	W3618	SRNM2013-I-15 - SRNM2013-I-15	NM	23.91	21.79	23.29	26.06	26.57	12.89
45	DG Solar	W3619	SRNM2013-I-16 - SRNM2013-I-16	NM	2.01	8.18	8.46	4.14	1.14	4.04
46	DG Solar	W4079	SRNM2014-J-01 - SRNM2014-J-01	NM	14.88	15.36	11.15	21.23	26.92	22.39
47	DG Solar	W4389	SRNM2014-I-01 - SRNM2014-I-01	NM	22.39	8.32	20.47	20.94	0.00	8.29
			Total		**76,601**	**79,612**	**80,458**	**91,750**	**75,449**	**82,659**
48	Windsource	W1152	Texico Wind - Texico Wind	NM	330.01	325.61	428.13	490.97	214.33	231.31

Southwestern Public Service Company
Appendix A: WREGIS Generation Summary (MWh)
For Calendar Year 2018

Line No.	Fuel Source	WREGIS GU ID	Generator Plant-Unit Name	State	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	2018 Total
26	DG Solar	W2032	SRNM RFP - Haley Farms	NM	60.80	51.84	43.60	43.60	49.76	45.92	632.80
27	DG Solar	W2537	SRNM2011-I-02 - SRNM2011-I-02	NM	46.44	46.27	44.35	32.91	31.16	31.83	500.13
28	DG Solar	W2731	SRNM2012-J-01 - SRNM2012-J-01	NM	11.61	16.89	6.56	10.94	8.02	5.76	132.67
29	DG Solar	W2946	SRNM2012-I-01 - SRNM2012-I-01	NM	29.11	30.01	28.21	23.01	22.49	18.62	325.40
30	DG Solar	W3465	SRNM2013-I-01 - SRNM2013-I-01	NM	32.42	32.78	32.48	26.94	24.94	25.13	379.35
31	DG Solar	W3605	SRNM2013-I-02 - SRNM2013-I-02	NM	16.02	15.96	6.10	0.72	1.20	1.19	231.93
32	DG Solar	W3606	SRNM2013-I-03 - SRNM2013-I-03	NM	29.35	30.16	30.40	25.13	23.44	24.24	352.55
33	DG Solar	W3607	SRNM2013-I-04 - SRNM2013-I-04	NM	29.62	30.43	16.12	13.54	13.17	13.82	308.81
34	DG Solar	W3608	SRNM2013-I-05 - SRNM2013-I-05	NM	33.91	30.72	31.00	25.63	23.89	24.79	356.87
35	DG Solar	W3609	SRNM2013-I-06 - SRNM2013-I-06	NM	24.02	15.34	15.53	12.87	11.95	12.30	282.68
36	DG Solar	W3610	SRNM2013-I-07 - SRNM2013-I-07	NM	29.80	30.68	31.09	25.77	24.10	24.99	361.01
37	DG Solar	W3611	SRNM2013-I-08 - SRNM2013-I-08	NM	29.48	30.23	30.47	25.15	23.48	24.22	353.14
38	DG Solar	W3612	SRNM2013-I-09 - SRNM2013-I-09	NM	18.67	17.25	17.99	15.09	15.85	16.52	290.27
39	DG Solar	W3613	SRNM2013-I-10 - SRNM2013-I-10	NM	29.90	30.67	30.92	25.52	23.77	24.56	358.52
40	DG Solar	W3614	SRNM2013-I-11 - SRNM2013-I-11	NM	27.88	15.13	15.28	12.66	11.81	12.17	286.16
41	DG Solar	W3615	SRNM2013-I-12 - SRNM2013-I-12	NM	29.27	30.07	29.78	25.11	23.44	24.18	350.22
42	DG Solar	W3616	SRNM2013-I-13 - SRNM2013-I-13	NM	14.57	14.96	15.06	12.45	11.60	11.98	197.26
43	DG Solar	W3617	SRNM2013-I-14 - SRNM2013-I-14	NM	15.40	14.29	11.47	7.28	13.87	18.78	167.98
44	DG Solar	W3618	SRNM2013-I-15 - SRNM2013-I-15	NM	34.48	24.39	12.44	18.20	19.92	21.73	265.65
45	DG Solar	W3619	SRNM2013-I-16 - SRNM2013-I-16	NM	3.60	4.42	10.23	4.04	5.76	2.43	58.43
46	DG Solar	W4079	SRNM2014-J-01 - SRNM2014-J-01	NM	23.12	26.94	15.81	17.40	11.90	11.96	219.06
47	DG Solar	W4389	SRNM2014-I-01 - SRNM2014-I-01	NM	0.00	22.52	15.66	15.51	11.25	2.13	147.46
			Total		**54,939**	**60,335**	**63,152**	**55,705**	**68,942**	**60,751**	**850,353**
48	Windsource	W1152	Texico Wind - Texico Wind	NM	122.70	97.27	87.27	107.75	180.43	176.19	2,792

2018 RPS Report
Appendix B(CD)



Southwestern Public Service Company
Appendix C: Summary of Renewable Energy Cost Recovery
For Costs Incurred in 2018

Renewable Energy Cost Component	Description	2018 Recovery Mechanism	Case No(s).	
Caprock & San Juan (Wind) PPAs	**General.** The Caprock & San Juan wind facilities are located in New Mexico. The RECs associated with these PPAs are used to comply with the NM REA. SPS separates the costs between RECs and energy, which have different cost recovery treatment.		Case No. 04-00334-UT Case No. 05-00354-UT Case No. 12-00350-UT Case No. 14-00198-UT	12/21/2004 12/20/2005 3/26/2014 12/10/2014
	RECs. The RECs from the Caprock and San Juan wind contracts are administratively assigned a value (currently, $1.35/MWh). Prior to 2013, each REC was placed in a "REC bank" upon generation and as RECs were disposed of (retired for annual REA compliance, transferred to wholesale customers, sold, or expired), the RECs were valued at $1.35 and placed in the "REC Tracker". In Case No. 12-00350-UT, SPS received approval for the elimination of the REC tracker for RECs generated after 12/31/2013. Currently, RECs are recovered through the RPS Rider. NM retail customers receive a credit for TX-generated RECs.	RPS Rider		
	Energy. The energy (total price less the REC) is allocated among SPS's three jurisdictions (NM retail, TX retail, and Wholesale) and collected through the applicable fuel adjustment clauses.	FPPCAC		

