

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO’S)
APPLICATION FOR APPROVAL OF ITS)
RENEWABLE ENERGY ACT PLAN)
FOR 2025 AND PROPOSED 2025 RIDER)
RATE UNDER RATE RIDER NO. 36,)
)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
)
Applicant.)
_____)**

Case No. 24-00 ___-UT

**DIRECT TESTIMONY
OF
SHANE GUTIERREZ**

June 3, 2024

NMPRC CASE NO. 24-00____-UT
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WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO

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PNM EXHIBIT SG-3	2025 RPS Plan

SELF AFFIRMATION

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I. INTRODUCTION

Q. Please state your name, title, and business address.

A. My name is Shane Gutierrez. My business address is Public Service Company of New Mexico (“PNM”), 414 Silver Avenue Southwest, Albuquerque, New Mexico 87102. I am a Senior Project Manager, Financial Modeling in PNM’s Planning and Resources Department. The Planning and Resources Department is responsible for identifying the future resources PNM will need to provide electric service to retail customers.

Q. Please describe your educational background and professional experience.

A. My educational background and professional experience are summarized in PNM Exhibit SG-1, which includes a tabulation of cases before the New Mexico Public Regulation Commission (“NMPRC” or “Commission”) in which I have testified.

Q. Are you sponsoring any other exhibits?

A. Yes. PNM Exhibit SG-2 is a three-page exhibit that contains the calculations supporting my testimony. It summarizes the Renewable Portfolio Standard (“RPS”) requirements, and the resources PNM will use to meet those requirements in the 2025 and 2026 plan years. I also sponsor PNM Exhibit SG-3, which is the Renewable Energy Act Procurement Plan (“2025 Plan” or “Plan”).

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1 **Q. What is the purpose of your testimony?**

2 **A.** My testimony:

- 3 • Describes the approvals requested in this case and identifies the other
- 4 witnesses who are presenting direct testimony on behalf of PNM;
- 5 • Provides an overview of the 2025 Plan;
- 6 • Describes how PNM is positioned to satisfy current RPS requirements and
- 7 meet future increases in the RPS requirements;
- 8 • Presents PNM’s projected RPS requirements for 2025 and 2026;
- 9 • Demonstrates that the 2025 Renewable Energy Act Procurement Plan meets
- 10 the requirements of the Renewable Energy Act, NMSA 1978, §§ 62-16-1 to
- 11 -10 (2004, as amended through 2021) (“REA”), and the applicable
- 12 requirements of Commission Rule 17.9.572 NMAC (“Rule 572”) in 2025
- 13 and 2026; and
- 14 • Provides information related to the Lightning Dock Geothermal Facility
- 15 (“Lightning Dock”) procurement in compliance with the Final Order in
- 16 Case No. 18-00158-UT.

17
18 **Q. What Commission approvals is PNM requesting in this case?**

19 **A.** PNM is requesting the following:

- 20 1. Approval of PNM’s 2025 Plan;
- 21 2. Approval to reset the rate for PNM’s Renewable Energy Rider, Rider No.
- 22 36 (“Rider 36” or “Renewable Energy Rider”) to \$0.0071734/kWh,
- 23 effective January 1, 2025, for recovery of RPS procurement costs

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1 anticipated to be incurred during 2025, including costs for registering and
2 retiring renewable energy certificates (“RECs”) in the Western Renewable
3 Energy Generation Information System (“WREGIS”);

4 **3.** To the extent necessary, a variance from the data filing requirements of
5 17.9.530 NMAC; and

6 **4.** Pursuant to Section 62-16-4(H) of the Renewable Energy Act, PNM
7 requests that the Commission approve PNM’s Application without a formal
8 hearing if no protests are filed within ninety days of the date of notice.

9
10 **Q. Is PNM proposing new procurements as part of the 2025 Plan?**

11 **A.** No.

12
13 **Q. Please introduce the other PNM witnesses who are presenting direct testimony**
14 **in this case.**

15 **A.** The following witnesses are filing direct testimony on behalf of PNM:

- 16 • Mr. Brian G. Buffington, Manager, Cost of Service, presents the revenue
17 requirements that support PNM’s proposed new rate for Rider 36; and
18 • Mr. Aaron Braasch, Senior Pricing Analyst, presents PNM’s proposed new
19 rate for Rider 36, to be effective as of January 1, 2025.

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II. ELEMENTS OF PNM'S 2024 PLAN

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Q. Please describe PNM's requirements under the REA.

A. The REA establishes the following RPS requirements for public utilities other than rural electric cooperatives and municipalities in New Mexico:

- No later than January 1, 2020, renewable energy shall comprise no less than twenty percent of each public utility's total retail sales to New Mexico customers;
- No later than January 1, 2025, renewable energy shall comprise no less than forty percent of each public utility's total retail sales to New Mexico customers;
- No later than January 1, 2030, renewable energy shall comprise no less than fifty percent of each public utility's total retail sales to New Mexico customers;
- No later than January 1, 2040, renewable energy shall comprise no less than eighty percent of all retail sales of electricity in New Mexico, provided that compliance with this standard until December 31, 2047, shall not require the public utility to displace any zero carbon resources in the utility's generation portfolio on the effective date of the 2019 amendments; and
- No later than January 1, 2045, zero carbon resources shall supply one hundred percent of all retail sales of electricity in New Mexico.

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1 The REA places some limits on achievement of these requirements, including the
2 need to “maintain and protect the safety, reliable operation and balancing of loads
3 and resources on the electric system” and to “prevent unreasonable impacts to
4 customer electricity bills, taking into consideration the economic and
5 environmental costs and benefits of renewable energy resources and zero carbon
6 resources.” NMSA 1978, §§ 62-16-4(A) and (B). The REA requires a utility to
7 “generate or procure renewable energy at or below the reasonable cost threshold...
8 to the extent necessary to meet the applicable renewable portfolio standard.”
9 NMSA 1978, § 62-16-4(E). The REA defines the reasonable cost threshold, or
10 RCT, as “an average annual levelized cost of sixty dollars (\$60.00) per megawatt-
11 hour at the point of interconnection of the renewable energy resource with the
12 transmission system, adjusted for inflation after 2020.” NMSA 1978, § 62-16-3(E).

13

14 **Q. Please describe PNM’s 2025 Plan.**

15 **A.** The 2025 Plan, which describes how the Company intends to meet the RPS
16 requirement in 2025, is attached as PNM Exhibit SG-3 to my testimony.

17

18 PNM’s 2025 Plan projects that PNM will exceed the 2025 RPS requirement. The
19 actual surplus or deficit of RECs will depend on actual generation levels at PNM’s
20 various owned renewable facilities, from purchased power agreements (“PPAs”),
21 actual retail sales, and participation in PNM’s voluntary renewable energy
22 programs, but PNM is projecting that it will have more than sufficient RECs
23 generated from existing resources to meet the RPS in 2025 and 2026. The Plan also

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1 proposes a change in the Rider 36 rate effective January 1, 2025. This change
2 reflects the recovery of the costs of REA procurements during 2025 as well as the
3 costs associated with the registration and retirement of RECs through WREGIS.
4 The costs that make up the Rider 36 rate are discussed in Mr. Buffington’s Direct
5 Testimony, and the development of the new Rider 36 rate is explained by Mr.
6 Braasch.

