

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
PUBLIC SERVICE COMPANY OF NEW MEXICO)
FOR APPROVAL OF PNM SOLAR DIRECT)
VOLUNTARY RENEWABLE ENERGY PROGRAM,)
POWER PURCHASE AGREEMENT, AND) Case No. 19-00158-UT
ADVICE NOTICE NOS. 560 AND 561,)
)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
)
Applicant.)
_____)**

NOTICE OF PROCEEDING AND

HEARING NOTICE is hereby given that:

On May 31, 2019, Public Service Company of New Mexico (PNM) filed an Application with the New Mexico Public Regulation Commission (“Commission” or NMPRC) requesting approvals related to a new voluntary renewable energy program, PNM Solar Direct. According to the Application, energy for the new program will be provided by a competitively-procured 50 MW solar facility through the Jicarilla Solar 2 power purchase agreement (PPA) over a 15-year term. Participants in PNM Solar Direct will pay program costs through proposed Original Rider No. 50, which includes a Contract Rider Rate to recover PPA costs and an Administrative Charge to recover the costs of administering and implementing PNM Solar Direct. Participating customers will receive a monthly fuel credit and a variable operation and maintenance credit for each kWh of PPA production based on their subscription through the program.

PNM proposes to open PNM Solar Direct to governmental customers and large commercial customers with aggregate demand of at least 2.5 MW. To participate in PNM Solar Direct, eligible customers must enter into a 15-year contract matching the term of the PPA. PNM says it has received firm commitments from eligible customers equal to the

entire 50 MW capacity of the program. PNM claims that approval of the PNM Solar Direct program will not result in PNM's other customers bearing the program costs. If the program is approved, PNM anticipates that participants in PNM Solar Direct will begin receiving service under the program beginning with the Commercial Operation Date of the Jicarilla Solar 2 LLC facility, March 31, 2021.

PNM's Application is subject to the Renewable Energy Act (REA), NMSA 1978, §§ 62-16-1 to -10 and the Commission's Renewable Energy Rule, 17.9.572 NMAC. Section 62-16-7(B) of the REA provides that the Commission "may require that a public utility offer its retail customers a voluntary program for purchasing renewable energy that is in addition to energy provided by the public utility pursuant to the renewable portfolio standard, under rates and terms that are approved by the commission." Pursuant to Section 62-16-7(B), the Commission promulgated 17.9.572.18 NMAC, which provides:

A. Each public utility shall offer a voluntary renewable energy tariff for those customers who want the option to purchase additional renewable energy.

B. The voluntary renewable tariff may also include provisions to enable consumers to purchase renewable energy within certain energy blocks and by source of renewable energy. Additionally, each public utility must develop an educational program on the benefits and availability of its voluntary renewable energy program. The tariff, along with the details of the consumer education program, shall be on file with the commission.

In approving PNM's existing voluntary renewable energy program, Sky Blue, the Commission held in Case No. 10-00018-UT that renewable energy supplying a voluntary program must be in addition to renewable energy the utility would otherwise offer customers or use to satisfy the renewable portfolio standard (RPS) pursuant to the REA. PNM states that the PPA supplying the renewable energy for PNM Solar Direct is in addition to renewable energy PNM procures to meet its RPS.

Accordingly, PNM requests that the Commission grant the following approvals necessary to implement the PNM Solar Direct program:

- Approve the PNM Solar Direct program pursuant to NMSA 1978, Section 62-16-7 and 17.9.572.18 NMAC;
- Approve the PPA pursuant to 17.9.551 NMAC;
- Approve Advice Notice No. 560, which contains PNM's proposed Original Rider No. 50 – Voluntary Solar Renewable Energy Program – PNM Solar Direct for Governmental and Large Commercial Customers;
- Approve Advice Notice No. 561, which contains PNM's proposed Original Form No. 106, PNM Solar Direct Service Agreement – Governmental Entities; Original Form No. 107, PNM Solar Direct Service Agreement – Non-Governmental Entities; and Original Form No. 108, Bill Form for PNM Solar Direct; and
- Grant a variance from 17.1.2.10(B)(2)(b) NMAC, which requires comparisons of proposed rates with current rates and the impact on residential customers, and from 17.9.530 NMAC, which requires filing of detailed schedules supporting changes in general rates.