Southwestern Public Service Company
Appendix C: Summary of Renewable Energy Cost Recovery
For Costs Incurred in 2018

Renewable Energy Cost Component	Description	2018 Recovery Mechanism	Case No(s).	
SunE (Solar) PPAs	**General.** SPS purchased energy from 5 facilities located in NM. The contract price is administratively segregated into three parts: (i) REC (currently $10/MWh); (ii) energy at and below avoided cost; and (iii) energy above avoided cost. Each piece has a different cost recovery treatment.		Case No. 10-00015-UT Case No. 12-00350-UT Case No. 14-00198-UT	9/14/2010 3/26/2014 12/10/2014
	RECs. The RECs are currently assigned a value of $10/MWh.	RPS Rider		
	Energy at and Below Avoided Costs. Economic energy is allocated among SPS's three jurisdictions (NM retail, TX retail, and Wholesale) and collected through the applicable fuel adjustment clauses.	FPPCAC		
	Energy Above Avoided Costs. Energy above avoided cost is directly assigned to the NM retail jurisdiction. These costs were recovered through the RPS Rider.	RPS Rider		
DG Incentive Programs	**General.** SPS provides eligible customers with an incentive payment to encourage the deployment of distributed generation.		Case No. 12-00350-UT Case No. 14-00198-UT	3/26/2014 12/10/2014
	Incentive (REC) payment. The DG programs, including the applicable incentive payments and contract terms were approved by the Commission. The incentive payments SPS provides to applicable customers are collected through the RPS Rider.	RPS Rider		
	Incremental/Admin costs. Collected through the RPS Rider.	RPS Rider		

Southwestern Public Service Company
Appendix C: Summary of Renewable Energy Cost Recovery
For Costs Incurred in 2018

Renewable Energy Cost Component	Description	2018 Recovery Mechanism	Case No(s).	
WREGIS	**General.** SPS is required by the REA and Rule 572 to use WREGIS to track NM-generated RECs. The administrative fees charged by WREGIS are collected through the RPS Rider.	RPS Rider	Case No. 12-00350-UT Case No. 14-00198-UT	3/26/2014 12/10/2014
Qualifying Large Customer Cap Refunds	These costs are collected through the RPS Rider. On a going-forward basis, SPS has designed the Rider to incorporate these impacts.	RPS Rider	Case No. 12-00350-UT Case No. 14-00198-UT	3/26/2014 12/10/2014

Southwestern Public Service Company
Appendix D: Summary of Renewable Costs Incurred and Recovery Mechanism
For Costs Incurred in 2018

Line No.	Description	(A) = (B) + (C) Total Cost	(B) System Fuel [1]	(C) RPS Rider	(D) NM Retail Allocation - Fuel	(E) = (C) + (D) Total NM Retail Allocation
1	**Wind**					
2	Energy Only (San Juan, Caprock, Mesalands)	$ 23,257,300	$ 23,257,300	$ -	$ 5,768,609	$ 5,768,609
3	RECs (San Juan, Caprock)	802,062	-	802,062	-	802,062
4	Total Wind (L2 + L3)	$ 24,059,363	$ 23,257,300	$ 802,062	$ 5,768,609	$ 6,570,671
5	**Solar (SunE PPAs)**					
6	Economic Energy	$ 2,902,432	$ 2,902,432	$ -	$ 714,955	$ 714,955
7	Uneconomic Energy	8,230,179	-	8,230,179	-	8,230,179
8	RECs[2]	973,805	-	973,805	-	973,805
9	Total Solar (L6+L7 + L8)	$ 12,106,415	$ 2,902,432	$ 9,203,984	$ 714,955	$ 9,918,939
10	**DG**					
11	Incentives & Administration	$ 2,250,701	$ -	$ 2,250,701	$ -	$ 2,250,701
12	Total DG	$ 2,250,701	$ -	$ 2,250,701	$ -	$ 2,250,701
13	**WREGIS**					
14	Registration Costs	$ 9,587	$ -	$ 9,587	$ -	$ 9,587
15	Total WREGIS	$ 9,587	$ -	$ 9,587	$ -	$ 9,587
16	**Total Renewable Energy Costs (L4 + L9 + L12 + L15)**	**$ 38,426,067**	**$ 26,159,732**	**$ 12,266,335**	**$ 6,483,564**	**$ 18,749,899**

[1] Represents a total company (SPS) amount before allocation among SPS's three jurisdictions (NM Retail, TX Retail, and FERC).

[2] SunEdison amount includes minor timing differences between recording in WREGIS and recording in accounting records.

Southwestern Public Service Company
Appendix E: RPS Rider Reconciliation
For Costs Incurred in 2018

Line No.	Description	(A) Total Projected Costs	(B) Actual Costs	(C) Revenue	(D)=(C)-(B) Over/(Under) Recovery
1	REC Tracker:				
2	2012 REC Tracker	$ 215,384.21	$ 215,384.21	$ 215,384.21	$ -
3	2013 REC Tracker	63,010.37	63,010.37	63,010.37	-
4	REC Tracker Interest	16,813.77	19,500.50	19,500.50	-
5	2016 RPS Rider Reconciliation	2,678,076.29	2,678,076.29	2,678,076.29	-
6	2016 Rider and RPS Sales Interest	13,248.35	13,248.35	13,248.35	-
7	**Total Under (Over)-Recovery of Amortizations and Prior Period Amounts (Sum L2:L6)**	**$ 2,986,532.99**	**$ 2,989,219.72**	**$ 2,989,219.72**	**$ -**
8	Concurrent Recovery of Current Costs:				
9	DG (Incentive, Admin, and Marketing)	2,430,660.52	2,250,701.25	2,466,160.73	215,459.48
10	WREGIS	7,500.00	9,587.48	7,609.54	(1,977.94)
11	SunE RECs (at $10/MWh)	1,085,561.26	973,805.02	1,101,416.06	127,611.04
12	SunE Uneconomic Costs	9,931,331.13	8,230,178.92	10,076,379.89	1,846,200.97
13	Wind RECs (at $1.35/MWh)	770,274.41	802,062.47	781,524.40	(20,538.07)
14	**Total Under-Recovery on Current Costs (Sum L9:L13)**	**$ 14,225,327.32**	**$ 12,266,335.14**	**$ 14,433,090.62**	**$ 2,166,755.48**
15	**Qualifying Large Customer Refunds for Billed Amounts Exceeding REA Caps**	**2,210,779.46**	**2,109,921.00**	**2,243,068.26**	**133,147.26**
16	**Total Over/(Under) Recoveries (L7 + L14 + L15)**	**$ 19,422,639.77**	**$ 17,365,475.86**	**$ 19,665,378.60**	**$ 2,299,902.74**