7

8 **Q. Please describe the strategies PNM uses to minimize costs of renewable energy**
9 **integration, as required by 17.9.572.14(B)(9) NMAC.**

10 **A.** PNM is not proposing any new procurements in this case. Generally though,
11 integration of renewable resources requires PNM to carry sufficient flexible
12 resources—including battery energy storage systems and flexible gas generation—
13 and commit increased amounts of operating reserves to manage the variability and
14 uncertainty of variable energy resources.¹ Along with the addition of flexible
15 capacity and storage resources, procuring resources in geographically diverse areas
16 can reduce variability of the portfolio. Geographic diversity of resources is
17 dependent on the availability of sufficient transmission. Design of individual
18 renewable facilities with higher inverter loading ratios can also decrease variability
19 of output during peak production periods; though the economics must be compared
20 against the undelivered energy from overloading the inverters. Finally, PNM has
21 participated in the California ISO’s Western Energy Imbalance Market (“EIM”)

¹ Uncertainty is associated with weather/meteorological forecasts used to predict renewable energy output. Variability reflects the change in output given weather/meteorological conditions. Hence, even if forecasting was perfect, variability would still exist.

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1 since April 2021. As reported in PNM’s Annual Report on the Costs and
2 Savings of Participating in the EIM, PNM achieved \$18.7 million in gross savings
3 in 2023. PNM expects its participation in the EIM to continue to help reduce
4 operating costs, including the cost of renewable energy integration.² PNM’s
5 system is currently in a period of transition due to the rapid increase in the
6 amount of variable renewable generation on the system. As we address this
7 transition, PNM will continue to utilize these strategies to minimize renewable
8 energy integration costs.

9
10

11 **Q. Is the 2025 Plan consistent with PNM’s Integrated Resource Plan (“IRP”),**
12 **as required by 17.9.572.14(C)(10) NMAC?**

13 **A.** Yes. PNM filed its 2023 IRP on December 15, 2023. The 2023 IRP includes all
14 the REA resources in the 2025 Plan and considers how PNM will cost effectively
15 and reliably be able to meet its RPS goals from 2023 through 2042. The 2025 Plan
16 is consistent with PNM’s 2023 IRP.

17

18 **Q. Have any supply chain disruptions impacted PNM’s current and future RPS**
19 **compliance?**

20 **A.** No. Supply chain disruptions have caused delays in renewable energy and battery
21 storage projects that were originally expected to come online in 2023-2024,

² PNM files quarterly and annual compliance reports in Case No. 18-00261-UT, *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 Western EIM.*

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1 including Jicarilla Solar and Arroyo Solar, as identified in recent updates to
2 NMPRC cases 19-00195-UT and 20-00182-UT. However, even after accounting
3 for these delays PNM has met its RPS obligations for 2023 and still expects to
4 exceed its projected requirements in 2024, 2025, and 2026. PNM recognizes that
5 the assumptions related to projected renewable energy production included in this
6 Application and testimonies, especially the estimates for 2026, are subject to
7 change, and PNM will continue to provide updates in other dockets as required by
8 the NMPRC.

9

10 **III. REASONABLE AND CONSISTENT PROGRESS TOWARD MEETING**
11 **THE REA’S INCREASING RPS AND CARBON-FREE STANDARD**

12

13 **Q. Is PNM positioned to make reasonable and consistent progress toward**
14 **meeting the REA’s increasing RPS standards and zero-carbon resource**
15 **standard in 2045? [17.9.572.10(A) NMAC and NMSA 1978, Section 62-16-**
16 **4(A)(6)]**

17 **A.** Yes. Because PNM obtained a financing order in Case No. 19-00018-UT and has
18 issued associated energy transition bonds, PNM is adhering to the requirements of
19 Section 62-18-10(D) of the Energy Transition Act, which states:

20 For a qualifying utility that receives approval of a financing order and issues
21 sources of energy transition bonds, the qualifying utility's generation and
22 sources of energy procured pursuant to power purchase agreements with a
23 term of twenty-four months or longer, and that are dedicated to serve the
24 qualifying utility's retail customers, shall not emit, on average, more than
25 four hundred pounds of carbon dioxide per megawatt-hour by January 1,
26 2023, and not more than two hundred pounds of carbon dioxide per

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1 megawatt-hour by January 1, 2032 and thereafter. Compliance shall be
2 measured and verified every three years with the first period commencing
3 on January 1, 2023. The commission shall adopt rules to implement the
4 requirements of this subsection.
5

6 While the Commission has not formally established rules for calculating
7 compliance, adhering to the requirements will ensure that PNM makes reasonable
8 and consistent progress towards a carbon-free system, simultaneously helping PNM
9 achieve the increasing RPS under Section 62-16-4(A) of the REA.
10

11 **Q. Has PNM provided the capital, operating, and fuel costs for certain resources**
12 **as required by 17.9.572.14(C)(6) NMAC?**

13 **A.** Yes, 17.9.572.14(C)(6) requires utilities to include in their annual REA plans:

14 the capital, operating and fuel costs on a per-megawatt-hour basis during the
15 preceding calendar year of each nonrenewable generation resource rate-based
16 by the utility, or dedicated to the utility through a power purchase agreement of
17 one year or longer, and the nonrenewable generation resources' carbon dioxide
18 emissions on a per-megawatt-hour basis during that same year[.]
19

20 The required information can be found in Section V of PNM's 2025 RPS plan
21 (PNM Exhibit SG-3).
22

23 **Q. How would you recommend the Commission and other stakeholders treat the**
24 **information provided in Section V of the 2025 Plan?**

25 PNM does not use a simplistic levelized cost of energy (\$/MWh) approach when
26 evaluating system resources. Instead, PNM utilizes complex system modeling tools
27 that examine fixed and variable costs of resources on a net present value basis when
28 determining the lowest reasonable cost to reliably meet customer requirements.

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1 Please see the footnote 4 of Appendix A for a detailed description of PNM’s
2 suggested treatment of the information provided.

3

4 **IV. REQUIREMENTS FROM CASE NO. 23-00196-UT**

5

6 **Q. Please describe the requirement from the Final Order in Case No. 23-00196-**
7 **UT specific to the 2025 Plan.**

8 **A.** Decretal Paragraph G of the Recommended Decision in Case No. 23-00196-UT,
9 which was approved by the Commission, sets forth a requirement for PNM’s 2024
10 RPS filing: “PNM shall continue reporting about Lightning Dock as it has been
11 reporting and in future RPS cases.” I discuss these requirements in Section V of my
12 testimony.

13

14 **V. LIGHTNING DOCK REPORTING REQUIREMENTS PURSUANT TO**
15 **THE FINAL ORDERS IN CASE NOS. 18-00158-UT, 20-00124-UT, 21-**
16 **00143-UT, 22-00143-UT, AND 23-00196-UT**

17

18 **Q. Please describe PNM’s reporting requirements related to Lightning Dock.**

19 **A.** Lightning Dock (also referred to as Dale Burgett) is a facility located near
20 Lordsburg, New Mexico that generates electricity from geothermal resources. In
21 Case No. 18-00158-UT, the Commission approved PNM’s 2019 RPS Plan, which
22 included an agreement between PNM and Staff (“Consent Agreement”) to make

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1 certain reports regarding Lightning Dock in future REA plan filings. These
2 reporting requirements are to:

- 3 • State the annual energy output by the facility for the prior calendar year
4 and the first three months of the following year;
- 5 • Identify any change or supplement, including assignments, to the Lightning
6 Dock PPA or the Consent Agreement, and explain whether PNM believes
7 the change or supplement is material;
- 8 • Report any seller Events of Default, as that term is defined in the Lightning
9 Dock PPA, in the prior calendar year and up until the filing date of the
10 testimony;
- 11 • Report any future bankruptcy proceeding related to the Lightning Dock
12 procurement during the prior calendar year and up until the filing date of
13 the testimony; and
- 14 • Report about changes, if any, to PNM's credit analysis of Lightning Dock
15 and Cyrq Energy and, if no credit analysis was performed that year, include
16 a simple explanation of why no new credit analysis was required.

