

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE COMPANY OF)
NEW MEXICO'S APPLICATION FOR APPROVAL OF PURCHASED)
POWER AGREEMENTS, ENERGY STORAGE AGREEMENTS, AND)
CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR)
SYSTEM RESOURCES IN 2026)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO, APPLICANT)**

Case No. 23-00353-UT

NOTICE OF PROCEEDING AND HEARING

To customers of Public Service Company of New Mexico ("PNM" or "Company"): this document is required by the New Mexico Public Regulation Commission ("PRC" or "Commission"). The purpose of this document is to provide you with notice of PNM's Application requesting PRC approval of purchased power agreements, energy storage agreements, and certificates of public convenience and necessity for system resources in 2026. This notice:

- Describes the PRC process for considering PNM's Application; and
- Describes how you can participate in this process if you wish to do so.

If you would like to participate in this process, the information below details how you may participate. IF YOU DO NOT WANT TO PARTICIPATE IN THIS PROCESS, NO ACTION IS REQUIRED ON YOUR PART.

NOTICE is hereby given of the following matters pertaining to the above-captioned case pending before the New Mexico Public Regulation Commission:

On October 25, 2023, 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 agreement ("PPA") and energy storage agreements ("ESA"):

1. The Quail Ranch PPA. This PPA provides that Quail Ranch Solar LLC ("Quail Ranch Solar"), will sell PNM the capacity and associated energy from the Quail Ranch Solar Project at the price of \$29.84/MWh over a 20-year term. The 20-year term begins on the facility's commercial operation date ("COD"), which is expected to be November 2, 2025. The Quail Ranch Solar Project is a new 100 MW solar facility that will be located in Bernalillo County, New Mexico.

2. The Quail Ranch ESA. This ESA provides that Quail Ranch Energy Storage LLC will sell PNM the energy storage capacity provided by the Quail Ranch Energy Storage Project at a volumetric rate of \$49.20/MWh over a 20-year term. The 20-year term begins on the Quail Ranch Energy Storage Project COD, expected to be November 2, 2025. The Quail Ranch Energy Storage facility is a new 100 MW 4-hour battery storage facility co-located with the Quail Ranch Solar Project in Bernalillo County.

3. The Sky Ranch ESA. This ESA is between PNM and Sky Ranch II Energy Storage LLC for the energy storage capacity of the Sky Ranch II Energy Storage Project at a volumetric rate of \$28.04/MWh over a 20-year term, which begins on the expected COD of February 1, 2026. The Sky Ranch Energy Storage Project is a 100 MW 4-hour battery storage facility co-located with the Commission-approved Sky Ranch solar project in Valencia County, New Mexico.

4. Route 66 ESA. The ESA between PNM and Route 66 Energy Storage LLC will provide the energy storage capacity of the Route 66 Energy Storage Project over its contractual (approximately 20 year) term at a volumetric rate of \$48.95/MWh. The Route 66 Energy Storage facility is a 49.5 MW 4-hour battery storage facility co-located with the Commission-approved Route 66 solar facility in Cibola County, New Mexico, and has an expected COD of February 1, 2026.

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

In addition to the PPA and ESAs, PNM's Application seeks approval, pursuant to N.M. Stat. Ann. § 62-9-1 (1978), of a Certificate of Public Convenience and Necessity ("CCN") for the Sandia Storage Project, a 60 MW, 4-hour battery storage facility located near PNM's existing Sandia Substation in southeast Albuquerque, New Mexico. PNM entered an Engineering, Procurement, and Construction ("EPC") agreement with DEPCOM Power Inc. to build the facility, which will be owned by PNM. The Sandia Storage Project is anticipated to cost approximately \$131 million and is expected to have a COD of May 1, 2026.

PNM used a robust and competitive Request for Proposals ("RFP") to solicit bids including a variety of potential resource types. PNM also used extensive economic and reliability modeling analyses to evaluate and select for Commission approval its proposed portfolio of resources, which is the optimum mix of generation resources that can be available by May 2026 to economically and reliably serve PNM retail customers. PNM's Application demonstrates that the selected resources meet system reliability and customer load needs in 2026 at a lower cost than other resources bid into the RFP. The proposed PPA, ESAs and CCN resources will result in a generation portfolio that will provide adequate and reliable service to customers at a fair and reasonable rate.

