

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO’S)
APPLICATION FOR APPROVAL PURSUANT)
TO 17.9.551 NMAC OF THREE PURCHASED) Case No. 18-00009-UT
POWER AGREEMENTS IN ACCORDANCE)
WITH SPECIAL SERVICE CONTRACT WITH)
FACEBOOK INC.)**

NOTICE

NOTICE is hereby given that on January 17, 2018, Public Service Company of New Mexico (“PNM” or “Company”) filed an Application with the New Mexico Public Regulation Commission (“Commission” or “NMPRC”) for approval, pursuant to 17.9.551 NMAC, of the following long term purchased power agreements (“PPA”):

1. The Casa Mesa PPA. This PPA provides that Casa Mesa Wind, LLC, a subsidiary of NextEra Energy, Inc., will sell PNM the capacity and associated energy from the Casa Mesa wind facility at the price of \$28.12/MWh over a twenty-five year term. The twenty-five year term begins on the facility’s commercial operation date, which is expected to be December 31, 2018. The Casa Mesa wind facility is a new 50 MW wind facility that will be located in Quay and De Baca Counties, New Mexico. The Casa Mesa project also includes one MW of battery storage.

2. The La Joya PPA. This PPA provides that Avangrid Renewables, LLC, will sell PNM the capacity and associated energy from the La Joya wind facility at the price of \$27.92/MWh over a twenty year term. The twenty-year term begins on La Joya’s commercial operation date, which is expected to be November 1, 2020. The La

Joya wind facility is a new 166 MW wind facility located 18 miles east of Estancia, New Mexico, in Torrance County.

3. The Route 66 PPA. This PPA provides that Route 66 Solar Energy Center, LLC, a subsidiary of NextEra Energy, Inc., will sell PNM the capacity and associated energy from the Route 66 solar facility, at the price of \$29.98 over a twenty-five year term. The twenty-five year term begins on Route 66's commercial operation date, which is expected to be December 1, 2021. The Route 66 solar facility is a new 50 MW solar facility that will be located west of Albuquerque, New Mexico, in Cibola County.

PNM proposes to recover the costs of the PPAs from Facebook, Inc. ("Customer"), as provided in the Special Services Contract ("SSC") entered into by PNM and the Customer and approved by the Commission in its Final Order in Case No. 16-00191-UT. Effective December 5, 2017, Facebook assigned its interest in the SSC to its wholly-owned subsidiary Greater Kudu LLC and executed an unconditional and irrevocable parental guaranty to guarantee Greater Kudu's prompt payment of all sums due under the SSC. The energy and capacity provided by the three PPAs are necessary to meet Customer's electric service requirements.

PNM's Application states that the SSC requires PNM to procure sufficient renewable resources, such as the PPAs, to meet Customer's load at its Data Center in Los Lunas, New Mexico. PNM also contends that the SSC also provides that PNM shall recover from Customer the cost of these renewable resources such that there will be No Net Adverse Impact on PNM's other retail customers. No Net Adverse Impact is defined in the SSC as meaning that the SSC "and the PNM tariffs described [in the SSC] result in

a neutral or positive impact on rates and service for PNM's other retail electric service customers considering all relevant benefits generated and burdens created by this Contract and those PNM tariffs." PNM's Application states that the three PPAs for which PNM seeks approval are consistent with the SSC and the Commission's Final Order in Case No. 16-00191-UT.

PNM's Application states that, pursuant to the SSC, Customer has specific requirements for its electric service needs at its Data Center, including that the electric service for the Data Center be provided, to the greatest extent practicable, by new renewable energy resources, *i.e.*, in addition to whatever renewable energy resources that are used to serve PNM's other customers, such that the production of additional renewable energy over the course of a year will equal the Data Center's energy demand and consumption. PNM contends that to satisfy this service requirement, Customer is willing to bear the cost of procuring the PPAs, which are necessary to serve its Data Center load.

PNM's Application also states that in order to meet Customer's electric service requirements, PNM and Customer have worked collaboratively, expeditiously and in good faith to: (i) determine when it makes the most sense to bring new renewable resources into service to match the data center's projected load; (ii) identify and evaluate the costs and benefits of new renewable energy resources available to satisfy that growth; and (iii) determine the site(s) of those Additional Renewable Energy Procurements at locations that will avoid constraints on PNM's transmission system. PNM contends it is important to Customer that these new renewable energy resources be above and beyond the state's Renewable Portfolio Standard ("RPS") requirements. This results in the PPAs

providing energy in PNM's resource portfolio beyond what is required by the RPS.