17 The recommended decisions, as accepted by the Commission in Case Nos. 19-
18 00159-UT, 20-00124-UT, 21-00143-UT, 22-00143-UT, and 23-00196-UT
19 continued these requirements.

20
21 **Q. Has there been any change or supplement, including assignments, of the**
22 **Lightning Dock PPA or the Consent Agreement since June 4, 2018, the date**
23 **PNM entered into the Consent Agreement?**

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1 **A.** No.

2

3 **Q.** **Have there been any Lightning Dock Events of Default in the prior calendar**
4 **year and to date in 2024?**

5 **A.** Energy production from the facility continues to fall short relative to the projections
6 set forth in its PPA with PNM. While PNM and Lightning Dock disagree with
7 respect to the amount of energy the facility is required to produce, both parties
8 remain in regular contact to discuss plans to increase production from the facility
9 and PNM is not pursuing further action at this time.

10

11 **Q.** **Have there been any bankruptcy proceedings related to the Lightning Dock**
12 **procurement in the prior calendar year and to date in 2024?**

13 **A.** No.

14

15 **Q.** **Have there been any changes to PNM's credit analysis of Lightning Dock or**
16 **Cyrq Energy?**

17 **A.** No.

18

19 **Q.** **What was the facility's energy production in 2023 and the first three months**
20 **of 2024?**

21 **A.** Geothermal energy production for the calendar year 2023 was 35,858 MWh. 2024
22 energy production through March was 10,878 MWh.

23

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VI. PLAN YEAR (2025) RPS COMPLIANCE

1

2 **Q. What is PNM’s RPS requirement for 2025?**

3 **A.** Pursuant to 17.9.572.10 NMAC and Section 62-16-4(A) of the REA, the RPS
4 requirement for 2025 is 40% of retail sales. PNM’s projected retail sales in 2025
5 are 10,097,554 MWh. For purposes of calculating the RPS, Section 62-16-7(B)(2)
6 of the REA requires PNM to reduce total projected retail sales for sales made under
7 a Commission-approved voluntary program. PNM currently offers three voluntary
8 renewable energy programs: PNM’s Sky Blue program approved in Case No. 10-
9 00018-UT; Rate No. 36B, pursuant to which PNM provides renewable energy to
10 match the load of the Rate 36B customer’s data center pursuant to the Special
11 Service Contract approved by the Commission in Case No. 18-00269-UT; and
12 Solar Direct, a voluntary program for large customers, which was approved by the
13 Commission in Case No. 19-00158-UT. After reducing the retail sales projection
14 by 1,907,634 MWh for sales under these three voluntary programs, PNM’s sales
15 subject to the RPS are 8,189,921 MWh. The RPS requirement is therefore equal to
16 40% of those sales, or 3,275,968 MWh. Please see PNM Exhibit SG-2 for a
17 detailed calculation of the 2025 RPS.

18

19 **Q. Will PNM’s existing renewable resources provide sufficient RECs to meet the**
20 **RPS in 2025?**

21 **A.** Yes. PNM anticipates exceeding its 2025 RPS requirements by 1,069,894 RECs,
22 as shown on page 1, line 7, in PNM Exhibit SG-2. PNM expects to bank its 2025

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1 surplus RECs, which it will add to the prior year’s bank, to help meet future RPS
2 compliance. The actual surplus and banked RECs will depend on actual renewable
3 production, actual retail sales, and participation in PNM’s voluntary renewable
4 energy programs.

5

6 **Q. What are the costs of PNM’s portfolio of RPS resources in 2025?**

7 **A.** Total costs for 2025 are \$58,749,245 as shown on page 1, line 17 of PNM Exhibit
8 SG-2. Page 2 of PNM Exhibit SG-2 further details the resources and their projected
9 costs for 2025. PNM witness Brian G. Buffington provides the 2025 revenue
10 requirement for the portfolio in his direct testimony.

11

12 **Q. What types of resources will comprise PNM’s RPS portfolio in 2025?**

13 **A.** I will describe the specific renewable resources in more detail later in my testimony.
14 The portfolio will be comprised of 29% wind, 69% solar photovoltaic (“PV”), 1%
15 “other” (non-wind, non-solar), and 1% contracted distributed generation resources
16 before any REC banking projections are accounted for. The components above are
17 rounded to the nearest percentage.

18

19 **VII. NEXT PLAN YEAR (2026) RPS COMPLIANCE**

20 **Q. What is PNM’s projected RPS requirement for 2026?**

21 **A.** PNM’s projected retail sales in 2026 are 10,499,143 MWh. After reducing the retail
22 sales projection by 2,123,525 MWh for projected sales under voluntary programs,

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1 PNM's sales subject to the RPS are 8,375,618 MWh. The RPS requirement is
2 therefore equal to 40% of those sales, or 3,350,247 MWh. Please see PNM Exhibit
3 SG-2 for a detailed calculation of the 2026 RPS.

4

5 **Q. Will PNM's existing renewable resources provide sufficient RECs to meet the**
6 **RPS in 2026?**

7 **A.** Yes. PNM anticipates exceeding its 2026 RPS requirements by 1,113,586 RECs,
8 as shown on page 1, line 7, in PNM Exhibit SG-2. PNM expects to bank its 2026
9 surplus RECs, which it will add to the prior year's bank, to help meet future RPS
10 compliance. The actual surplus and banked RECs will depend on actual renewable
11 production, actual retail sales, and participation in PNM's voluntary renewable
12 energy programs.

13

14 **Q. What are the projected costs of PNM's portfolio of RPS resources in 2026?**

15 **A.** Total costs for 2026 are projected to be \$56,995,346, as shown on page 1, line 17
16 of PNM Exhibit SG-2. Page 3 of PNM Exhibit SG-2 further details the resources
17 and their projected costs for 2026.

18

19 **Q. What types of resources will comprise PNM's RPS portfolio in 2026?**

20 **A.** I will describe the specific renewable resources in more detail below. The portfolio
21 will consist of 29% wind, 70% solar PV, 1% "other", and 1% distributed generation
22 before any REC banking projections are accounted for. The components above are
23 rounded to the nearest percentage.

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2 **VIII. RESOURCES FOR RPS COMPLIANCE AND PORTFOLIO COSTS**

3 **Q. Have you prepared an overview of PNM’s existing renewable resources and**
4 **costs?**

5 **A.** Yes. PNM’s existing renewable resources for RPS compliance include wind, solar
6 PV, geothermal energy, and purchases of RECs associated with customer-sited
7 solar PV facilities on PNM’s system. REC projections and cost information for
8 these resources are provided on pages 2 and 3 of PNM Exhibit SG-2.

9

10 **Q. Please describe PNM’s existing wind resources.**

11 **A.** PNM has three existing sources of wind generation:

12 1) PNM has a PPA for all the output of the 200 MW New Mexico Wind Energy
13 Center (“NMWEC”) located in Quay County, New Mexico, which
14 currently generates approximately 586,000 MWh of energy and associated
15 RECs annually, a portion of which is used for PNM’s Sky Blue program.

16 2) PNM has a PPA for the entire output of the Red Mesa Wind Energy Center
17 (“Red Mesa”), a 102 MW facility in Cibola County, New Mexico. Energy
18 production from Red Mesa is expected to be approximately 198,000 MWh
19 in 2025 and 2026.

20 3) PNM has a PPA for the entire output of the La Joya II wind facility located
21 in Torrance County, New Mexico. Energy production from La Joya II is
22 expected to be approximately 501,000 MWh in 2024 and 2025.

