

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF PUBLIC SERVICE )  
COMPANY OF NEW MEXICO’S REQUEST )  
FOR A COMMISSION ORDER GOVERNING )  
THE ACCOUNTING TREATMENT OF )  
COSTS RELATED TO JOINING THE )  
EXTENDED DAY-AHEAD MARKET )  
 )  
PUBLIC SERVICE COMPANY OF NEW MEXICO, )  
 )  
Applicant. )  
\_\_\_\_\_ )**

**Case No. 25-000 \_\_-UT**

**DIRECT TESTIMONY**

**OF**

**KELSEY L. MARTINEZ**

**August 22, 2025**

**NMPRC CASE NO. 25-00\_\_-UT**  
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**WITNESS FOR**  
**PUBLIC SERVICE COMPANY OF NEW MEXICO**

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**I. INTRODUCTION AND PURPOSE**

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**Q. Please state your name, position, and business address.**

**A.** My name is Kelsey L. Martinez. I am the Director of Regional Markets and Transmission Strategy for Public Service Company of New Mexico (“PNM” or “Company”). My business address is PNM, 414 Silver SW, Albuquerque, New Mexico 87102. I am testifying on behalf of PNM.

**Q. Please summarize your educational background and professional qualifications.**

**A.** My educational background and professional experience are summarized in PNM Exhibit KLM-1.

**Q. Please describe your responsibilities as the Director Regional Markets and Transmission Strategy.**

**A.** As the PNM Director of Regional Markets and Transmission Strategy, I guide PNM’s participation in current and future regional activities from a policy and stakeholder perspective. I work to understand how regional decisions impact PNM customers and how to maximize PNM customer benefits through market participation. Because much of the benefit to PNM customers comes from utilization of our current and future transmission system, my role also provides input into integrated system planning from a regional perspective.

**Q. Please state the purpose of your Direct Testimony.**

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1    **A.**    The purpose of my testimony is to support PNM’s request for approval to establish a  
2            regulatory asset for the costs to be incurred and to support PNM’s decision to join the  
3            California Independent System Operator’s (“CAISO”) Extended Day-Ahead Market  
4            (“EDAM”).

5

6                            **II. OVERVIEW OF THE EXTENDED DAY-AHEAD MARKET**

7    **Q.**    **What is the EDAM and how does it work?**

8    **A.**    The EDAM is a voluntary, regional electricity market designed to improve reliability, and  
9            provide lowest-cost resources across the Western Interconnection. It builds upon the  
10           existing Western Energy Imbalance Market (“WEIM”), which operates in real-time, and  
11           adds day-ahead optimization of resources and transmission. The EDAM will provide more  
12           efficient access to resources diversity across the Western Interconnection while providing  
13           increased situational awareness. By situational awareness, I mean how PNM will have  
14           significantly improved insight into regional resource and transmission availability the day  
15           before that availability occurs, better enabling PNM to prepare its own system.

16

17   **Q.**    **Why is there a need for a day-ahead market?**

18   **A.**    PNM works to continuously improve and seek out the most cost-effective and reliable  
19           access to energy. The CAISO’s EDAM offering is an added layer of optimization and  
20           situational awareness that should provide further benefits to PNM customers. Access to  
21           the most cost-effective diverse resources and increased awareness of resource position

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1 across the west will allow PNM to continue our efforts to provide clean, safe, and reliable  
2 energy to our customers.

3

4 **Q. If PNM joins the EDAM, does that mean PNM will be leaving the WEIM?**

5 **A.** No, PNM’s participation in the EDAM will be additive to our participation in the WEIM.  
6 In order to participate in the EDAM, PNM must continue to participate in the WEIM.  
7 EDAM will optimize participation in the day-ahead time frame, and the WEIM will  
8 continue to optimize in the real-time time frame.

9

10 **Q. Is there any alternative day-ahead market that PNM could join?**

11 **A.** The EDAM is expected to be the first available day-ahead market available to non-  
12 California utilities in the Western Interconnection. The Southwest Power Pool (“SPP”) has  
13 also offered a day-ahead market called Markets+. PNM has evaluated participation in both  
14 markets with cost-production studies<sup>1</sup> and the EDAM was shown to maximize the benefits  
15 for PNM customers.

16

17 **Q. How does the EDAM differ from Markets+?**

18 **A.** The primary difference from PNM’s perspective is EDAM’s footprint. Although there are  
19 slight design differences between the EDAM and Markets+, the benefits PNM would  
20 realize are most affected by the resources, loads, and transmission inside each projected  
21 market’s footprint. PNM’s production cost analysis considered these footprints. Another

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<sup>1</sup> Case No. 23-00268-UT, Brattle Study Sensitivity Results (Jul. 11, 2025).