Southwestern Public Service Company
Appendix F: Calculation of Annual RPS Requirement
For 2018

Line No.	Description		2017
1	**Qualifying Large Customer Cap Calculation**		
2	Annual Renewable Billings		
3	Annual Renewable Billings, Adjusted for Qualifying Large Customer Refunds	$	17,555,458
4	Annual Renewable Production (kWh) (All Renewables, Before Sales & Transfers)		850,353,085
5	Avg. Renewable Billings/kWh (L3/L4)	$	0.020645
6	Total Qualifying Large Customer Revenue - With Statutory Caps	$	2,078,193
7	Qualifying Large Customer kWh for RPS After Cap Calc (L6/L5)		100,663,714
8	**RPS Calculation**		
9	Total NM Retail Sales (kWh) (At Meter)		6,181,142,788
10	Less Total Qualifying Large Customer kWh		2,750,448,402
11	Net Retail Less Qualifying Large Customer kWh (L9-L10)		3,430,694,386
12	RPS Percentage		15%
13	Retail Less Qualifying Large Customer RPS (kWh) (L11*L12)		514,604,158
14	Plus Qualifying Large Customer kWh After Cap Calc (L7)		100,663,714
15	**Total RPS Requirement (kWh) (L13+L14)**		**615,267,872**

Southwestern Public Service Company
Appendix G: Quarterly Excess DG Generation Reconciliation
For 2018

Line No.	Month	Recon. Period	Excess Generation (kWh)	Amount Initially Paid Based on Estimated Price	Average Estimated Price per kWh	Amounts Based on SPP IM Prices	Average Actual Price per kWh	Reconciling Amounts	Interest	Total
1	Jan-18		487,756	$ 10,585	$ 0.021702	$ 11,452	$ 0.023479			
2	Feb-18		427,953	$ 10,226	$ 0.023896	$ 10,107	$ 0.023617			
3	Mar-18		490,796	$ 11,883	$ 0.024212	$ 8,930	$ 0.018194			
4		**Quarter 1**		**$ 32,695**		**$ 30,489**		**$ 2,206**	**$ 5**	**$ 2,211**
5	Apr-18		410,718	$ 9,975	$ 0.024286	$ 8,904	$ 0.021680			
6	May-18		428,469	$ 10,406	$ 0.024287	$ 9,430	$ 0.022010			
7	Jun-18		395,807	$ 9,613	$ 0.024287	$ 9,853	$ 0.024893			
8		**Quarter 2**		**$ 29,994**		**$ 28,188**		**$ 1,806**	**$ 4**	**$ 1,810**
9	Jul-18		579,551	$ 14,076	$ 0.024287	$ 16,406	$ 0.028309			
10	Aug-18		240,871	$ 5,850	$ 0.024287	$ 5,680	$ 0.023582			
11	Sep-18		302,878	$ 7,356	$ 0.024287	$ 6,368	$ 0.021025			
12		**Quarter 3**		**$ 27,282**		**$ 28,455**		**$ (1,173)**	**$ (2)**	**$ (1,175)**
13	Oct-18		245,693	$ 5,967	$ 0.024287	$ 8,418	$ 0.034261			
14	Nov-18		334,559	$ 8,125	$ 0.024287	$ 9,474	$ 0.028317			
15	Dec-18		345,040	$ 8,380	$ 0.024287	$ 8,666	$ 0.025115			
16		**Quarter 4**		**$ 22,473**		**$ 26,557**		**$ (4,084)**	**$ (8)**	**$ (4,092)**
19	**2018 Total (Refund) (L4+L8+L12+L16)**							**$ (1,245)**	**$ (2)**	**$ (1,247)**

Southwestern Public Service Company
Appendix H: RPS Rule Map
For the 2018 RPS Report

REPORT (572.19)		Requirement	Rule Citation	Reference
	1	Itemize Renewable & REC purchases and sales	19.A	RPS Report Section II & Appendix A
	2	List and make copies of all RECs acquired, issued or retired	19.B	RPS Report Appendix B
	3	Document from WREGIS (RECs): 1) acquired 2) sold 3) retired 4) transferred and 5) expired	19.C 19.C1 19.C2 19.C3 19.C4 19.C5	RPS Report Appendix B
	4	Describe retirements made to meet RPS compliance based on actual retail sales and procurement costs, for most recent reporting period including, the reductions, if any, to the RPS for procurements for nongovernmental customers with consumption exceeding 10 million kilowatt hours per year, customers that are political subdivisions, or due to the RCT, including an explanation and exhibits demonstrating how the reduction was determined, how the diversity requirements were satisfied and the quantity of RECs banked for future compliance use.	19.D	RPS Report Appendix A RPS Report Appendices C-F RPS Report Section II RPS Report Section IV
	5	Describe and quantify the implementation of the voluntary renewable tariff requirements in 17.9.572.18 NMAC	19.E	RPS Report Section III
	6	Present a full explanation of approved recovery mechanisms for approved annual renewable energy plan costs and a complete accounting of all collected and deferred amounts	19.F	RPS Report Section IV RPS Report Appendices C-E

SOUTHWESTERN PUBLIC SERVICE COMPANY

2019 FILING OF THE ANNUAL RENEWABLE ENERGY ACT PLAN FOR 2020 PLAN YEAR AND 2021 NEXT PLAN YEAR

Prepared in Compliance with 17.9.572.14 NMAC

November 1, 2019

TABLE OF CONTENTS

GLOSSARY OF ACRONYMS AND DEFINED TERMS

Acronym/Defined Term	Meaning
2018 IRP	SPS's current Integrated Resource Plan
Commission	New Mexico Public Regulation Commission
DG	Distributed Generation
ETA	Energy Transition Act
MW	Megawatt
MWh	Megawatt-hour
Next Plan Year	SPS's Annual Renewable Energy Act Plan for 2021
Plan Year	SPS's Annual Renewable Energy Act Plan for 2020
PPA	Purchased Power Agreement
REA	Renewable Energy Act (NMSA 1978, §§ 62-16-1 to 62-16-10)
REC	Renewable Energy Certificate
RCT	Reasonable Cost Threshold
RPS	Renewable Portfolio Standard
Rule 572	17.9.572 NMAC – Renewable Energy Rule for Electric Utilities
SPS	Southwestern Public Service Company, a New Mexico corporation
Total Company	Total SPS (Before jurisdictional allocation)