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1

2 **Q. Please describe PNM’s existing solar RPS resources.**

3 **A.** PNM owns 117 MW of solar PV generation that has been procured solely to meet
4 RPS compliance. The 117 MW of solar PV is comprised of the following:

5 a) Energy produced by 22.5 MW of solar PV facilities that were constructed
6 in 2011 (“2011 PNM Solar PV”). This includes the 0.5 MW Prosperity solar
7 PV with battery storage project. The production from these facilities is
8 projected to be approximately 46,000 MWh in 2025 and in 2026.³

9 b) Energy produced by 21.5 MW of solar PV facilities that became operational
10 in 2013 (“2013 PNM Solar PV”). PNM allocates the energy produced from
11 1.5 MW of the 21.5 MW of 2013 PNM Solar PV to PNM’s Sky Blue
12 program. The energy production from 20 MW of the 2013 PNM Solar PV
13 is projected to be approximately 42,000 MWh in 2025 and in 2026.⁴

14 c) Energy produced by 23 MW of solar PV facilities that became operational
15 in 2014 (“2014 PNM Solar PV”). The energy production from the 2014
16 PNM Solar PV is projected to be approximately 58,000 MWh in 2025 and
17 in 2026.⁵

18 d) PNM owns solar PV facilities at its Algodones site (25 kW) and its Aztec
19 building in Albuquerque (5 kW). The MWh-RECs associated with the
20 energy from these facilities have a grandfathered 3-1 weighting and the

³ PNM assumes that production will decline 0.5% annually due to degradation of these solar PV panels.

⁴ PNM assumes that production will decline 0.5% annually due to degradation of these solar PV panels.

⁵ PNM assumes that production will decline 0.5% annually due to degradation of these solar PV panels.

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1 combined annual output from these facilities is projected to be
2 approximately 63 MWh in 2025 and 62 MWh in 2026.⁶

3 e) Energy produced by 50 MW of solar PV facilities that became operational
4 in 2019 (“2019 PNM Solar PV”). The energy production from the 2019
5 PNM Solar PV is projected to be approximately 131,000 MWh in 2025 and
6 in 2026.⁷

7 **Q. What system resources is PNM expected to use for RPS compliance?**

8 **A.** PNM has procured 40 MW of PNM-owned solar PV resources pursuant to a
9 stipulation approved in Case No. 14-00158-UT, 650 MW of solar PV as approved
10 in Case No. 19-00195-UT, and 350 MW as approved in Case No. 21-00215-UT.
11 The Commission also approved PNM’s ability to use RECs from a 100 kW
12 microgrid project in Case No. 21-00143-UT, and the Community Solar Act, NMSA
13 1978, §§ 62-16B-1 to -8 provides for PNM’s share of community solar projects
14 (125 MW) in which PNM can use RECs to meet RPS obligations. These 1,165
15 MW of system resources are described in more detail below:

16 a) PNM uses RECs produced by 40 MW of solar PV facilities that became
17 operational in 2015 (“2015 PNM Solar PV”) for RPS compliance. The
18 energy production from the 2015 PNM Solar PV is projected to be
19 approximately 93,000 MWh in 2024 and in 2025⁸.

20 b) PNM has a PPA for all the output from the 50 MW Jicarilla Solar I
21 facility. This PPA was approved in Case No. 19-00195-UT. The energy

⁶ PNM assumes that production will decline 1.0% annually due to degradation of these solar PV panels.

⁷ PNM assumes that production will decline 0.5% annually due to degradation of these solar PV panels.

⁸ PNM assumes that production will decline 0.7% annually due to degradation of these solar PV panels.

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1 production from the Jicarilla Solar I facility is projected to be
2 approximately 133,000 MWh in 2025 and 132,000 MWh in 2026.

3 c) PNM has a PPA for all the output from the 300 MW Arroyo Solar
4 facility. This PPA was approved in Case No. 19-00195-UT. The energy
5 production from the Arroyo Solar facility is projected to be
6 approximately 811,000 MWh in 2025 and 804,000 MWh in 2026.

7 d) PNM has a PPA for all the output from the 200 MW San Juan Solar
8 facility that is expected to become operational by June 2024. This PPA
9 was approved in Case No. 19-00195-UT. The energy production from
10 this facility is projected to be approximately 567,000 MWh in 2025 and
11 565,000 MWh in 2026.

12 e) PNM has a PPA for all the output from the 300 MW Atrisco Solar
13 facility that is expected to become operational by December 2024. This
14 PPA was approved in Case No. 21-00083-UT. The energy production
15 from this facility is projected to be approximately 895,000 MWh in
16 2025 and 889,000 MWh in 2026.

17 f) The Tierra Que Can microgrid project is an aggregate of rooftop systems
18 totaling approximately 100 kW. PNM was granted approval to use
19 RECs for RPS compliance from this project in Case No. 21-00143-UT.
20 The energy production from this facility is projected to be
21 approximately 283 MWh in 2026.

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1 g) PNM expects 125 MW of community solar PV facilities to become
2 operational in mid-2025. The energy production from these facilities is
3 projected to be approximately 203,000 MWh in 2025.

4

5 **Q. Please describe PNM’s existing “other” (non-wind, non-solar) resources.**

6 **A.**As described earlier in this testimony, PNM has a PPA for the output produced by
7 the Dale Burgett facility (aka Lightning Dock), up to 77,000 MWh annually, a
8 facility that generates electricity from geothermal resources located near
9 Lordsburg, New Mexico. Historical energy production from Dale Burgett has
10 trended downward since 2019. The latest forecast received from the facility
11 operator (Cyrq Energy) follows this trend of lower than expected well production.
12 Energy production from this facility is projected to be about 34,000 MWh in 2025
13 and in 2026.

14

15 **Q. What REC purchase arrangements does PNM have for customer-sited solar**
16 **PV systems?**

17 **A.**Pursuant to REC purchase programs approved by the Commission, PNM has REC
18 purchase contracts with PNM customers who interconnect solar PV systems to their
19 homes, commercial buildings, or other customer facilities. Under these programs,
20 PNM acquires some or all the RECs associated with the energy generated from the
21 customer-sited solar PV facility. These programs include the Large PV REC
22 Purchase Program (“Large PV Program”), the Solar REC Incentive Programs

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1 (“SIP”), and the Capacity Reservation Program. PNM expects that these programs
2 collectively will generate about 55,000 RECs in 2025 and in 2026.

3

4 **Q. Please describe the WREGIS costs associated with PNM’s renewable**
5 **resources.**

6 **A.** Pursuant to 17.9.572.17(E), WREGIS certification is required for all RECs used
7 to demonstrate compliance with the RPS. PNM’s annual WREGIS fee is \$83 per
8 year to maintain an account. Additionally, WREGIS charges a fee of \$0.004 per
9 REC for certificate issuance or transfer and \$0.004 per REC for retirement, for a
10 total fee of \$0.008 per REC. For the Red Mesa and Dale Burgett resources, PNM
11 only incurs the cost to retire MWh-RECs from those facilities as those RECs are
12 transferred to PNM; thus only \$0.004 per REC is applied. Additionally, PNM
13 applies the WREGIS fee for REC retirement only in the year that RECs or banked
14 RECs are used for RPS compliance.

15

16 **IX. VARIANCE FROM RULE 530**

17

18 **Q. Is PNM requesting a variance from the Rule 530 reporting requirements?**

19 **A.** PNM is requesting that the Commission grant a variance from the data filing
20 requirements of Rule 530 to the extent that it is required. Rule 530 requires the
21 filing of extensive data schedules that are unnecessary for review and approval of

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1 the Rider 36 rate PNM seeks approval of here. The Commission has granted similar
2 variances from Rule 530 in the past, e.g., *Order Granting Variances*, Case No. 12-
3 00007-UT (February 3, 2012).