PNM's Application states that, in addition to meeting Customer's need for renewable energy, completing construction of the Casa Mesa wind facility, La Joya wind facility, and Route 66 solar facility will provide economic benefits to New Mexico as a whole, including through direct investment, additional tax revenue, and job creation. Further, PNM's Application also states that Customer's expansion of its Data Center will create economic benefits for New Mexico, including through the creation of construction jobs and jobs at the data center, and through a multiplier spending effect that benefits other sectors of the local and regional economy.

Pursuant to 17.9.551 NMAC, PNM must receive Commission approval before becoming irrevocably bound under the PPAs.

Any interested person may inspect PNM's Application filed in this case at PNM's offices, 414 Silver Avenue, SW, Albuquerque, New Mexico, telephone number 505-241-2700; or the Commission's offices, PERA Building, 1120 Paseo de Peralta, Santa Fe, New Mexico, telephone number 505-827-1269, 888-427-5772; or through the Commission's website, www.nmprc.state.nm.us. This case has been docketed as Case No. 18-00009-UT and any inquiries should refer to that number.

The procedural schedule for this case is as follows:

A. Any person desiring to protest the Application shall, instead of filing a protest, file a Motion to Intervene pursuant to the Commission Rules of Procedure 1.1.2.23 NMAC. Such motion must state whether the intervenor opposes the Application and, if so, the reason(s) for such opposition. Any person desiring to intervene in the

proceeding must file a Motion to Intervene on or before **February 20, 2018**, pursuant to Commission Rule of Procedure 1.1.2.23 NMAC.

B. The Commission's Utility Division Staff shall, and any intervenor may, file direct testimony on or before **February 27, 2018**. Oral rebuttal testimony may be permitted at the hearing.

C. A public hearing shall be held beginning **on March 7, 2018, at some time during the Commission's open meeting on that date, which will begin at 9:30 A.M.**, and continue as necessary at the fourth floor hearing room located at the offices of the Commission, PERA Building, 1120 Paseo de Peralta, Santa Fe, New Mexico. Such hearing may be vacated if deemed not required at the discretion of the Commission.

D. PNM shall prepare and file in this docket a draft proposed Final Order no later than **March 9, 2018**.

E. The procedural dates and requirements provided herein are subject to further order of the Commission.

F. The Commission's Procedural Rules, 1.2.2 NMAC, apply to this case except as modified by Order of the Commission. A copy of such rules may be obtained from the offices of the Commission and are available at the official New Mexico Administrative Code website, www.nmprc.state.nm.us/nmac/.

G. Anyone filing pleadings, documents or testimony in this case shall serve copies on the Commissioners, Office of General Counsel, and all parties of record and the Commission Staff via first class mail and email in PDF and Word formats. All filings shall be emailed on the date they are filed with the Commission.

H. Any interested person may appear at the public hearing referred to above and give a written or oral comment, pursuant to the Commission's Rules of Procedure, 1.2.2 NMAC, without becoming an intervenor. Such written or oral comment will not be considered as evidence in this case.

I. Any person with a disability requiring special assistance in order to participate in this proceeding should contact the offices of the Commission at least 24 hours prior to the commencement of the hearing.

J. The Commission or its designee(s) will conduct and preside over all necessary hearings, with the assistance of **William Herrmann** pursuant to NMSA 1978, §§ 8-8-4 and 8-8-13 and 1.2.2.29(A) & (B)(1) NMAC, to take all such actions as are necessary and consistent with Commission procedure in this matter, including determination of any preliminary motions and the assisting or conducting the public hearing, and will issue a Final Order in this case without a Recommended Decision.

K. As stated above, interested persons that choose to send written comments (such comments shall not be considered as evidence in this case) shall reference NMPRC Case No. 18-00009-UT, to the Commission at: **New Mexico Public Regulation Commission; Attention: Melanie Sandoval, Records Division, P.E.R.A. Building, 1120 Paseo de Peralta, P.O. Box 1269, Santa Fe, NM 87504-1269, Telephone: (505) 827-6968.**

L. Any interested person may inspect PNM's Application filed in this case at PNM's offices, 414 Silver Avenue, SW, Albuquerque, New Mexico, telephone number 505-241-2700, or the Commission's offices, PERA Building, 1120 Paseo de Peralta, Santa Fe, New Mexico, telephone number (505) 827-6968; or through the Commission's

website, www.nmprc.state.nm.us. This case has been docketed as Case No. 18-00009-UT and any inquiries should refer to that number.

M. Anyone filing pleadings, testimony, or other documents in this case may file either in person at the Commission's docketing office or by mail to the Commission's address set out above, and shall serve copies thereof on all parties of record and Staff via first class U.S. mail and e-mail.

N. **Any such filings shall also be sent to William Herrmann via email at the following address: william.herrmann@state.nm.us.** All filings shall be e-mailed on the date they are filed with the Commission. Whenever possible, all electronically transmitted documents shall be in Word or native format.