LIST OF APPENDICES

I. INTRODUCTION

Southwestern Public Service Company ("SPS"), a New Mexico corporation, files its 2019 Annual Renewable Energy Act Filing for 2020 ("Plan Year") and 2021 ("Next Plan Year") in compliance with the Renewable Energy Act (NMSA 1978, §§ 62-16-1 to 62-16-10 – "REA") and New Mexico Public Regulation Commission's ("Commission") Rule 572 (17.9.572 NMAC – Renewable Energy for Electric Utilities, as amended (April 2014) – "Rule 572"). Effective June 14, 2019, the Energy Transition Act ("ETA") amended the REA in several respects, including increasing compliance requirements, eliminating the large customer cap, exempting purchases through an approved voluntary program from cost recovery for compliance with the renewable portfolio standard ("RPS"), changing the definition of reasonable cost threshold ("RCT"), and the requirement that the renewable energy for which the utility plans to retire Renewable Energy Certificates ("REC") for RPS compliance be delivered to the public utility and assigned to the public utility's New Mexico customers. SPS is filing its 2020 plan in compliance with the amendments in the ETA. Where Rule 572 has been superseded by the ETA, the 2020 plan complies with the ETA rather than Rule 572.

In regards to the annual renewable plan filings, Rule 572 requires supporting testimony and data for the Plan Year and Next Plan Year RPS requirements and planned renewable procurements. Specifically, Rule 572.14(B) requires that each annual renewable energy act plan include:

1. testimony and exhibits providing a full explanation of the utility's determination of the plan year and next plan year RPS and RCT;

2. the cost of procurement in the plan year and the next plan year for all new renewable energy resources required to comply with the RPS;

3. the amount of renewable energy the public utility plans to provide in the plan year and the next plan year required to comply with the RPS;

4. testimony and exhibits demonstrating how the cost and amount specified in paragraphs (2) and (3) were determined;

5. testimony and exhibits demonstrating the plan year and next plan year procurement amounts and costs based on revenue requirements expected to be recovered by the utility;

6. testimony and exhibits demonstrating the plan year and next plan year procurement amounts and costs if complying with a fully diversified RPS is limited by the RCT;

7. testimony and exhibits demonstrating the plan year and next plan year procurement amounts and costs based on revenue requirements expected to be recovered by the utility if limited by the RCT;

8. testimony and exhibits that demonstrate that the proposed procurement is reasonable as to its terms and conditions considering price, costs of interconnection and transmission, availability, dispatchability, REC values and portfolio diversification requirements;

9. testimony and exhibits regarding the amount and impact of renewable energy that can be added in any given year without adding generating resources for load following or system regulation purposes;

10. testimony and exhibits demonstrating that the portfolio procurement plan is consistent with the integrated resource plan and explaining any material differences; and

11. demonstration that the plan is otherwise in the public interest.

II. REGULATORY COMPLIANCE ACTIVITY FOR PLAN YEAR AND NEXT PLAN YEAR

A. Determination of RPS and RCT (Rule 572.14(B)(1) and (6))

1. Plan Year and Next Plan Year RPS Requirements

Section 62-16-4 of the REA and Rule 572.10 require that a public utility's renewable portfolio shall be no less than 20 percent of its annual retail New Mexico jurisdictional energy sales beginning in 2020. SPS currently projects that New Mexico retail sales will be 9,407,694 megawatt-hours ("MWh") in the Plan Year. Table 1 below shows the calculation of SPS's Plan Year projected RPS requirement:

Table 1: Calculation of Plan Year RPS Requirements (in MWh)

1	Projected Sales (at Meter)	9,407,694
2	Less: MWh Sales Under Voluntary Programs (Windsource)	4,122
3	Net Retail Less Windsource [Line 1 – Line 2]	9,403,572
4	RPS Percentage for Plan Year	20%
5	Total RPS Requirement for Plan Year [Line 3 * Line 4]	1,880,714

In addition to the overall RPS requirement, Rule 572.11 requires public utilities achieve a fully diversified renewable energy portfolio. SPS has requested a variance from this portion of the Rule as discussed in the Direct Testimony of Ruth M. Sakya. For informational purposes, SPS's Plan Year includes 94% wind energy, 5.3% solar energy, and 0.8% distributed generation ("DG").

In the Next Plan Year, provided for informational purposes, SPS projects that its New Mexico retail sales will be 10,901,410 MWh. Table 3 below shows the calculation of SPS's Next Plan Year RPS requirement:

Table 3: Calculation of Next Plan Year RPS Requirements (in MWh)

1	Projected Retail Sales	10,901,410
2	Less: MWh Sales Under Voluntary Programs (Windsource)	3,710
3	Net Retail Less Windsource [Line 1 – Line 2]	10,897,700
4	RPS Percentage for Next Plan Year	20%
5	Total RPS Requirements for Next Plan Year [Line 3 + Line 4]	2,179,540

For a more complete discussion of the assumptions and factors considered in determining SPS's forecasted Plan Year and Next Plan Year total retail sales used to calculate the RPS, please refer to the Direct Testimony of Richard M. Luth.

2. Plan Year and Next Plan Year RCT

The RCT as defined under Rule 572 is no longer applicable and SPS has requested a variance from that provision of the Rule as discussed in the Direct Testimony of Ruth M. Sakya. The REA, as amended by the ETA, defines the RCT as an average annual levelized cost of sixty dollars per megawatt-hour at the point of interconnection of the renewable energy resource with the transmission system, adjusted for inflation after 2020. The REA states that public utilities should not be required to acquire energy generated from renewable energy resources that could result in costs above the RCT.