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1 large consideration is the number of resources already connected to PNM’s transmission  
2 system with long-term contracts to serve load in California. These connected resources are  
3 best optimized in the same market in order to maintain a reliable transmission system.  
4

5 **Q. Who are the other participants in the EDAM?**

6 **A.** In addition to PNM, signed participants include Imperial Irrigation District, Turlock  
7 Irrigation District, Los Angeles Department of Water and Power, Balancing Authority of  
8 Northern California, PacifiCorp, Portland General Electric and Pacific Gas and Electric  
9 Company. Companies with plans to participate include Idaho Power, NV Energy, and  
10 PowerWatch (formerly BHE Montana).<sup>2</sup> In addition to these entities, the effective market  
11 footprint of the EDAM includes the loads, resources, and transmission in the CAISO  
12 balancing authority (BA)—these entities are current participants in CAISO’s day-ahead  
13 market.  
14

15 **Q. What steps must PNM take to become a full participant in the EDAM?**

16 **A.** PNM signed the EDAM implementation agreement in July 2025 after holding workshops  
17 and having additional meetings with individual NMPRC Commissioners. PNM worked  
18 with Utilicast to perform a gap analysis which was completed in March 2025, included  
19 with this testimony as PNM Exhibit KLM-2. Now PNM will work to implement tools,  
20 software, and staffing changes needed to successfully onboard for an October 2027 go-live.  
21

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<sup>2</sup> See <https://www.westerneim.com/Pages/ExtendedDayAheadMarket.aspx>.



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1 effort, and included a regional analysis performed by the firm E3. E3 presented results  
2 during the first NMPRC Regional Markets workshop on January 25, 2024. The results from  
3 the E3 analysis showed that PNM customers would benefit from participating in a day-  
4 ahead market but did not model the PNM transmission system in enough detail to  
5 differentiate between the day-ahead market options, so further analysis was necessary. The  
6 additional analysis to determine which day-ahead market option produced maximum PNM  
7 customer benefits was conducted by the engineering firm Brattle.

8  
9 Although there are a small number of utilities participating in SPP's RTO West, PNM did  
10 not study this option given the lack of transmission capacity to the participating utilities  
11 and the small amount of generation, load, and transmission participating. PNM will  
12 continue to assess options as topological changes occur to the system, and markets continue  
13 to evolve. PNM is supportive of ongoing evolution towards a sizable regional organization  
14 with additional features beyond market optimization.

15  
16 **Q. What did the study from Brattle conclude?**

17 **A.** PNM's Market Participation Benefit analysis, conducted by Brattle, modeled the expected  
18 net benefits from day-ahead market participation. The study included the most up-to-date  
19 utility "leanings" for the footprint consideration. The study found that both EDAM and  
20 Markets+ would provide benefits to PNM customers in the form of energy cost savings.  
21 The savings if PNM joins EDAM were projected to be \$20M annually, while the Markets+  
22 benefits were projected to be \$8M annually. These benefits are not meant to show



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1 incremental savings compared to today, but rather, the savings compared to a case where  
2 PNM continues to participate in the WEIM without adding participation in a day-ahead  
3 market, and while the current WEIM footprint is broken into CAISO and SPP areas.

4  
5 **Q. Why did PNM decide not to join Markets+?**

6 **A.** PNM considered both markets to be well-designed; providing increased reliability and cost  
7 savings. PNM chose EDAM because the customer benefits were projected to be larger  
8 with EDAM participation.

9  
10 **Q. How were the net benefits calculated?**

11 **A.** The net benefits are broken into adjusted production costs, short-term wheeling revenue,  
12 day-ahead market congestion/transfer revenue, real-time market congestion/transfer  
13 revenue, and bi-lateral trading revenue. The source of these net benefits was the Brattle  
14 New Mexico Day-Ahead Market Participation Benefits Studies, presented at the August  
15 29, 2024 NMPRC workshop, and filed in Case No. 23-00268-UT on September 4, 2024  
16 (the Brattle presentation begins on p. 36 of that filing, the Market Participation Benefits  
17 Overview is slide 9 of that presentation).

18  
19 **Q. Describe the preliminary implementation cost estimates.**

20 **A.** Implementation costs are estimated to be \$11.1M, as illustrated in PNM Exhibit KLM-2.  
21 This estimate was provided by Utilicast, a third-party consultant, and includes labor,  
22 software, hardware, outside services, legal services, general services, loads, capitalized

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1 interest, and a 10% contingency. PNM Table KLM-1 below breaks out the estimated  
2 implementation costs by category.