4

5

X. WAIVER FROM FORMAL HEARING

6

7 **Q. Does PNM have any additional requests?**

8 **A.** PNM is requesting that the Commission approve PNM's Application without a
9 formal hearing if no protests are filed within ninety days of the date of notice,
10 pursuant to Section 62-16-4(H) of the REA. The RPS resources included in PNM's
11 2025 Plan are more than sufficient to meet the RPS. The sufficiency of PNM's RPS
12 resources is all that needs to be confirmed for purposes of approving the 2025 Plan,
13 which can be accomplished without the need for a formal hearing.

14

15

XI. CONCLUSION

16

17 **Q. Please summarize the reasons why PNM's 2025 Plan is in the public interest**
18 **and should be approved.**

19 **A.** The 2025 Plan is in the public interest because it satisfies the policy goals
20 established in the REA, including the RPS requirement for 2025, and complies with
21 all applicable requirements of Rule 572. The 2025 Plan does not require the
22 addition of new resources and continues to rely on resources previously approved

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1 by the Commission in prior PNM plans. For these reasons, PNM's 2025 Plan is in
2 the public interest and should be approved.

3

4 **Q. Does this conclude your direct testimony?**

5 **A. Yes, it does.**

GCG#532513

SHANE GUTIERREZ
EXPERIENCE AND QUALIFICATIONS

Address: PNM Resources Inc.
414 Silver Ave. SW
Albuquerque, NM 87102

Position: Senior Project Manager, Financial Modeling

Education: B.S., Electrical Engineering, New Mexico State University, 2001

Employment: Public Service Company of New Mexico
Senior Project Manager, Financial Modeling, 2020 to Present
Engineer IV, Planning & Resources Dept., 2010 to 2020
Engineer, Utility Margin Department, 2009-2010

Public Service Company of Colorado
*Planning Engineer/Engineer, Transmission Planning and Transmission
Access Dept., 2002 to 2009*

New Mexico Public Regulation Commission Testimony:

Case No. 12-00131-UT	PNM's 2013 Renewable Energy Plan
Case No. 13-00183-UT	PNM's 2014 Renewable Energy Plan
Case No. 14-00158-UT	PNM's 2015 Renewable Energy Plan
Case No. 15-00166-UT	PNM's 2016 Renewable Energy Plan
Case No. 16-00148-UT	PNM's 2017 Renewable Energy Plan
Case No. 17-00129-UT	PNM's 2018 Renewable Energy Plan
Case No. 18-00158-UT	PNM's 2019 Renewable Energy Plan
Case No. 19-00159-UT	PNM's 2020 Renewable Energy Plan
Case No. 20-00124-UT	PNM's 2021 Renewable Energy Plan
Case No. 21-00143-UT	PNM's 2022 Renewable Energy Plan
Case No. 22-00143-UT	PNM's 2023 Renewable Energy Plan
Case No. 23-00196-UT	PNM's 2024 Renewable Energy Plan

2025 Plan RPS Summary			
Line	RPS Requirements	2025	2026
1	Annual Retail Sales (MWh)	10,097,554	10,499,143
2	(-) Voluntary Tariff Sales (MWh)	1,907,634	2,123,525
3	Net Annual Retail Sales (MWh)	8,189,921	8,375,618
4	RPS (%)	40%	40%
5	RPS (MWh)	3,275,968	3,350,247
RPS Compliance & Diversity		2025	2026
6	Portfolio RECs	4,345,862	4,463,833
7	Portfolio REC Surplus to Bank	1,069,894	1,113,586
8	Prior-Year Banked RECs	1,859,855	2,929,749
9	On-Year REC Bank	2,929,749	4,043,335
10	RECs used for RPS Compliance	3,275,968	3,350,247
11	Portfolio Percent of Annual Sales (%)	40%	40%
12	Portfolio Percent of RPS Goal (%)	100%	100%
13	Wind Diversity (%)	29.3%	28.6%
14	Solar Diversity (%)	68.6%	69.5%
15	Other Diversity (%)	0.8%	0.8%
16	DG Diversity (%)	1.3%	1.2%
Portfolio Cost		2025	2026
17	Portfolio Cost (\$)	\$58,749,245	\$56,995,346

Notes for Numbered Rows

- 1 Includes annual retail sales and impacts due to energy efficiency and distributed generation
- 2 Includes sum of lesser of voluntary customer sales or renewable production
- 3 Line 1 - Line 2
- 4 Renewable Portfolio Standard goal
- 5 Line 3 x Line 4
- 6 Annual Sum of projected RECs for PNM's portfolio for RPS Compliance
- 7 Line 6 - Line 5
- 8 Prior Year Banked RECs
- 9 Line 7 + Line 8
- 10 If Line 8 < 0 = Line 6 - Line 7 - Line 8, If Line 8 > 0 = Line 6 - Line 7
- 11 Line 10 ÷ Line 3
- 12 Line 10 ÷ Line 5
- 13 Sum of Wind RECs divided by Portfolio RECs
- 14 Sum of Solar RECs divided by Portfolio RECs
- 15 Sum of Other RECs divided by Portfolio RECs
- 16 Sum of DG RECs divided by Portfolio RECs
- 17 Sum of portfolio procurement costs, including WREGIS fees

	A	B	C	D = B + C	E = A * D	F	G	
	2025	MWh RECs	Cost \$/MWh-REC	WREGIS Cost \$/MWh-REC	Total Cost \$/MWh-REC	Total Cost \$	2025 RCT	Compare to col. D
[1]	Utility Wind							
[2]	New Mexico Wind Energy Center ¹	575,450	\$27.25	\$0.008	\$27.26	\$15,685,617	\$74.94	Below
[3]	Red Mesa	198,000	\$34.03	\$0.004	\$34.04	\$6,739,588	\$74.94	Below
[4]	La Joya II	501,030	\$17.48	\$0.004	\$17.48	\$8,760,000	\$74.94	Below
[5]	Total Utility Wind	1,274,480				\$31,185,205		
[6]								
[7]	Distributed Generation							
[8]	Large PV RECs	11,000	\$150.00	\$0.008	\$150.01	\$1,650,113	\$74.94	Above
[9]	SIP RECs \$0.14 - \$0.05	27,531	\$140.89	\$0.008	\$140.89	\$3,878,887	\$74.94	Above
[10]	2018-2022 DG Capacity Reservations	10,659	\$2.50	\$0.008	\$2.51	\$26,732	\$74.94	Below
[11]	Case 13-00390-UT Stipulation	5,676	\$2.50	\$0.008	\$2.51	\$14,235	\$74.94	Below
[12]	Total Distributed Generation	54,865				\$5,569,967		
[13]								
[14]	Utility Solar							
[15]	Algodones/Aztec @3:1	63	\$0.00	\$0.008	\$0.008	\$1	\$74.94	Below
[16]	2011 PNM Solar PV 22.5 MW	46,274	\$93.28	\$0.008	\$93.287	\$4,316,762	\$74.94	Above
[17]	2013 PNM Solar PV 20 MW ¹	42,144	\$80.19	\$0.008	\$80.196	\$3,379,769	\$74.94	Above
[18]	2014 PNM Solar PV 23 MW	57,830	\$65.20	\$0.008	\$65.205	\$3,770,821	\$74.94	Below
[19]	2015 PNM Solar PV 40 MW	93,348	\$0.00	\$0.008	\$0.008	\$747	\$74.94	Below
[20]	2019 PNM Solar PV 50 MW	132,726	\$51.53	\$0.008	\$51.533	\$6,839,763	\$74.94	Below
[21]	Tierra Que Can Microgrid RECs	0	\$0.00	\$0.008	\$0.008	-	\$74.94	Below
[22]	Community Solar RECs	203,373	\$0.00	\$0.008	\$0.008	\$1,627	\$74.94	Below
[23]	Jicarilla Solar I PPA 50 MW	133,623	\$0.00	\$0.008	\$0.008	\$1,069	\$74.94	Below
[24]	Arroyo Solar PPA 300 MW	810,602	\$0.00	\$0.008	\$0.008	\$6,485	\$74.94	Below
[25]	San Juan Solar I PPA 200 MW	567,484	\$0.00	\$0.008	\$0.008	\$4,540	\$74.94	Below
[26]	Atrisco Solar PPA 300 MW	894,840	\$0.00	\$0.008	\$0.008	\$7,159	\$74.94	Below
[27]								
[28]	Total Utility Solar	2,982,305				\$18,328,741		
[29]								
[30]	Utility "Other"							
[31]	Dale Burgett (Lightning Dock) PPA	34,212	\$105.79	\$0.004	\$105.80	\$3,619,528	\$74.94	Above
[32]								
[33]	RECs for RPS							
[34]	2025 Vintage RECs	(1,069,894)	\$0.00	\$0.004	\$0.00	(\$4,280)	\$74.94	Below
[35]								
[36]	2025 Total Production & Costs	3,275,968				\$58,699,162		
[37]	2025 Filing Costs & Fees (\$)					\$50,083²		
[38]	2025 Portfolio Costs (\$)					\$58,749,245		
[39]	2025 Average Cost (\$/MWh-REC)					\$17.93		
[40]	2025 RPS Compliance Goal (%)					40.0%		
[41]	2025 RPS Compliance (%)					40.0%		