B. Plan Year and Next Plan Year Procurements (Rule 572.14(B)(3), (5), (6), and (7))

SPS will be able to meet its overall Plan Year and Next Plan Year RPS requirements by purchasing sufficient wind energy from two New Mexico wind facilities (Caprock Wind L.P. and San Juan Mesa Wind Project LLC) as well as certain qualifying facilities, in addition to its banked wind RECs, using RECs acquired through annual generation at owned wind facilities, using the energy and RECs purchased under five purchased power agreements ("PPA") with entities associated with SunEdison, approved by the Commission in Case No. 10-00015-UT[1], as well as RECs acquired through annual DG generation. See Appendix A, pages 1 and 2 for a summary forecast of banked RECs and RECs acquired to meet RPS requirements.

C. Plan Year and Next Plan Year Procurement Costs (Rule 572.14(B)(2), (4), (5), and (7))

SPS projects that its Plan Year annual renewable procurement costs will be approximately $65,801,403 (total company) or $35,155,066 (New Mexico retail). In the Next Plan Year, SPS projects its annual renewable procurement costs to be approximately $120,740,075 (total company) or $59,129,271 (New Mexico retail).

[1] Case No. 10-00015-UT, *In the Matter of Southwestern Public Service Company's ("SPS") Application to the New Mexico Public Regulation Commission for a Final Order Granting: (1) Approval of SPS's Solar Purchase Power Agreements with SunE SPS1, LLC through SunE SPS5, LLC; (2) Authorization for SPS to Recover all Reasonable Costs of the Solar PPAs; (3) Authorization to Recover Costs Associated with the Solar Deferral Variance; (4) Acceptance of SPS's Report in Compliance with the Commission's Order in Case No. 09-00258-UT; and (5) All Other Approvals, Authorizations, or Variances Required for SPS's Performance and Cost Recovery under the Solar PPAs*, Final Order Approving Recommended Decision (Sept. 14, 2010).

Please refer to Appendix B, pages 1 and 2, for SPS's Plan Year and Next Plan Year projected RPS-related procurement costs by resource type and program cost, at a summary level. Appendix C provides the detailed calculations and assumptions used to provide the procurement costs.

Regarding cost recovery, in SPS's Case No. 12-00350-UT,[2] the Commission approved a renewable rider for SPS to recover its annual renewable costs, annual deferred renewable costs, and true-up balance of previous RPS compliance costs. Costs for economic energy related to SPS's wind and solar contracts will continue to be collected through SPS's fuel and purchased power cost adjustment clause. Please refer to the direct testimonies of Ms. Sakya and Mr. Luth for the calculation of the 2020 RPS revenue requirement, additional detail on RPS cost amounts, and the calculation of the 2020 RPS Rider rate and RPS Reconciliation Rider Rate.

D. Reasonableness and Load Following Requirements of Proposed Procurements (Rules 572.14(B)(8) and (9))

SPS is not seeking approval of any new energy resource procurements in this proceeding. Accordingly, Rules 572.14(B)(8) and (9) are not applicable.

E. Comparison to SPS's Integrated Resource Plan (Rule 572.14(B)(10))

[2] Case No. 12-00350-UT, *In the Matter of Southwestern Public Service Company's Application for Revision of its Retail Rates Under Advice Notice No. 245*, Final Order Partially Adopting Recommended Decision (Mar. 26, 2014).

SPS's current Integrated Resource Plan ("2018 IRP") was accepted in Case No. 18-00215-UT.[3] In its 2018 IRP, SPS assumed for modeling purposes, full compliance with the RPS requirements of the Renewable Energy Act and Rule 572. Nevertheless, in recognition of SPS's RCT constraints, SPS did not propose in its 2018 IRP to acquire additional RPS-related renewable resources. As discussed by Ms. Sakya, SPS: (1) need not add any additional renewable generation to meet the overall RPS requirements for the Plan Year and Next Plan Year. The updated requirements of the RPS set by the ETA came into effect after SPS's 2018 IRP received PRC acceptance; therefore, the updated RPS requirements are not reflected in that filing. SPS's next IRP filing will need to address the increased RPS requirements passed by the ETA.

F. SPS's Filing for the Plan Year and Next Plan Year is in the Public Interest (Rule 572.14(B)(11))

SPS's 2020 RPS Plan balances New Mexico's goals for renewable energy development, not only as a whole, but also through the use of diverse renewable generation resources with customer protections through the cost limitations brought on by the RCT. Please refer to Ms. Sakya's direct testimony.

[3] Case No. 18-00215-UT, *In the Matter of Southwestern Public Service Company's 2018 Integrated Resource Plan for New Mexico*, Final Order (December 5, 2018).

Southwestern Public Service Company
Appendix A: Summary of Renewable Energy Generation and REC Transactions (in MWh)
For Calendar Year 2020

Line No.	Description	Total
1	2020 NM Retail Sales	9,407,694
2	Less Voluntary Program Sales	4,122
3	Net 2020 NM Retail Sales	9,403,572
4	Overall RPS Requirement (%)	20%
5	RPS Obligation (L3 * L4)	1,880,714
6	Beginning REC Balance	1,442,437
7	**Generation:**	
8	**Wind**	
9	Hale - NM Allocation	888,842
10	Sagamore - NM Allocation	-
11	Caprock Generation - 100%	318,870
12	San Juan Generation - 100%	404,610
13	Mesalands Generation	-
14	**Solar**	
15	SunEdison Solar Generation - 100%	90,460
16	**Distributed Generation**	
17	Company Owned Solar Generation	150
18	SolarRewards	13,214
19	Total Annual Generation (Sum L9 : L18)	1,716,146
20	Less Transfers to Wholesale Customers (San Juan, Caprock)	90,507
21	Less Expiring RECs	-
22	Less Annual RPS Obligation (L5)	1,880,714
23	REC Adjustments from Prior Years	-
24	Annual Excess/(Deficiency) (L19 - L20 - L21- L22 + L23)[1]	(255,076)
25	Cumulative Excess/(Deficiency) (L6 + L24)	1,187,361

Notes:

[1] SPS's general policy is to retire RECs on a first-in-first-out basis (that is, SPS retires the oldest year RECs available first before current generation).