3 **PNM Table KLM-1 Estimated Implementation Costs**

<b>Cost Category</b>	<b>Cost</b>
Straight Time (LLR)	\$1,589,300.00
Software	\$2,481,125.00
Hardware	\$21,575.00
Outside Services	\$3,604,967.00
Legal Services	\$161,813.00
General Services	\$1,765,374.00
Loads	\$130,415.00
Capitalized Interest	\$354,253.00
Contingency (10%)	\$962,415.00
<b>Total</b>	<b>\$11,071,237.00</b>

4  
5 **Q. Does PNM believe the cost estimates discussed in the previous question are**  
6 **reasonable?**

7 **A.** Yes. PNM had input into the cost estimates and has precedent based on the WEIM  
8 implementation costs, and believes the cost estimates to be reasonable. However, it is  
9 important to note that Utilicast’s assessment is based on estimates at a certain point in time.  
10 PNM may deviate from the recommendations as we are working through the  
11 implementation and more variables become known.

12  
13 **Q. What are the potential costs of EDAM Participation?**

14 **A.** The CAISO recovers only its incremental costs to implement an entity into the EDAM  
15 based on its current participation in the WEIM. These costs do not include a one-time cost

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1 to stand up the infrastructure necessary to launch the EDAM and each entity has the right  
2 to terminate the agreement at any time without incurring any cost beyond what has been  
3 incurred under the implementation agreement. In other words, an entity could take this  
4 step and decide to step back, while remaining a WEIM participant, at any time during the  
5 implementation process.

6  
7 CAISO's costs for onboarding a new entity into the EDAM are billed in increments of  
8 \$300,000, with an average estimated total implementation cost of \$1.2M. CAISO draws  
9 down against the \$300,000 paid by the entity based on actual costs incurred, and will bill  
10 an additional \$300,000 installment upon the exhaustion of those funds. If there are funds  
11 remaining from a \$300,000 installment at the completion of the onboarding process and  
12 entity launch in the EDAM, those funds will be refunded to the entity. Similarly, in the  
13 event that a prospective entity halts implementation or otherwise withdraws prior to  
14 actually joining the EDAM, any funds remaining from one of these \$300,000 installments  
15 will be refunded to the entity.

16  
17 After an entity goes live in the EDAM, they will be invoiced for a Grid Management  
18 Charge (GMC) that is based on the entity's level of active participation in the market and  
19 that represents CAISO's ongoing administrative costs for continuing to operate the regional  
20 market. The GMC will not be used to recoup market start-up or implementation costs.  
21 Further, earlier EDAM entrants are eligible for a reduction in the administrative costs to

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1 load depending upon which year after the initial implementation that they commence  
2 participation (100% in year one, 75% in year two, 50% in year three, and 25% in year four).  
3

4 **Q. Please describe how PNM customers might realize financial benefits if PNM**  
5 **participates the EDAM.**

6 **A.** The projected annual benefits of \$20M would be passed along as reduced energy costs  
7 through the fuel and purchased power cost adjustment clause. This is similar to how the  
8 WEIM benefits are currently passed along to PNM customers. To date, WEIM benefits are  
9 estimated to have saved PNM customers over \$200M since 2021.<sup>4</sup>  
10

11 **Q. Are the expected benefits of EDAM participation strictly monetary?**

12 **A.** No. Aside from energy cost savings to PNM customers, day-ahead market participation  
13 provides increased reliability through increased situational awareness, access to more  
14 diverse energy resource types and geographies, reduced curtailments of PNM variable  
15 energy resources resulting in more clean resources serving PNM customers, and more  
16 efficient use of the transmission grid. Participation in regional markets also builds data  
17 collection informing transmission development, resource adequacy, and greenhouse gas  
18 emissions reductions.  
19

20 **Q. Can PNM choose to leave the EDAM?**

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<sup>4</sup> Western Energy Markets – Benefits. Available at <https://www.westerneim.com/pages/about/quarterlybenefits.aspx>.

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1    **A.**    Yes. CAISO does not assess an exit fee or otherwise attempt to recoup other costs from  
2           the exiting entity. The only requirement is to provide a six-month advance notice. The  
3           exiting entity could revert back to WEIM participation only or exit both the EDAM and  
4           WEIM with a separate notice to exit the WEIM.