Notes

- 1). Projected energy accounts for allocation to PNM Sky Blue Program.
- 2). Includes \$50,000 of Renewable Filing Costs and WREGIS Annual Fee of \$83

	A	B	C	D = B + C	E = A * D	F	G
	2026	MWh RECs	Cost \$/MWh-REC	WREGIS Cost \$/MWh-REC	Total Cost \$/MWh-REC	Total Cost \$	Total Cost Compare RCT to col. D
[1]	Utility Wind						
[2]	New Mexico Wind Energy Center ¹	575,781	\$27.25	\$0.008	\$27.26	\$15,694,641	\$77.19 Below
[3]	Red Mesa	198,000	\$34.72	\$0.004	\$34.72	\$6,874,364	\$77.19 Below
[4]	La Joya II	501,030	\$17.48	\$0.004	\$17.48	\$8,760,000	\$77.19 Below
[5]	Total Utility Wind	1,274,811				\$31,329,005	
[6]							
[7]	Distributed Generation						
[8]	Large PV RECs	10,945	\$150.00	\$0.008	\$150.01	\$1,641,863	\$77.19 Above
[9]	SIP RECs \$0.14 - \$0.05	27,393	\$140.89	\$0.008	\$140.89	\$3,859,493	\$77.19 Above
[10]	2018-2022 DG Capacity Reservations	10,605	\$2.50	\$0.008	\$2.51	\$26,598	\$77.19 Below
[11]	Case 13-00390-UT Stipulation	5,647	\$2.50	\$0.008	\$2.51	\$14,164	\$77.19 Below
[12]	Total Distributed Generation	54,591				\$5,542,117	
[13]							
[14]	Utility Solar						
[15]	Algodones/Aztec @3:1	62	\$0.00	\$0.008	\$0.01	\$0	\$77.19 Below
[16]	2011 PNM Solar PV 22.5 MW	46,041	\$100.89	\$0.008	\$100.89	\$4,645,290	\$77.19 Above
[17]	2013 PNM Solar PV 20 MW ¹	41,933	\$65.31	\$0.008	\$65.32	\$2,738,932	\$77.19 Below
[18]	2014 PNM Solar PV 23 MW	57,541	\$54.57	\$0.008	\$54.57	\$3,140,303	\$77.19 Below
[19]	2015 PNM Solar PV 40 MW	92,648	\$0.00	\$0.008	\$0.01	\$741	\$77.19 Below
[20]	2019 PNM Solar PV 50 MW	131,730	\$44.18	\$0.008	\$44.19	\$5,821,473	\$77.19 Below
[21]	Tierra Que Can Microgrid RECs	283	\$0.00	\$0.008	\$0.01	\$2	\$77.19 Below
[22]	Community Solar RECs	339,466	\$0.00	\$0.008	\$0.01	\$2,716	\$77.19 Below
[23]	Jicarilla Solar I PPA 50 MW	133,623	\$0.00	\$0.008	\$0.01	\$1,069	\$77.19 Below
[24]	Arroyo Solar PPA 300 MW	803,682	\$0.00	\$0.008	\$0.01	\$6,429	\$77.19 Below
[25]	San Juan Solar I PPA 200 MW	564,643	\$0.00	\$0.008	\$0.01	\$4,517	\$77.19 Below
[26]	Atrisco Solar PPA 300 MW	888,568	\$0.00	\$0.008	\$0.01	\$7,109	\$77.19 Below
[27]							
[28]	Total Utility Solar	3,100,220				\$16,368,582	
[29]							
[30]	Utility "Other"						
[31]	Dale Burgett (Lightning Dock) PPA	34,212	\$108.44	\$0.004	\$108.44	\$3,710,013	\$77.19 Above
[32]							
[33]	RECs for RPS						
[34]	2026 Vintage RECs	(1,113,586)	\$0.00	\$0.004	\$0.00	(\$4,454)	\$77.19 Below
[35]							
[36]	2026 Total Production & Costs	3,350,247				\$56,945,263	
[37]	2026 Filing Costs & Fees (\$)					\$50,083²	
[38]	2026 Portfolio Costs (\$)					\$56,995,346	
[39]	2026 Average Cost (\$/MWh-REC)					\$17.01	
[40]	2026 RPS Compliance Goal (%)					40.0%	
[41]	2026 RPS Compliance (%)					40.0%	

Notes

- 1). Projected energy accounts for allocation to PNM Sky Blue Program.
- 2). Includes \$50,000 of Renewable Filing Costs and WREGIS Annual Fee of \$83

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO'S)
APPLICATION FOR APPROVAL OF ITS)
RENEWABLE ENERGY ACT PLAN)
FOR 2025 AND PROPOSED 2025 RIDER)
RATE UNDER RATE RIDER NO. 36,)
)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
)
Applicant.)
_____)**

Case No. 24-00__-UT

**PUBLIC SERVICE COMPANY OF NEW MEXICO'S
RENEWABLE ENERGY ACT PLAN
FOR 2025**

June 3, 2024

PUBLIC SERVICE COMPANY OF NEW MEXICO'S RENEWABLE ENERGY ACT PLAN FOR 2025

I. INTRODUCTION

Public Service Company of New Mexico (“PNM” or “Company”) files this Renewable Energy Act Plan for 2025 (“2025 Plan” or “Plan”) pursuant to the Renewable Energy Act (“REA”), NMSA 1978, §§ 62-16-1 to -10 (2004, as amended through 2019) and 17.9.572 NMAC (“Rule 572”) of the rules of the New Mexico Public Regulation Commission (“NMPRC” or “Commission”). The Plan is supported by the testimony and exhibits of PNM witnesses Shane Gutierrez, Brian Buffington, and Aaron Braasch.

II. SUMMARY OF 2025 PLAN

The 2025 Plan shows that PNM expects to fully comply with its Renewable Portfolio Standard (“RPS”) requirements in 2025 and 2026 using resources previously approved by the Commission. PNM will recover the costs of implementing the 2025 Plan, including costs for registering and retiring renewable energy certificates (“RECs”) in the Western Renewable Energy Generation Information System (“WREGIS”) through an adjusted rate for PNM’s Renewable Energy Rider, Rider No. 36, effective January 1, 2025.