PNM proposes to recover the costs of the PPA from the participating customers, as provided in the Service Agreements between PNM and the participating customers and Original Rider No. 50. Pursuant to 17.9.551 NMAC, PNM must receive Commission approval of the PPA before becoming irrevocably bound under the PPA. PNM requests that the Commission grant the approvals specified above within six months as provided in 17.9.551.10(B) NMAC.

PNM asserts that PNM Solar Direct is in the public interest and should be approved. PNM states that costs of the program will be collected from program participants. PNM also points out that approving the program will allow PNM to add 50

MW of renewable energy to its system that will not count toward meeting PNM's renewable portfolio standard.

PNM seeks a variance from 17.1.2.10(B)(2)(b) NMAC (which requires comparisons of proposed rates with current rates and the impact on residential customers) and from 17.9.530 NMAC ("Rule 530") (which requires filing of detailed schedules supporting changes in general rates). PNM claims that a statement comparing new rates with present rates is unnecessary since Original Rider No. 50 being requested is not replacing or changing any present rates so there is nothing to compare. PNM contends that the minimum data requirements established by Rule 530 are appropriate for general rate cases and will provide no additional information useful for evaluation of the approvals sought by PNM's Application. Further, PNM maintains that the time necessary to develop the information for the limited rate approvals sought would frustrate PNM's ability to obtain the necessary regulatory approvals in a timely manner that will allow completion of the Jicarilla Solar 2 project to supply the energy requirements of PNM Solar Direct.

Pursuant to Rule 551.10(A) NMAC, the Commission may approve a power purchase agreement without a formal hearing if no protest is filed within sixty (60) days after the date notice is given pursuant to Commission order.

On June 5, 2019, the Commission issued an Initial Order commencing this proceeding to consider PNM's Application and appointing the Hearing Examiner to preside over this matter. The Commission subsequently issued an Order on June 12, 2019 suspending indefinitely PNM Advice Notices Nos. 560 and 561 pending the completion of a hearing and dispositive order on the merits of PNM's Application.

Further information regarding this case can be obtained by contacting PNM or the Commission at the addresses and telephone numbers provided below. Additional details regarding the procedural requirements for this proceeding are set forth in the Procedural

Order issued by the Hearing Examiner on June 18, 2019. All inquiries or written comments concerning this matter must refer to Case No. 19-00158-UT.

The present procedural schedule for this case is as follows:

- (1) Any person desiring to become a party (“intervenor”) in this case shall file a motion for leave to intervene in conformity with Rules 1.2.2.23(A) and 1.2.2.23(B) NMAC by no later than August 12, 2019.
- (2) On or before July 5, 2019, PNM may file an amended version of the Service Agreement – Governmental Entities that contains alternative provisions in Section 22; such amended Service Agreement filing shall be supported by supplemental testimony limited to this subject.
- (3) On or before August 21, 2019, Staff of the Commission’s Utility Division (“Staff”) shall file, and any intervenor may file, direct testimony. Alternatively, should a settlement be reached among all or some of the parties, a stipulation shall be filed no later than August 21, 2019.
- (4) If a stipulation is filed as provided for above, PNM and Staff shall, and any intervenor may, file direct testimony regarding the stipulation on or before September 4, 2019. Alternatively, any rebuttal testimony to the direct testimony submitted August 21, 2019 shall be filed on or before September 4, 2019.
- (5) Any rebuttal testimony to the direct testimony regarding a stipulation shall be filed on or before September 11, 2019.
- (6) A public hearing on this matter shall be held on September 18, 2019, commencing at 9:30 a.m. in the Ground Floor Hearing Room of the Commission in the P.E.R.A. Building, 1120 Paseo de Peralta, Santa Fe, New Mexico, and shall continue if necessary, on September 19 and 20, 2019.