5  
6    **Q.**    **Beyond cost/benefit studies, what steps has PNM taken to evaluate joining the**  
7           **EDAM?**

8    **A.**    PNM has evaluated participation based on current experience with CAISO as the WEIM  
9           operator. PNM works with CAISO on a daily basis to troubleshoot, and to maximize  
10          benefits for PNM customers. PNM actively follows CAISO stakeholder processes  
11          including greenhouse gas accounting, storage optimization, price formation, congestion,  
12          and others. PNM supports the evolving governance structure of CAISO markets through  
13          participation in the West-Wide Governance Pathways Initiative.<sup>5</sup>

14  
15   **Q.**    **Will joining the EDAM change PNM’s current trading practices?**

16   **A.**    Yes. Today, many bilateral energy trades take place on a day-ahead basis. Day-ahead  
17          bilateral trades will continue to be enabled, but will be largely replaced by optimized  
18          dispatch across the EDAM footprint. Trades across market footprints with Markets+  
19          participants will continue to be an important part of trading activity.

20  
21   **Q.**    **Is PNM required to participate in the EDAM on a continuous basis?**

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<sup>5</sup> See <https://www.westernenergyboard.org/wwgpi/>.

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1    **A.**    Yes. Once a utility becomes a participant, participation is continuous unless and until the  
2           utility chooses to leave the EDAM.

3  
4    **Q.**    **Please describe the governance structure of the EDAM.**

5    **A.**    Following governance changes triggered by PNM’s signing of the EDAM implementation  
6           agreement, EDAM is governed by a “primary authority” model where the independent and  
7           diverse WEIM governing board has initial voting rights to accept or reject tariff changes.  
8           Disagreements between the WEIM governing board and the CAISO Board of Governors  
9           are channeled to dispute resolution processes which, if unsuccessful, require a “dual filing”  
10          of both bodies’ proposals under 16 U.S.C. § 824d. These governance rules are known as  
11          “Step 1” in the West-Wide Governance Pathways Initiative. Prior to PNM’s signing, the  
12          model was a “joint authority” model, and the WEIM governing board did not have equality  
13          with the CAISO Board of Governors during dispute resolution at the Federal Energy  
14          Regulatory Commission (“FERC”).

15  
16   **Q.**    **Do California state legislators have a role in the EDAM governing process?**

17   **A.**    Please see above. The CAISO Board of Governors are selected by a nominating committee  
18          and confirmed by California state legislators. The CAISO Board of Governors continues  
19          to have a voice in EDAM governance, however, now the non-California members in the  
20          WEIM governing board have primary authority over EDAM and WEIM governance and  
21          equal footing at FERC during dispute resolution.

22

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1           ***B) Market Participation and Compliance with New Mexico State Laws***

2   **Q.   Are there any barriers or challenges that could impact PNM’s ability to comply with**  
3   **New Mexico greenhouse gas emissions mandates such as the renewable portfolio**  
4   **standard or the carbon dioxide emissions limits?**

5   **A.**   New Mexico emission mandates and carbon dioxide emissions limits are accommodated  
6   by WEIM today, and will continue to be accommodated in EDAM. Both the WEIM and  
7   EDAM help minimize the curtailment of clean, variable energy resources and provide  
8   greenhouse gas accounting data.

9

10 **Q.   Will the EDAM have data at the level of granularity necessary for PNM to meet New**  
11 **Mexico state mandates regarding greenhouse gas tracking and accounting reporting**  
12 **requirements?**

13 **A.**   Yes. CAISO currently provides hourly emissions data for WEIM transactions at a  
14 Balancing Area level. PNM expects the EDAM to provide emissions data at no less than  
15 an hourly level.

16

17           ***C) Transparency in Regional Day-Ahead Market***

18 **Q.   Please describe the EDAM’s stakeholder engagement process.**

19 **A.**   The CAISO facilitates a robust stakeholder engagement process. Public meetings of  
20 governance boards and committees are available monthly, market focused forums occur on  
21 weekly and quarterly timeframes. Policy initiatives have their own public meetings and  
22 commenting processes, user groups support operational tools and meet every two weeks,

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1 and regional groups are supported through the Regional Issues Forum. The CAISO events  
2 calendar<sup>6</sup> provides links to all these stakeholder events. Market design and decisions  
3 affecting market participation are considered within the outlined stakeholder processes  
4 described.

5  
6 **Q. Are there any barriers or unreasonable demands for participation in the EDAM?**

7 **A.** No.

8  
9 *D) PNM's Incorporation of Stakeholder Input into the Decision Process*

10 **Q. Throughout PNM's decision process for studying regional day-ahead market**  
11 **participation, have New Mexico stakeholders had an opportunity to provide input on**  
12 **possible EDAM participation for PNM?**

13 **A.** Yes, as part of the NMPRC regional workshop series in Case No. 23-00268-UT,  
14 stakeholders had the opportunity to comment. Additionally, PNM communicated with  
15 stakeholders prior to making the decision to sign the implementation agreement. PNM has  
16 incorporated guiding principles from stakeholder participation into the market decision  
17 consideration.