III. RPS AND RCT CALCULATIONS

PNM’s projected RPS requirements and the corresponding portfolio procurement costs and net compliance costs for 2025 are shown in Table 1.

In summary, Table 1 shows the following:

- RPS Requirement: PNM’s projected Net RPS Goal, after taking into account adjustments for voluntary tariff sales, is 3,275,968 MWh in 2025 and 3,350,247 MWh in 2026.
- RPS Compliance: PNM projects that it will meet the RPS requirements in 2025 and 2026.

**PUBLIC SERVICE COMPANY OF NEW MEXICO
RENEWABLE ENERGY ACT PLAN FOR 2025**

PNM 2025 RPS Plan- Table 1

2025 Plan RPS and RCT Summary		
<i>Line</i>	2025 Plan RPS and RCT Summary	2025
1	Annual Retail Sales (MWh)	10,097,554
2	(-) Voluntary Tariff Sales (MWh)	1,907,634
3	Net Annual Retail Sales (MWh)	8,189,921
4	RPS (%)	40%
5	RPS (MWh)	3,275,968
RPS Compliance & Diversity		2025
6	Portfolio RECs	4,345,862
7	Portfolio REC Surplus to Bank	1,069,894
8	Prior-Year Banked RECs	1,859,855
9	On-Year REC Bank	2,929,749
10	RECs used for RPS Compliance	3,275,968
11	Portfolio Percent of Annual Sales (%)	40%
12	Portfolio Percent of RPS Goal (%)	100%
13	Wind Diversity (%)	29%
14	Solar Diversity (%)	69%
15	Other Diversity (%)	1%
16	DG Diversity (%)	1%
Portfolio Cost		2025
17	Portfolio Cost (\$)	\$58,749,245

The RCT for 2025 is \$74.94 per MWh, equal to \$60 per MWh adjusted for inflation using a flat 1.5% inflation rate after 2020. Using the Bureau of Labor Statistics Consumer Price Index calculator, the RCT would be \$111.02 per MWh.

IV. RENEWABLE ENERGY RESOURCES

PNM’s renewable energy portfolio consists of the resources shown below, all of which have been approved by the Commission in previous cases. The costs associated with registering and retiring RECs with WREGIS is currently \$0.008 per REC.

**PUBLIC SERVICE COMPANY OF NEW MEXICO
RENEWABLE ENERGY ACT PLAN FOR 2025**

Existing Wind:

- New Mexico Wind Energy Center (“NMWEC”): This is a 200 MW wind generation facility located in eastern New Mexico that is owned and operated by NextEra Energy Resources. Under a 25-year purchased power agreement (“PPA”), PNM purchases all the energy and RECs produced by NMWEC. The NMWEC was declared in-service in October 2003. As part of the approvals in Case No. 17-00129-UT, the NMWEC was re-powered with new wind turbine blades and nacelles in 2018 and the term of the PPA was extended to 2045. A portion of the NMWEC output is used to supply energy and MWh-RECs for the Sky Blue program (“PNM Sky Blue”) that PNM offers pursuant to Rule 572.18. RECs used for PNM Sky Blue sales are not used for RPS compliance, consistent with Rule 572.10(A). The projected number of NMWEC RECs available for RPS compliance, excluding those RECs retired for PNM Sky Blue, is 575,450 MWh-RECs in 2025 and 575,781 RECs in 2026. The gross cost for NMWEC generation and RECs is projected to be approximately \$16 million in 2025 and 2026.

- Red Mesa Wind Energy Center: This is a 102 MW wind facility located in Cibola County, about 50 miles west of Albuquerque. PNM has a 20-year PPA to procure energy and RECs from this facility. Purchases under the PPA began on January 1, 2015. The energy is delivered to PNM at the Red Mesa station on the Kermac-West Mesa transmission line. Annual production is expected to be 198,000 MWh in both 2025 and 2026 and the gross cost is projected to be \$6.7 million in 2025 and \$6.9 million in 2026.

- La Joya Wind Facility, Phase 2 (“La Joya II”): This is 140 MW wind facility 18 miles east of Estancia, New Mexico in Torrance County. PNM has a 20-year PPA to procure energy and MWh-RECs from this facility. Annual production is expected to be 501,030 MWh in 2025 and

**PUBLIC SERVICE COMPANY OF NEW MEXICO
RENEWABLE ENERGY ACT PLAN FOR 2025**

2026. The gross cost for La Joya II generation and MWh-RECs is projected to be \$8.8 million in 2025 and 2026.

Approved Solar:

Table 2 summarizes the PNM-owned solar facilities previously approved by the NMPRC and included in the Plan. PNM anticipates that the generation from PNM's solar facilities will total 2,982,305 MWh in 2025 and 3,100,220 MWh in 2026. While the cost of the 2015 solar facilities is collected through base rates rather than Rider 36, the Commission authorized PNM to use the RECs for RPS compliance. Though the costs of the 2015 solar facilities themselves are recovered in base rates, not through Rider 36, the cost of registering and retiring the associated RECs in WREGIS is included the 2025 Rider 36 rate. Similarly, PNM intends to recover the cost of registering and retiring the RECs associated with the Jicarilla 1 and Arroyo solar facilities through Rider 36, and to recover the remaining costs through the Fuel and Purchased Power Cost Adjustment Clause ("FPPCAC").

**PUBLIC SERVICE COMPANY OF NEW MEXICO
RENEWABLE ENERGY ACT PLAN FOR 2025**

Table 2: PNM 2025 RPS Plan

	Generation (MWh)		Total Cost	
	2025	2026	2025	2026
Utility Solar				
Algodones/Aztec @3:1	63	62	\$1	\$1
2011 PNM Solar PV 22.5 MW	46,274	46,041	\$4,316,762	\$4,645,290
2013 PNM Solar PV 20 MW1	42,144	41,933	\$3,379,769	\$2,738,932
2014 PNM Solar PV 23 MW	57,830	57,541	\$3,770,821	\$3,140,303
2015 PNM Solar PV 40 MW	93,348	92,648	\$747	\$741
2019 PNM Solar PV 50 MW	132,726	131,730	\$6,839,763	\$5,821,473
Mesa Del Sol Microgrid RECs	0	283	\$0	\$2
Community Solar I RECs	203,373	339,466	\$1,627	\$2,716
Jicarilla Solar I PPA 50 MW	133,623	133,623	\$1,069	\$1,069
Arroyo Solar PPA 300 MW	810,602	803,682	\$6,485	\$6,429
San Juan Solar 1 PPA 200 MW	567,484	564,643	\$4,540	\$4,517
Atrisco Solar PPA 300 MW	894,840	888,568	\$7,159	\$7,109
Total Utility Solar	2,982,305	3,100,220	\$18,328,741	\$16,368,582

Existing “Other”:

- Geothermal: The Dale Burgett Geothermal Facility (also known as the Lightning Dock geothermal facility) generates electricity using geothermal resources and is located in the Animas Valley in Hidalgo County, about 20 miles southwest of Lordsburg, New Mexico. The plant went into service in January 2014. The Commission approved an amended PPA, for the purchase of energy from a repowered Dale Burgett Geothermal Facility over a 25-year term, in Case No. 17-00129-UT. Based on projections by the plant operator, the amount of energy and RECs to be delivered to PNM from this facility is 34,212 RECs in 2025 and 2026. The projected gross cost for RECs from this facility is approximately \$3.6 million in 2025 and \$3.7 million in 2026.

Existing Distributed Generation:

PNM purchases RECs generated by customer-sited DG solar energy systems under several Customer Solar Purchase Programs as described in Table 3. These include the Small Photovoltaic (“PV”) REC Purchase Program (“Small PV Program”), Large Photovoltaic REC Purchase

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Program (“Large PV Program”), Solar REC Incentive Programs (“SIP”), and Capacity Reservation Program.