Interested persons may appear at the time and place of hearing and make oral or written comment pursuant to 1.2.2.23(F) NMAC without becoming an intervenor. Comments shall not be considered as evidence in this case. *See* 1.2.2.23(F) NMAC. Written comments, which shall reference Case No. 19-00158-UT, may be sent to the Commission at: New Mexico Public Regulation Commission; Attention: Melanie Sandoval, Records Management Bureau, P.E.R.A. Building, 1120 Paseo de Peralta, P.O. Box 1269, Santa Fe, NM 87504-1269, Telephone: (505) 827-6968.

Interested persons should contact the Commission at (505) 827-6956 for confirmation of the hearing date, time, and place since hearings are occasionally rescheduled or, if deemed not required or necessary, canceled at the discretion of the Hearing Examiner or Commission.

PNM's Application, together with the supporting pre-filed direct testimony, and any exhibits and related papers, may be examined by any interested person online on the PNM website at <https://www.pnm.com/regulatory> or in person at the offices of PNM at the following address: Public Service Company of New Mexico, 414 Silver Avenue, SW, Albuquerque, New Mexico, Telephone: 505-241-2700.

The public record for this case may be accessed on the Commission's website at <http://www.nmprc.state.nm.us/> under Case Lookup E-docket or examined in person at the Commission's Records Bureau in the P.E.R.A. Building, 1120 Paseo De Peralta, Santa Fe, New Mexico, (505) 827-6968.

Anyone filing pleadings, testimony, and other documents shall file either in person with the Commission's Records Management Bureau in the P.E.R.A. Building in Santa Fe, New Mexico, or by mail addressed to: New Mexico Public Regulation Commission; Attention: Melanie Sandoval, Records Management Bureau, P.E.R.A. Building, 1120 Paseo de Peralta, P.O. Box 1269, Santa Fe, NM 87504-1269. The following physical address

shall be used only for special or hand deliveries: Records Management Bureau's fourth floor office, 1120 Paseo de Peralta, Santa Fe, NM 87501. All filings shall be served on the parties of record and Staff on the date of filing as specified in the most recent Certificate of Service ("Official Service List") issued in accordance with 1.2.2.10(C)(4) NMAC. Unless otherwise requested or ordered, parties shall serve all pleadings, testimony, and other filings by email only. All filings shall be emailed to the Hearing Examiner on the date filed at anthony.medeiros@state.nm.us by no later than 5:00 p.m. Mountain Prevailing Time. Such filings shall include the Word or other native version of the filing (e.g., Excel or Power Point) if created in such format. Any filings not emailed to the Hearing Examiner in compliance with the foregoing requirements are subject to being summarily rejected and stricken from the record in the Hearing Examiner's discretion.

The procedural dates and requirements established in this Order are subject to further order or ruling of the Hearing Examiner or Commission. The Commission's Rules of Procedure, 1.2.2 through 40 NMAC, shall apply in this case except as modified or varied by order of the Hearing Examiner or Commission. The Rules of Procedure can be obtained from the offices of the Commission and are available online at the official NMAC website, <http://www.nmcpr.state.nm.us/nmac/>.

ANY PERSON WITH A DISABILITY REQUIRING SPECIAL ASSISTANCE IN ORDER TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE COMMISSION AT LEAST 24 HOURS PRIOR TO THE COMMENCEMENT OF THE HEARING, AT EITHER (505) 827-4500 OR 888-427-5772.

ISSUED at Santa Fe, New Mexico this **18th** day of **June 2019**.

NEW MEXICO PUBLIC REGULATION COMMISSION

Anthony F. Medeiros
Hearing Examiner