18  
19 *E) Regulatory Updates to the Commission on Market Performance*

20 **Q. Will PNM make compliance report filings under Commission rules when it becomes**  
21 **a participant of the EDAM?**

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<sup>6</sup> Available at <https://www.caiso.com/meetings-events/calendar>.





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1 **Q. Please outline the staffing needs for Market Management.**

2 **A.** One position was identified for a Market Manager. This person would be able to work  
3 across PNM departments to have a wide area view of market needs and PNM performance.

4

5 **Q. Please outline the staffing needs for Information Technology.**

6 **A.** As discussed in the Direct Testimony of PNM witness Phelps, one additional employee  
7 will be required for Information Technology. The Information Technology group directly  
8 supports the hardware and software needs for market participation.

9

10 **Q. Does this conclude your testimony?**

11 **A.** Yes.

GCG#534068

Kelsey Martinez's Resume

# PNM Exhibit KLM-1

Is contained in the following 1 page

**KELSEY L. MARTINEZ**  
**EDUCATIONAL AND PROFESSIONAL SUMMARY**

**Name:** Kelsey L. Martinez

**Address:** PNM  
414 Silver SW  
MS Z120  
Albuquerque, NM 87102

**Position:** Director, Regional Markets and Transmission Strategy

**Education:** Bachelor of Science, Energy Management, University of North Dakota, 2020  
Boston University, Physics and Astronomy, 2000-2004

**Employment:** Employed by Public Service Company of New Mexico since 2008

Positions held within the Company include:

Director, Regional Markets and Transmission Strategy

Chief of Staff to CEO

Manager of System Operations

Sr System Operator

Engineering Technician

Utilicast EDAM Gap Assessment Presentation

# PNM Exhibit KLM-2

Is contained in the following 30 pages



# PNM EDAM Final Gap Review

April 2025



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## Agenda

- Staffing Recommendations
- Schedule Review
- Cost Estimate Review
- Gaps & Recommendations by area



## Staffing Recommendations (8 incremental FTEs)

Group/Role	Incremental Staff	Justification/Duties
WPM	0	Some shift in responsibilities, and repurposing of roles for RT to absorb DA duties. RT staff will need to be cross trained, no incremental staff needed, but no reduction in staff
PowerOps	2	1 FTE for data analytics – PowerOps Market Engineer (senior level w/ market experience); 1 FTE for transmission inputs and PCI applications support (TSC)
Settlements	2	Add'l support to perform validation, sub-allocation, invoicing for multiple instance PCI and increase in transaction volumes
BTS	1	Management of the PCI platforms, back up for PowerOps
Policy	2	1 FTE to manage, track, comment, and participate in CAISO market initiatives- may need to monitor M+ initiatives for neighboring impacts to a lesser degree; 1 FTE to manage regional engagement, including governance changes (manager level or higher)- already included in rate case ask and would sit under Regional Strategy
Market Management	1	Coordinate impacted groups internally to drive greater "front to back" understanding of how actions impact market performance; Focus on add'l analytics and process improvements; Communicate, manage, resolve, and escalate PNM issues to CAISO; Work with other EDAM entities to coordinate on resolution of common issues. Would sit under Regional Strategy.





## High-Level Schedule

Using May 1, 2027 as go-live date.

If decision is made for Oct 1, 2027 go-live, all project dates will shift by 5 months.

	A	B	C
1		Start Date	End Date
5	Track 1 (Project Management)	11/1/2025	4/1/2027
6	Track 2 (Agreements/Legal)	11/1/2025	8/1/2026
7	MMA Renegotiation	1/1/2026	9/1/2026
8	Track 3 (Resource Config)	11/1/2025	7/1/2026
9	Track 4 (Integration Support)	11/1/2025	5/1/2027
10	Connectivity Testing	8/1/2026	9/1/2026
11	Market Simulation	10/15/2026	1/15/2027
12	Parallel Operations	2/1/2027	4/15/2027
13	<b>Go-Live/Cutover</b>	<b>4/30/2027</b>	<b>5/1/2027</b>
14	Track 5 (Settlements and Metering)	11/1/2025	11/1/2026
15	Track 6 (Training)	1/1/2026	3/1/2027
16	OATT Changes and 3rd Party Customer Outreach	5/1/2025	9/1/2026
17	Software Implementation (PCI and Power Settlements)	10/1/2025	2/1/2027
18	Staffing	1/1/2026	12/1/2026
19	Negotiation/Management of Luna and Palo Verde	7/1/2025	6/1/2026
20	M+ Market Participant Registration Process	1/1/2026	4/15/2027