On November 16, 2023, the Commission entered an order designating a hearing examiner to preside over this proceeding and issue a recommended decision.

Further information regarding this case can be obtained by contacting PNM or the Commission at the addresses and telephone numbers provided below.

The Commission has assigned Case No. 23-00353-UT to this proceeding and all inquiries or written comments concerning this matter should refer to that case number.

The present procedural schedule for this case is as follows:

- a. On or before February 20, 2024, any person desiring to intervene to become a party (intervenor) in this case must file a motion for leave to intervene that conforms with 1.2.2.23(A) and (B) NMAC.
- b. Staff shall and any intervenor may file testimony by March 1, 2024.
- c. Rebuttal testimony shall be filed by March 11, 2024.
- d. A public hearing on this matter shall be held commencing on March 20, 2024, commencing at 9:00 a.m. through March 22, 2024 as necessary.
- e. The format of the hearing—whether held virtually via Zoom or live and in-person at the Commission’s offices—will be determined later.

These procedural dates and other requirements of this case are subject to further order of the Commission or Hearing Examiners.

The Commission’s Rules of Procedure at 1.2.2 NMAC shall apply to this case except as modified by order of the Commission or Hearing Examiners. A copy of the rules is available at https://nmonesource.com/nmos/nmac/en/nav_date.do.

Interested persons should contact the Commission at (505) 690-4191 or Ana.Kippenbrock@prc.nm.gov for confirmation of the hearing date, time, and place, since hearings are occasionally rescheduled or canceled if deemed not required in the discretion of the Hearing Examiners or Commission.

Interested persons who are not affiliated with a party may make oral or written comments as allowed by Rule 1.2.2.23(F) NMAC. Oral comments shall be taken as part of the public hearing starting at 9:00 a.m. on March 20, 2024 via the Zoom Platform. Therefore, persons wishing to make oral public comments must sign up by not later than 8:00 a.m. on March 20, 2024, via email at Ana.Kippenbrock@prc.nm.gov. Comments shall be limited to three minutes per person. Alternatively, written comments may be submitted at any time before the Commission takes final action. Written comments may be sent via email to prc.records@prc.nm.gov, making reference to NMPRC Case No. 23-00353-UT. Comments, whether oral or written, will not be considered as evidence.

Any interested person may examine PNM’s application and all other pleadings, testimony, exhibits, and other documents filed in the public record for this case on the Commission’s E-Docket service which can be accessed through the Commission’s website at <https://www.nm-prc.org/case-lookup-e-docket/>. Alternatively, those documents may be viewed at the offices of PNM at the following address:

Public Service Company of New Mexico
414 Silver Ave. SW
Albuquerque, New Mexico 87102
Telephone: (505) 241-2700

Any person filing pleadings or testimony shall serve copies via email on all parties, Commission Staff, and the Hearing Examiners.

Any person whose testimony has been pre-filed shall attend the hearing and submit to examination under oath.

Anyone filing pleadings, testimony, and other documents must follow the Commission’s electronic filing policy. Pleadings, testimony, and other documents must be served on all parties of record and Staff in the way or ways specified in the most recent certificate of service issued by the Hearing Examiners. Copies of all filings shall also be emailed on the date of filing and service to the Hearing Examiners by no later than 5:00 p.m. MT at Hans.Muller@prc.nm.gov. Any filing emailed to the Hearing Examiners shall include the Word or other native version of the filing (e.g., Excel or Power Point) if created in a particular format.

Any filings not emailed to the Hearing Examiners in compliance with the requirements of this order and Commission rules are subject to summary rejection and may be struck from the record at the Hearing Examiners’ discretion.

PERSONS WITH DISABILITIES

ANY PERSON WITH A DISABILITY REQUIRING ACCOMODATION TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE COMMISSION AT (505) 467-9116 OR (505) 690-4191 AS SOON AS POSSIBLE, PREFERABLY AS SOON AS THE PERSON RECEIVES NOTICE OF THIS PROCEEDING TO ALLOW CONSIDERATION OF THE REQUEST AND TO ARRANGE FOR A POTENTIAL REASONABLE ACCOMMODATION.

ISSUED under the Seal of the Commission at Santa Fe, New Mexico this **6th** day of **December 2023**.



NEW MEXICO PUBLIC REGULATION COMMISSION

/s/ Hans Muller
Hans Muller
Hearing Examiner