PNM projects that customer-sited solar DG facilities collectively will generate 54,865 RECs in 2025 and 54,491 RECs in 2026, for an annual gross cost of \$5.6 million in 2025 and \$5.5 million in 2026.

The current status of PNM’s solar REC purchase programs is shown in Table 3:

Table 3: PNM 2025 RPS Plan

	Generation (MWh)		Total Cost	
	2025	2026	2025	2026
Distributed Generation				
Large PV RECs	11,000	10,945	\$1,650,113	\$1,641,863
SIP RECs \$0.14 - \$0.05	27,531	27,393	\$3,878,887	\$3,859,493
2018-2022 DG Capacity Reservations	10,659	10,605	\$26,732	\$26,598
Case 13-00390-UT Stipulation	5,676	5,647	\$14,235	\$14,164
Total Distributed Generation	54,865	54,591	\$5,569,967	\$5,542,117

V. RULE 17.9.572.14(C)(6) REQUIREMENTS

17.9.572.14(C)(6) NMAC requires:

the capital, operating and fuel costs on a per-megawatt-hour basis during the preceding calendar year of each nonrenewable generation resource rate-based by the utility, or dedicated to the utility through a power purchase agreement of one year or longer, and the nonrenewable generation resources' carbon dioxide emissions on a per-megawatt-hour basis during that same year;

Please see Appendix A for the information on PNM’s nonrenewable generation resources.

VI. RENEWABLE RIDER RATE FOR 2025

In Case No. 12-00007-UT the Commission authorized PNM to implement Rider 36 to recover the costs of renewable resources approved by the Commission for RPS compliance, including the costs of WREGIS registration. In Case No. 15-00261-UT the Commission authorized

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PNM to continue using Rider 36. The Rider 36 rate is adjusted annually, effective each January 1st to account for new Commission-approved procurements, changes in estimated revenue requirements for previously approved procurements, and projections of kWh sales. Rider 36 is “reconciled” or “trued-up” in a filing, made by February 28th annually, to account for actual revenue requirements and sales during the prior year and updated projections for the then-current year. Costs that are recovered in base rates or through PNM’s Fuel and Purchased Power Cost Adjustment Clause are not included in the Rider 36 revenue requirement, nor are revenue requirements for any facilities that are not yet in service.

PNM projects that the revenue requirement to be recovered during 2024 through Rider 36, including WREGIS fees, will be \$58,749,246. To recover these costs, PNM is requesting approval of a Rider 36 rate to be effective January 1, 2025, of \$0.0071734 per kWh.

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2025 Renewable Portfolio Plan Appendix A
Non-Renewable Facilities
Required Reporting Under Section 62-16-4 (G)(2)

			2023				
			Generation	Emissions CO2	Fuel	Operating	Capital
			(MWh)	lbs/MWh	\$/MWh	\$/MWh	\$/MWh
				(Note 1)	(Note 2)	(Note 2)	(Note 3)
San Juan Generating Station	Owned	Coal	-	-	\$0.00	\$0.00	\$0.00
Four Corners Power Plant	Owned	Coal	971,644	2,101	\$40.42	\$16.36	\$21.52
Palo Verde Nuclear Generating Station	Owned	Nuclear	2,455,297	-	\$9.26	\$24.71	\$15.94
Afton	Owned	Gas	1,403,422	900	\$25.03	\$5.12	\$6.27
Luna	Owned	Gas	979,862	814	\$27.46	\$3.34	\$5.24
Lordsburg	Owned	Gas	114,465	1,225	\$38.80	\$9.87	\$11.87
La Luz	Owned	Gas	67,731	1,179	\$23.05	\$7.05	\$20.45
Reeves	Owned	Gas	420,477	1,515	\$22.52	\$20.75	\$14.01
Rio Bravo	Owned	Gas	552,279	1,379	\$22.86	\$1.81	\$5.14
Valencia	PPA	Gas	259,994	1,237	\$102.65	N/A	N/A

Note 1: PNM's Response for EEI Electric Company CO2 Emissions and Resource Mix Reporting

Note 2: Generation (MWh), Fuel and Operating costs are based on PNM's FERC Form 1, page 402-403. Valencia fuel costs are from PNM's general ledger and include demand charges.

Note 3: Capital costs include depreciation expense and capital additions during 2021 based on PNM's general ledger

Note 4: PNM has provided the "capital, operating and fuel costs on a per-megawatt-hour basis" as required by NMSA 1978, Section 62-16-4(G)(2). However, this data is of limited utility and is generally not valid in comparing resources to each other except in specific circumstances. The per-megawatt-hour costs in this table is not indicative of the value of the associated resources to PNM's system and customers. Comparing resources on a per-megawatt-hour basis is only valid when comparing like-for-like resources, and best suited for non-capacity resources that incur costs solely as a function of providing energy, such as PPAs that only include a \$/MWh charge. Consider, for example, an energy storage resource such as a battery. A battery does not produce any energy itself, it only stores energy produced by another resource. The cost of that energy is a function of the other resources that actually produce the energy used to charge the battery. Consequently, the \$/MWh cost of the battery would be infinite since it produces no energy on its own. But the battery does provide capacity value. Non-renewable resources like a combined cycle or gas peaking plant also provide capacity value. The value of capacity is typically related to the fixed costs of a resource, or in the context of a PPA/ESA, the demand or capacity charge. In order to maintain reliability, PNM must have enough installed, accredited capacity to meet the highest instantaneous customer demand plus a reserve margin. Once PNM makes an investment in these facilities, the costs continue to be incurred, irrespective of the number of kilowatt hours generated and sold or the number of customers taking service. This translates to fixed cost investments/obligations that do not vary with energy production but allow PNM to meet its customer demands (net of renewable generation) in the hours throughout a year when net demands are at peak. It is not valid to lump these types of investments into a \$/MWh representation and then compare them to other \$/MWh costs that do not provide the same reliability and firm capacity. Furthermore, because fixed costs do not vary with energy production, differences in energy production from year to year will cause the \$/MWh costs to vary, even if the total fixed cost dollars themselves do not change. The required increase in renewable energy production to serve PNM's customers and comply with the increasing RPS will cause energy production from existing traditional carbon emitting resources to decrease over time. However, the fixed costs associated with those existing resources will not decrease proportionally with the reduction in energy production because many fixed costs are sunk costs that cannot be avoided with a reduction in energy production. Furthermore, those existing traditional resources provide additional capacity and reliability benefits that cannot be measured or deduced by analyzing a single \$/MWh cost. This is why PNM does not use a simplistic levelized cost of energy (\$/MWh) approach when evaluating system resources. Instead, PNM utilizes complex system modeling tools that examine fixed and variable costs of resources on a net present value basis when determining the lowest reasonable cost to reliably meet customer requirements.

GCG#532509

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO’S)
RENEWABLE ENERGY ACT PLAN)
FOR 2025 AND PROPOSED 2025 RIDER)
RATE UNDER RATE RIDER NO. 36,)
)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO,)
)
Applicant.)
_____)**

Case No. 24-00 ____-UT

SELF AFFIRMATION

SHANE GUTIERREZ, Senior Project Manager, Financial Modeling, Public Service Company of New Mexico, upon being duly sworn according to law, under oath, deposes and states: I have read the foregoing **Direct Testimony of Shane Gutierrez**.

I further affirmatively state that I know the contents thereof and that they are true and correct to the best of my knowledge and belief.

DATED this 3rd day of June, 2024.

/s/ Shane Gutierrez
SHANE GUTIERREZ