## Estimated Implementation Costs (Capital)

Cost Category	Cost
Straight Time (LLR)	\$1,589,300.00
Software	\$2,481,125.00
Hardware	\$21,575.00
Outside Services	\$3,604,967.00
Legal Services	\$161,813.00
General Services	\$1,765,374.00
Loads	\$130,415.00
Capitalized Interest	\$354,253.00
Contingency (10%)	\$962,415.00
<b>Total</b>	<b>\$11,071,237.00</b>



## Estimated Implementation O&M Costs

Cost Category	2025	2026	2027
Planning and 3rdparty outreach/OATT support <b>(Utilicast)</b>	\$274,400		
PNM 3rd party customer outreach and OATT labor <b>(PNM Labor)</b>	\$36,000		
Post production support <b>(Utilicast)</b>			\$250,000
Relocation Costs		\$360,000	
Training development/delivery <b>(Utilicast)</b>			\$88,200
Process/Procedures <b>(PNM Labor)</b>			\$27,000
PNM Training development/delivery <b>(PNM Labor)</b>			\$27,000
<b>Software</b> (License/Support)		\$175,000	\$183,750
<b>Additional Staffing</b>		\$429,000	\$1,248,000
Totals by year	\$310,400.00	\$964,000	\$1,823,950
<b>Grand Total:</b>	<b>\$3,098,350.00</b>		



## Estimated Ongoing O&M Costs

Cost Category	2028	2029	2030
<b>Software</b>			
EIM Entity Application Hosting	\$55,125	\$57,881	\$60,775
WPM Scheduling/Bidding Hosting	\$55,125	\$57,881	\$60,775
Settlements System License/Support	\$55,125	\$57,881	\$60,775
BTS Data Warehouse License/Support	\$27,563	\$28,941	\$30,388
<b>Additional Staffing</b>			
Power Ops Support (1)	\$159,900	\$163,898	\$167,995
Power Ops Markets Engineer (1)	\$159,900	\$163,898	\$167,995
Settlements Analyst (2)	\$319,800	\$327,795	\$335,990
Policy Analysts (2)	\$319,800	\$327,795	\$335,990
Market Manager (1)	\$159,900	\$163,898	\$167,995
BTS PCI Support (1)	\$159,900	\$163,898	\$167,995
<b>Totals</b>	<b>\$1,472,138</b>	<b>\$1,513,766</b>	<b>\$1,556,673</b>

# Gaps and Recommendations



## WPM Gaps/Changes Required

- New DA activities – DA resource offers, demand bidding
- DA activities transition from 5 days/week to 7 days/week (365)
- New products – Imbalance Reserve and Capacity Products
- Monitoring DA and RUC clearings
- No base scheduling
- Increase in intertie bidding and timeline changes for intertie schedules – must be done before tagging
- Gas Procurement changes
- RT Bilateral trading liquidity likely to significantly decrease over time
- Virtual bidding/offer participation option
- Transition software systems to EDAM modules
- Luna JOU – will be in both EDAM and M+



## WPM Recommendations

- Staffing Recommendations: no additional FTEs for WPM but maintain current staff
  - More integrated RT and DA – cross training for both groups
  - RT to assume some DA duties and provide support during weekends and holidays
  - RT roles may need to be repurposed to support DA
  - No reduction in overall staff- maintain current staffing levels
- Business Processes
  - Update DART processes for EDAM workflows
  - Revise RT processes to support 7 days/week (365) EDAM workflows
  - Evaluate Convergence / Virtual bidding
  - Bidding strategies for ESR and other Resources



## WPM Recommendations

### □ Software Applications

- PCI to add EDAM modules
- Revise to existing DART workflow to incorporate DA and RUC clearings
  - Optimization: Net Position and EDAM transfer analysis
  - Optimization: ESR management
- Interfaces
  - Market Award to position
  - Deal Aggregation for Intertie totals from Deals – PCI or OATI
- Analytics Tools: Visual Analytics & PCI PA and PLA will need updates to support EDAM analytics





## PowerOps Gaps

- Elimination of Base Scheduling Processes
- New Resource Sufficiency considerations to factor into BA planning
- Potential Resource Modeling / GRDT Changes
- Will need to support adjacent entity market entrance and ongoing EIM participation for any adjacent EIM entities
- Outage Management processes will need to be updated to consider 1000 DAM execution
- New Unit Commitment windows for longer start resources
- Training – Staff will need to be trained on new concepts and business processes
- Determine approach to scheduling PV share between M+ and EDAM with APS