Southwestern Public Service Company
Appendix A: Summary of Renewable Energy Generation and REC Transactions (in MWh)
For Calendar Year 2021

Line No.	Description	Total
1	2021 NM Retail Sales	10,901,410
2	Less Voluntary Program Sales	3,710
3	Net 2021 NM Retail Sales	10,897,700
4	Overall RPS Requirement (%)	20%
5	RPS Obligation (L3 * L4)	2,179,540
6	Beginning REC Balance	1,187,361
7	**Generation:**	
8	**Wind**	
9	Hale - NM Allocation	955,245
10	Sagamore - NM Allocation	1,045,165
11	Caprock Generation - 100%	317,490
12	San Juan Generation - 100%	403,110
13	Mesalands Generation	-
14	**Solar**	
15	SunEdison Solar Generation - 100%	89,330
16	**Distributed Generation**	
17	Company Owned Solar Generation	150
18	SolarRewards	12,593
19	Total Annual Generation (Sum L9 : L18)	2,823,082
20	Less Transfers to Wholesale Customers (San Juan, Caprock)	83,950
21	Less Expiring RECs	-
22	Less Annual RPS Obligation (L5)	2,179,540
23	REC Adjustments from Prior Years	-
24	Annual Excess/(Deficiency) (L19 - L20 - L21- L22 + L23)[1]	559,592
25	Cumulative Excess/(Deficiency) (L6 + L24)	1,746,953

Notes:

[1] SPS's general policy is to retire RECs on a first-in-first-out basis (that is, SPS retires the oldest year RECs available first before current generation).

Southwestern Public Service Company
Appendix B: Summary of Projected Renewable Costs and Recovery Mechanism
For the Year 2020

Line No.	Description	(A) = (B) + (D) + (F) Total Cost	(B) Base Rates	(C) NM Retail Base Rates *	(D) System Fuel *	(E) NM Retail Allocation - Fuel *	(F) RPS Rider	(G) = (C) + (E) + (F) Total NM Retail Allocation
1	**Wind**							
2	Energy Only (San Juan, Caprock) RECs (San Juan, Caprock, Less	$ 23,986,522	$ -	$ -	$ 23,986,522	$ 9,450,620	$ -	$ 9,450,620
3	Wholesale Transfers)	854,513	-	-	-	-	854,513	854,513
4	Total Wind	$ 24,841,035	$ -	$ -	$ 23,986,522	$ 9,450,620	$ 854,513	$ 10,305,133
5	**Owned Wind**							
6	Base Rates **	$ 97,555,237	$ 97,555,237	$ 38,436,479	$ -	$ -	$ -	$ 38,436,479
7	PTCs	(72,408,525)	-	-	(72,408,525)	(28,528,748)	-	(28,528,748)
8	Total Owned Wind	$ 25,146,712	$ 97,555,237	$ 38,436,479	$ (72,408,525)	$ (28,528,748)	$ -	$ 9,907,731
9	**Solar (SunE PPAs)**							
10	Economic Energy	$ 1,438,035	$ -	$ -	$ 1,438,035	$ 566,582	$ -	$ 566,582
11	Uneconomic Energy	9,805,238	-	-	-	-	9,805,238	9,805,238
12	RECs	904,600	-	-	-	-	904,600	904,600
13	Total SunE Solar	$ 12,147,873	$ -	$ -	$ 1,438,035	$ 566,582	$ 10,709,838	$ 11,276,420
14	**DG**							
15	Incentives & Administration	$ 2,303,744	$ -	$ -	$ -	$ -	$ 2,303,744	$ 2,303,744
16	Total DG	$ 2,303,744	$ -	$ -	$ -	$ -	$ 2,303,744	$ 2,303,744
17	**WREGIS**							
18	Registration Costs	$ 15,300	$ -	$ -	$ -	$ -	$ 15,300	$ 15,300
19	Total WREGIS	$ 15,300	$ -	$ -	$ -	$ -	$ 15,300	$ 15,300
20	**Refund for Costs Charged in Excess of the Large Customer Cap *** **							
21	Annual Refund (Applied as a Reduction to Revenue)	$ 1,346,737	$ -	$ -	$ -	$ -	$ 1,346,737	$ 1,346,737
22	Total Refunds	$ 1,346,737	$ -	$ -	$ -	$ -	$ 1,346,737	$ 1,346,737
23	**Total Renewable Energy Costs (L4 + L8 + L13 + L16 + L19 + L22)**	**$ 65,801,403**	**$ 97,555,237**	**$ 38,436,479**	**$ (46,983,967)**	**$ (18,511,546)**	**$ 15,230,133**	**$ 35,155,066**

[1] Represents a total company (SPS) amount before allocation among SPS's three jurisdictions. The SunE uneconomic costs, however, are allocated 100% to New Mexico.

* Allocation Factor based on forecast. System Fuel represents a total company (SPS) amount before allocation among SPS's three jurisdictions. The SunE uneconomic costs, however, are allocated 100% to New Mexico.

** For illustration purposes only. Based on the revenue requirement provided on Attachment APF-12 to the direct testimony of Arthur P. Freitas in Case No. 19-00170-UT.

Fuel savings attributable to owned wind resources are not reflected here. The illustrative net cost of $11.14/MWh shown on Appendix C, page 1 ($43.24-($25*1.283862)) would be the lowest average fuel price at which the project would not be providing fuel savings.

*** Reduction to Revenue.

Southwestern Public Service Company
Appendix B: Summary of Projected Renewable Costs and Recovery Mechanism
For the Year 2021