## PowerOps Gaps

- ❑ Must define and implement new Transmission Capacity types
  - Bilateral transactions have to be self-scheduled in SIBR to be included in the DA RSE and market
  - RSE capacity and AS can be transferred between BAs via specific EDAM transfers
  - EDAM transfer capacity can be contributed by transmission customers wishing to collect transfer revenues (i.e. congestion)
  - EDAM transfer capacity can be provided by firm ATC (unsold capacity) from the TSP
- ❑ Increased need to monitor transmission system flow and implement limitations within market and via TOP procedures
- ❑ New OATT provisions and systems changes required to pause Transmission Reservations between 1000 and the publication of DAM results
- ❑ Define Contract Reference Number business processes to enable registration of transmission rights for use in EDAM/receipt of congestion revenue



## PowerOps Recommendations

### ❑ System Recommendations

- New or updated TSP software will be needed to calculate and submit the four types of transmission to the DAM
- Base scheduling tasks will need to be eliminated
- Operations will need access to software to provide visibility to DAM results and additional market Unit Commitment windows

### ❑ Staffing Recommendations

- Add one Markets Engineer (senior level) to support new transmission processes, wider market analysis and market integrations- **emphasis on analytics**
- Add 1 FTE for transmission inputs and PCI applications support (TSC)



## Settlements Gaps - Process

- ❑ More charge code validation and sub-allocation work for PRSC and EESC Settlements, but bulk of the increase for EESC.
- ❑ Possibility that sub-allocation methodologies for charge codes might need to change: OATT updates as a result.
  - (e.g. – Offsets are measured demand, but there are new components that may be sub-allocated to generation). Should review all CC sub-allocation methodologies. Will require design, testing, and training.
- ❑ Many market changes add to the complexity - No NPRs, Load Settlement, Entity Capacity Purchases and Sales
- ❑ Validation of EDAM bills received from other entities will also become more challenging
- ❑ Effect of SPP Markets+ seams (and receiving bills from Arizona Utilities going into Markets+) – Do we have to be a Markets+ entity too?



## Settlements Gaps - Systems

- ❑ EDAM is new for everyone – PCI too (even though PNM might be in the 2nd class of entrants)
- ❑ Settlement Interfaces – new transmission /contribution data may be needed for sub-allocations
  - PCI Data Warehouse – outputs will need to change
- ❑ CAISO – Not everything is defined yet – BPMs, CCs, Interfaces
- ❑ Reporting – New charge codes = EQR Reporting changes – Software will need to change too
  - Other internal and external reports will likely need to change too
- ❑ Many highly manual reporting processes may become even more complex – opportunity for automation? Can we do better when audit comes knocking?



## Credit/Accounting Gaps

### □ Accounting

- New and updated charge codes will necessitate of review of the journal entry mapping/report
- More complexity/larger amounts on invoices - the 3 wks actual/1 wk estimated for month-end. The estimate becomes more challenging
- Sub-allocation and Transmission accounting will also change and become more complex

### □ Credit

- Unknown how large exposure/estimated aggregated liability will be in EDAM
- Daily Trader Exposure Report will likely need to change as well – TRM Tracker changes?



## Settlements Recommendations

- ❑ More settlement work in validation and sub-allocation – hire 2 add'l experienced FTEs (also includes the validation of the bills received from other entities & markets), and 1 temp resource for first 6-9 months
- ❑ Ensure 1 FTE - Senior Settlement resource(s) allocated to the project
- ❑ Should review all CC sub-allocation methodologies. Will require design, testing, and training. Perform detailed CC/sub-allocation design with PCI
- ❑ Training, training, training (Market/Settlement/Software)
- ❑ Liaise with other PCI EDAM clients (especially those in the 2026 class)
- ❑ Regularly attend and participate in CAISO EDAM User Group community
- ❑ Evaluate opportunities to improve processes, eliminate manual spreadsheets and automate



## Metering Gaps

- ❑ Perform metering assessment to determine how many and which meters have an exception to metering standards (correction factors)
  - Waiting on more info from CAISO to see how much of a gap might this be
  - The standards should stay the same, but if meters aren't meeting standards or have an exception, there could be impacts.
- ❑ Meters owned/jointly owned by 3rd party customers who may become SCs in EDAM will need to update and re-submit SQMDs. PNM may need to support this 3rd party customer work.





## Metering Recommendations

- With the increased activity in new resources both owned by PNM and inside the PNM BA, PNM should consider having a full-time meter engineer that can work with network customers, new generation entities, etc. to ensure this work is performed.