Line No.	Description	(A) = (B) + (D) + (F) Total Cost	(B) Base Rates	(C) NM Retail Base Rates *	(D) System Fuel *	(E) NM Retail Allocation - Fuel *	(F) RPS Rider	(G) = (C) + (E) + (F) Total NM Retail Allocation
1	**Wind**							
2	Energy Only (San Juan, Caprock)	$ 24,511,674	$ -	$ -	$ 24,511,674	$ 10,413,867	$ -	$ 10,413,867
3	RECs (San Juan, Caprock, Less Wholesale Transfers)	859,478	-	-	-	-	859,478	859,478
4	Total Wind	$ 25,371,152	$ -	$ -	$ 24,511,674	$ 10,413,867	$ 859,478	$ 11,273,345
5	**Owned Wind**							
6	Base Rates **	$ 231,893,726	$ 231,893,726	$ 98,520,828	$ -	$ -	$ -	$ 98,520,828
7	PTCs	(151,125,626)	-	-	(151,125,626)	(64,206,229)	-	(64,206,229)
8	Total Owned Wind	$ 80,768,100	$ 231,893,726	$ 98,520,828	$ (151,125,626)	$ (64,206,229)	$ -	$ 34,314,598
9	**Solar (SunE PPAs)**							
10	Economic Energy	$ 1,842,129	$ -	$ -	$ 1,842,129	$ 782,635	$ -	$ 782,635
11	Uneconomic Energy	9,656,429	-	-	-	-	9,656,429	9,656,429
12	RECs	893,300	-	-	-	-	893,300	893,300
13	Total SunE Solar	$ 12,391,858	$ -	$ -	$ 1,842,129	$ 782,635	$ 10,549,729	$ 11,332,363
14	**DG**							
15	Incentives & Administration	$ 2,181,265	$ -	$ -	$ -	$ -	$ 2,181,265	$ 2,181,265
16	Total DG	$ 2,181,265	$ -	$ -	$ -	$ -	$ 2,181,265	$ 2,181,265
17	**WREGIS**							
18	Registration Costs	$ 27,700	$ -	$ -	$ -	$ -	$ 27,700	$ 27,700
19	Total WREGIS	$ 27,700	$ -	$ -	$ -	$ -	$ 27,700	$ 27,700
20	**Refund for Costs Charged in Excess of the Large Customer Cap *** ** Annual Refund (Applied as a							
21	Reduction to Revenue)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
22	Total Refunds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
23	**Total Renewable Energy Costs (L4 + L8 + L13 + L16 + L19 + L22)**	**$ 120,740,075**	**$ 231,893,726**	**$ 98,520,828**	**$ (124,771,823)**	**$ (53,009,728)**	**$ 13,618,171**	**$ 59,129,271**

[1] Represents a total company (SPS) amount before allocation among SPS's three jurisdictions. The SunE uneconomic costs, however, are allocated 100% to New Mexico.

* Allocation Factor based on forecast. System Fuel represents a total company (SPS) amount before allocation among SPS's three jurisdictions. The SunE uneconomic costs, however, are allocated 100% to New Mexico.

** For illustration purposes only. Based on the revenue requirement provided on Attachment APF-12 to the direct testimony of Arthur P. Freitas in Case No. 19-00170-UT and the Sagamore revenue requirement calculation supporting stipulation in Case No. 17-00044-UT.

Fuel savings attributable to owned wind resources are not reflected here. The illustrative net cost of $17.15/MWh shown on Appendix C, page 2 ($49.25-($25*1.283862)) would be the lowest average fuel price at which the projects would not be providing fuel savings.

*** Reduction to Revenue.

Southwestern Public Service Company
Appendix C: Details of RPS Cost Projections
For the Plan Year 2020

Line No.	Description	$/MWh	PTC Tax Gross Up	Total MWh	NM Allocation MWh	Total Cost	NM Retail Base Rates	NM Retail Fuel*	RPS Rider
1	**Wind Energy (Excludes RECs)**								
2	San Juan	$ 33.41		404,610	159,415	$ 13,518,020.10	$ -	$ 5,326,060.54	$ -
3	Caprock	$ 32.83		318,870	125,634	$ 10,468,502.10	$ -	$ 4,124,559.33	$ -
4	**Wind RECs (Less Wholesale Transfers)**								
5	San Juan	$ 1.35			353,993	$ 477,890.94	$ -	$ -	$ 477,890.94
6	Caprock	$ 1.35			278,979	$ 376,622.14	$ -	$ -	$ 376,622.14
7	**Owned Wind**								
8	Hale **	$ 43.24		2,255,960	888,842	$ 97,555,237.21	$ 38,436,479.29	$ -	$ -
9	Hale PTCs	$ 25.00	1.283862	2,255,960	888,842	$ (72,408,524.84)	$ -	$ (28,528,747.87)	$ -
10	**Solar (SunE PPAs)**								
11	Economic Energy	$ 15.90		90,460	35,641	$ 1,438,035.38	$ -	$ 566,581.75	$ -
12	Uneconomic Energy	$ 108.39			90,460	$ 9,805,238.02	$ -	$ -	$ 9,805,238.02
13	RECs	$ 10.00			90,460	$ 904,600.00	$ -	$ -	$ 904,600.00
14	**DG**								
15	Projected Payments					$ 2,303,744.47	$ -	$ -	$ 2,303,744.47
16	**WREGIS Registration Costs**					$ 15,300.00	$ -	$ -	$ 15,300.00
17	**Refund for Billings in Excess of the Large Customer Cap*** **					$ 1,346,737.00	$ -	$ -	$ 1,346,737.00

* Allocation Factor based on forecast.
** For illustration purposes only. Based on the revenue requirement provided on Attachment APF-12 to the direct testimony of Arthur P. Freitas in Case No. 19-00170-UT.
Fuel savings attributable to owned wind resources are not reflected here. The illustrative net cost of $11.14/MWh shown here ($43.24-($25*1.283862)) would be the lowest average fuel price at which the project would not be providing fuel savings.
*** Reduction to Revenue.

Southwestern Public Service Company
Appendix C: Details of RPS Cost Projections
For the Plan Year 2021

Line No.	Description	$/MWh	PTC Tax Gross Up	Total MWh	NM Allocation MWh	Total Cost	NM Retail Base Rates	NM Retail Fuel*	RPS Rider
1	**Wind Energy (Excludes RECs)**								
2	San Juan	$ 34.28		403,110	171,263	$ 13,818,610.80	$ -	$ 5,870,883.16	$ -
3	Caprock	$ 33.68		317,490	134,887	$ 10,693,063.20	$ -	$ 4,542,983.78	$ -
4	**Wind RECs (Less Wholesale Transfers)**								
5	San Juan	$ 1.35			356,148	$ 480,799.37	$ -	$ -	$ 480,799.37
6	Caprock	$ 1.35			280,502	$ 378,678.26	$ -	$ -	$ 378,678.26
7	**Owned Wind**								
8	Hale and Sagamore **	$ 49.25		4,708,470	2,000,409	$ 231,893,726.21	$ 98,520,827.65	$ -	$ -
9	Hale and Sagamore PTCs	$ 25.00	1.283862	4,708,470	2,000,409	$ (151,125,625.88)	$ -	$ (64,206,229.23)	$ -
10	**Solar (SunE PPAs)**								
11	Economic Energy	$ 20.62		89,330	37,952	$ 1,842,128.77	$ -	$ 782,634.59	$ -
12	Uneconomic Energy	$ 108.10			89,330	$ 9,656,428.83	$ -	$ -	$ 9,656,428.83
13	RECs	$ 10.00			89,330	$ 893,300.00	$ -	$ -	$ 893,300.00
14	**DG**								
15	Projected Payments					$ 2,181,264.95	$ -	$ -	$ 2,181,264.95
16	**WREGIS Registration Costs**					$ 27,700.00	$ -	$ -	$ 27,700.00
17	**Refund for Billings in Excess of the Large Customer Cap*** **					$ -	$ -	$ -	$ -

* Allocation Factor based on forecast.

** For illustration purposes only. Based on the revenue requirement provided on Attachment APF-12 to the direct testimony of Arthur P. Freitas in Case No. 19-00170-UT and the Sagamore revenue requirement calculation supporting stipulation in Case No. 17-00044-UT.

Fuel savings attributable to owned wind resources are not reflected here. The illustrative net cost of $17.15/MWh shown here ($49.25-($25*1.283862)) would be the lowest average fuel price at which the projects would not be providing fuel savings.

*** Reduction to Revenue.

Southwestern Public Service Company
RPS Rider Revenue Requirement Calculation
For Calendar Year 2020

Line No.	Description	(A) Total Costs	(B) 2020 Revenue Requirement	(C) Reference/Notes
1	2018 RPS Rider Reconciliation (Return Over-Recovery)	$ (2,299,902.74)	$ (2,299,902.74)	Report Appendix E (Attachment RMS-2)
2	2018 Rider Interest	20,277.90	20,277.90	Monthly interest (Cust. Dep. Rate)
3	2019 Costs Charged in Excess of the Large Customer Cap	1,346,737.00	1,346,737.00	
4	**Portion for RPS Reconciliation Rate (Tariff No.77) (L1 : L3)[1]**	**$ (932,887.85)**	**$ (932,887.85)**	
5	2013 REC Tracker Reconciliation*	$ 220,536.30	$ 31,505.19	42 mo amort, beginning 1/17 ($220,536.30/42)*6
6	Projected REC Tracker Interest (2013 Tracker)*	19,219.74	2,745.68	Based on 2019 Customer Deposit Interest Rate
7	Return REC Sales Margins	(111,156.75)	(111,156.75)	
8	2020 Projected Annual Costs:			
9	DG (Incentive, Admin, and Marketing)	2,303,744.47	2,303,744.47	Attachment RMS-3, Appendices B & C
10	WREGIS	15,300.00	15,300.00	Attachment RMS-3, Appendices B & C
11	SunE RECs (at $10/MWh)	904,600.00	904,600.00	Attachment RMS-3, Appendices B & C
12	SunE Uneconomic Costs	9,805,238.02	9,805,238.02	Attachment RMS-3, Appendices B & C
13	Wind RECs (at $1.35/MWh)	854,513.08	854,513.08	Attachment RMS-3, Appendices B & C
14	Total Annual Costs (Sum L9 : L13)	$ 13,883,395.57	$ 13,883,395.57	
15	**Portion for RPS Rider Rate (Tariff No. 70) (+L5+L6+L7+L14)[1]**	**$ 14,011,994.86**	**$ 13,806,489.68**	
16	**Total RPS Rider 2020 Revenue Requirement (+L4+L15)**	**$ 13,079,107.01**	**$ 12,873,601.84**	

*Total costs for historic amounts reflect the initial balances. The revenue requirement reflects the annual collections of amortized balances.

[1] Return of 2018 Over-Recovery and 2019 costs charged in excess of the large customer cap must be treated differently due to elimation of large customer caps in 2020. See the direct testimony of Richard M. Luth.

Southwestern Public Service Company
RPS Rider Revenue Requirement Calculation - Projected
For Calendar Year 2021

Line No.	Description	(A) Total Costs	(B) 2021 Revenue Requirement	(C) Reference/Notes
1	Projected 2019 RPS Rider Reconciliation	$ (2,299,902.74)	$ (2,299,902.74)	Assumed to be the same as 2020
2	2019 Rider Interest	20,277.90	20,277.90	Assumed to be the same as 2020
3	**Portion for Reconciliation Rate (+L1+L2)[1]**	**$ (2,279,624.85)**	**$ (2,279,624.85)**	
4	2021 Projected Annual Costs:			
5	DG (Incentive, Admin, and Marketing)	$ 2,181,264.95	$ 2,181,264.95	Attachment RMS-3, Appendices B & C
6	WREGIS	27,700.00	27,700.00	Attachment RMS-3, Appendices B & C
7	SunE RECs (at $10/MWh)	893,300.00	893,300.00	Attachment RMS-3, Appendices B & C
8	SunE Uneconomic Costs	9,656,428.83	9,656,428.83	Attachment RMS-3, Appendices B & C
9	Wind RECs (at $1.35/MWh)	859,477.64	859,477.64	Attachment RMS-3, Appendices B & C
10	Total Annual Costs (Sum L5 : L9)	$ 13,618,171.42	$ 13,618,171.42	
11	**Portion for RPS Rider Rate (L10)[1]**	**$ 13,618,171.42**	**$ 13,618,171.42**	
12	**Total RPS Rider 2020 Revenue Requirement (+L3+L11)**	**$ 11,338,546.57**	**$ 11,338,546.57**	

[1] Return of 2018 Over-Recovery and 2019 costs charged in excess of the large customer cap must be treated differently due to elimation of large customer caps in 2020. See the direct testimony of Richard M. Luth.

CASE NO. 19-00134-UT

IN THE MATTER OF SOUTHWESTERN PUBLIC SERVICE COMPANY'S APPLICATION REQUESTING: (1) ACKNOWLEDGEMENT OF ITS FILING OF THE 2018 ANNUAL RENEWABLE ENERGY PORTFOLIO REPORT; (2) APPROVAL OF ITS ANNUAL RENEWABLE ENERGY PORTFOLIO PROCUREMENT PLAN FOR PLAN YEAR 2020; (3) APPROVAL OF THE PROPOSED RATE FOR ITS 2020 RENEWABLE PORTFOLIO STANDARD RIDER; AND (4) OTHER ASSOCIATED RELIEF.

Attachment RMS-5(CD)