## BTS Gaps

- ❑ The largest gap for BTS is being able to effectively support the PCI platforms with current staffing. Additional functionality is being added to the PCI system which requires more care and feeding.
- ❑ There will be some additional interface work required during the EDAM implementation along w/ ongoing support of any new interfaces.
- ❑ PNM may want to look at synergies of PCI support between BTS and PowerOps.



## BTS Recommendations

- ❑ It is recommended that BTS add 1 FTE to support the management of the PCI platforms. This will give the ETRMS Manager the ability to focus on management activities and allow staff to be developed to support the PCI system.
- ❑ PNM may want to look at synergies of PCI support between BTS and PowerOps.
- ❑ BTS should plan on increasing the size of the related PCI data warehouse to handle the increased volume of data expected with EDAM.



## OATT/Legal & Regulatory Gaps

- ❑ Reg Asset filing timeline
- ❑ OATT revisions and requirements for transmission customers, generators, and load
  - Continuing to provide SC function or pushing more of this responsibility to generators and load?
- ❑ 3rd Party Customer Engagement
  - OATT revision process
  - Business Practice revisions
  - Testing and Training coordination
  - Support to ensure overall EDAM readiness
- ❑ Execute CAISO agreements



## OATT/Legal & Regulatory Recommendations

- ❑ Determine how quickly Reg Asset can be filed and file early to allow for various implementation activities to begin ahead of CAISO 18-month implementation timeline
- ❑ Begin OATT revisions as soon as possible- 3rd party engagement may have a long lead time and will need to start ahead of the 18-month CAISO implementation
- ❑ After anticipated OATT changes are determined, draft 3rd Party Customer Engagement Plan
  - Customers may need a longer lead time and additional support if they are going to need to become an SC
    - PNM will need to support:
      - Understanding of overall requirements and EDAM changes
      - Participation expectations in CAISO testing phases
      - Training opportunities
    - Work with CAISO to determine what resources they can make available to support customers
- ❑ CAISO agreements anticipated to be pro forma (no negotiation needed)



## Policy and Regional Engagement Gaps

- ❑ Policy work, regional coordination and engagement, and CAISO policy initiatives are being managed by a single resource, on top of other duties
- ❑ Current coverage skims the surface and doesn't allow for depth of needed engagement
- ❑ EDAM will bring even more market rule changes than EIM and the need for engagement with CAISO and regional partners will only increase. With the additional volume of transactions in EDAM, being able to effectively advocate and influence future market changes will be more critical and have greater financial consequences
- ❑ On top of policy initiatives, CAISO governance changes will also increase the need for active engagement
- ❑ Will likely need to monitor some M+ initiatives for possible impacts due to neighboring BA anticipated M+ participation (ex: seams)



## Policy and Regional Engagement Recommendations

- Hire 1 FTE to manage, track, comment, and participate in CAISO market initiatives, and to a lesser extent tracking of select M+ initiatives where impacts from neighboring participation could affect PNM (staff level)
- Hire 1 FTE (or fully allocate a current resource) to manage regional engagement (primarily EDAM, but to a lesser extent M+ neighbors re: seams issues), including governance changes (manager level)
  - Need for a manager or higher-level resource to represent PNM in forums and venues with decision making authority

**\*These two positions are included in rate case ask**



## Market Management Gap/ Recommendations

- Gaps:
  - No single resource officially manages cross functional communication between impacted groups and the overall coordination of market related activities internally and externally.
  - EDAM will only increase the need for this internal and external coordination, with greater financial consequences at stake if issues are not managed and resolved
- Recommendation:
  - Hire 1 FTE to provide Market Management:
    - Coordinate impacted groups internally to drive greater "front to back" understanding of how actions impact market performance
    - Focus on add'l analytics and process improvements
    - Communicate, manage, resolve, and escalate PNM issues to CAISO
    - Work with other EDAM entities to coordinate on resolution of common issues
    - Position would sit under Regional Strategy





## Other areas of need

- Luna negotiations
- Generation Engineering
  - MMA refresh and renegotiation
- Seams
- Markets+ Market Participant registration



## Summary Software Changes

- ❑ PCI Modules
  - PCI will propose adding onto existing modules for DA or actually replacing current modules with ones that align more with DA and RT Market
  - Merchant will have new modules
  - PowerOps will probably have a new module to manage DA transmission/scheduling aspects along with DA RSE
  - Settlements will be expanded to include DA charge codes
- ❑ Yes Energy: Visual Analytics
  - This may be as simple as adding on some additional data for resources and load related to the DA Market
- ❑ PI
  - The PI system will probably have minimal changes since most of the RT functions won't change
- ❑ Data warehouse
  - PNM will want to look at increasing storage capability due to increase amount of data with participation in EDAM



# Thank you. Open Discussion

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