

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

PUBLIC SERVICE COMPANY OF NEW MEXICO'S NOTICE OF FILING OF "RENEWABLE ENERGY PORTFOLIO PROCUREMENT PLAN FOR 2012")
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PUBLIC SERVICE COMPANY OF NEW MEXICO)
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Petitioner.)
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Case No. 11-00265-U

2011 DEC 14 11:14:39
COMMISSION

PUBLIC SERVICE COMPANY OF NEW MEXICO'S FILING IN COMPLIANCE WITH RECOMMENDED DECISION

Public Service Company of New Mexico ("PNM") hereby responds to requirements in the Recommended Decision issued in this proceeding on December 7, 2011 that PNM file certain additional information as described below:

1. By December 14, 2011, PNM should file its calculation, consistent with the Recommended Decision, of its full 2012 RPS requirement and the amount the RCT will permit PNM to instead achieve. (RD, 29; FOF 10, 46)
2. Based on the decisions made in this case, PNM should be required to recalculate its solar and overall RPS level, and file the results of its calculations with the Commission within one week of this Recommended Decision. These calculations will necessarily include PNM's projection of how it will use the additional \$847,000. In doing so, PNM should attempt to reach the 20% solar requirement, if possible, while recognizing that doing so reduces its ability to raise its RPS level even more with less expensive wind power purchases. (RD, 41; FOF 10, 46)

The attached PNM Table A provides a recalculation of PNM's RPS requirement taking into account the following:

- The projected 2012 revenues of \$899,897,069 based on sales of 8,826,372,298 kWh (RD, 23);
- The inclusion of the proposed hydro REC purchase (RD, FOF 7, 45);

- The inclusion of 5 MW of market priced solar DG for facilities greater than 100 kW (RD, 39);
- The inclusion of the interim DG proposal for facilities less than 100 kW (RD, 38);
- The exclusion of costs associated with the billing system upgrade (RD, 43-44);
- and
- The resulting recalculation of the rate impact on certain nongovernmental large volume customers based on projected revenues for 2012 and the change in portfolio costs resulting from the plan changes required in the RD.

Table A also includes three alternatives for the procurement of new resources that could be made with the additional headroom under the RCT resulting from the above described adjustments.

- A. Alternative A: Least Cost – PNM procures 115,000 MWh of additional wind RECs (without energy) from existing New Mexico wind facilities for one year only.
- B. Alternative B: Least Cost from New Development – PNM procures 17,233 MWh of solar DG RECs from four New Mexico facilities to be constructed in 2012 that were bid in response to PNM’s 2011 RFP. The facilities will be located outside PNM’s service area and net-metered on another New Mexico utility’s system with the RECs purchased by PNM under a 17-year contract. Under this alternative, PNM would also purchase 28,500 MWh of wind RECs (without energy) from an existing New Mexico facility for one year only.
- C. Alternative C: Wind with Energy – PNM procures 19,600 MWh of wind energy and associated RECs from an existing wind facility in New Mexico for one year only.

TABLE A: ALTERNATIVE CALCULATIONS OF THE ESTIMATED RPS REQUIREMENTS FOR 2012

Year	Alt A	Alt B	Alt C
1) Projected Retail Sales (MWh)	8,826,372	8,826,372	8,826,372
2) RPS Percentage	10%	10%	10%
3) RPS Before Adjustments (MWh)	882,637	882,637	882,637
4) Adjustments for Large Customers (MWh)	85,246	87,733	88,745
5) Adjustments for the RCT (MWh)	193,268	260,048	285,169
6) Projected Net RPS Requirement (MWh)	604,123	534,856	508,723
7) Projected Effective RPS as a Percentage	6.8%	6.1%	5.8%

- 1) Projected retail sales taking into account approved and projected energy efficiency.
- 2) RPS at 10%.
- 3) Line (1) * Line (2)
- 4) Reduction based on Rule 572 §17.9.572.10 C.
- 5) Reduction based on Rule 572 §17.9.572.11.
- 6) Line (3) - Line (4) - Line (5)
- 7) Line (6) / Line (1) *100

Based on the RCT and RPS levels shown in Table A, PNM has calculated the wind, solar “other” and DG diversity for each alternative as shown below:

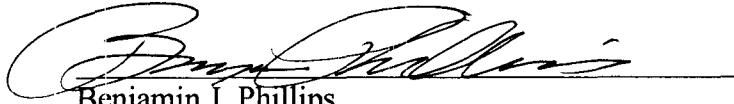
TABLE B: Alternative Portfolio Resource Diversity for 2012

Diversity - MWh	Alt A	Alt B	Alt C
Wind	470,000	383,500	374,600
Solar	52,431	52,431	52,431
Other	600	600	600
DG	81,092	98,325	81,092
	604,123	534,856	508,723
Diversity %	Alt A	Alt B	Alt C
Wind	77.8%	71.7%	73.6%
Solar (includes DG in excess of DG requirement)	20.6%	26.7%	24.7%
Other	0.1%	0.1%	0.1%
DG	1.5%	1.5%	1.5%
	100.0%	100.0%	100.0%

Calculations of costs for each alternative are provided in Attachment A.

Respectfully submitted,

PUBLIC SERVICE COMPANY OF NEW MEXICO



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Attachment A

2012	RECs MWh	Procurement Rev Req's \$/MWh-REC	Procurement Costs/Savings \$/MWh-REC	2012 Net Rev Req's \$/MWh-REC	2012 Net Rev Req's \$
Resources Existing					
Wind					
Wind - NMWEC	355,000	\$ 27.25	\$ (19.75)	\$ 7.50	\$ 2,662,500
Distributed Generation					
Small PV RECs @ 3:1	11,408	\$ 43.33	\$ 3.76	\$ 47.09	\$ 537,206
Small PV RECs @ 1:1	3,535	\$ 130.00	\$ 11.25	\$ 141.25	\$ 499,347
Large PV RECs @1:1	19,539	\$ 150.00	\$ 12.98	\$ 162.98	\$ 3,184,369
SIP DG @ \$0.14	1,231	\$ 140.00	\$ 12.11	\$ 152.11	\$ 187,224
SIP DG @ \$0.13	2,333	\$ 130.00	\$ 11.25	\$ 141.25	\$ 329,526
SIP DG @ \$0.12	6,725	\$ 120.00	\$ 10.38	\$ 130.38	\$ 876,847
SIP DG @ \$0.11	9,592	\$ 110.00	\$ 9.52	\$ 119.52	\$ 1,146,386
SIP DG @ \$0.10	5,737	\$ 100.00	\$ 8.66	\$ 108.66	\$ 623,300
SIP DG @ \$0.09	6,883	\$ 90.00	\$ 7.79	\$ 97.79	\$ 673,106
SIP DG @ \$0.08	3,237	\$ 80.00	\$ 6.93	\$ 86.93	\$ 281,417
SIP DG @ \$0.07	1,755	\$ 70.00	\$ 6.06	\$ 76.06	\$ 133,491
SIP DG @ \$0.06	1,463	\$ 60.00	\$ 5.20	\$ 65.20	\$ 95,354
SIP DG @ \$0.05	1,755	\$ 50.00	\$ 4.34	\$ 54.34	\$ 95,358
Total Distributed Generation	75,192				\$ 8,662,929
Solar					
Algodones/Aztec @3:1	120		\$ (13.89)	\$ (13.89)	\$ (1,667)
Solar Demo with Batteries	1,086	\$ 521.83	\$ (41.68)	\$ 480.14	\$ 521,434
PNM Owned PV 22 MW	51,225	\$ 183.95	\$ (41.68)	\$ 142.27	\$ 7,287,591
Total Solar	52,431				\$ 7,807,357
Other					
Biogas (RECs)		\$ 10.00	\$ 0.88	\$ 10.88	\$ -
New Resources & Costs Proposed					
Santa Fe Hydro	600	\$ 20.00	\$ 1.74	\$ 21.74	\$ 13,046
SIP DG 2012 @ \$0.02 >100kW	4,680	\$ 20.00	\$ 1.74	\$ 21.74	\$ 101,757
SIP DG 2012 @ \$0.05 <100kW	1,220	\$ 50.00	\$ 4.34	\$ 54.34	\$ 66,306
Total Proposed	6,500				\$ 181,109
WREGS Annual Fee					\$ 1,500
Total Annual Resources	489,123				\$ 19,313,895
Projected 2012 Revenues					\$ 899,897,069
Portfolio RCT Impact before additions					2.15%
RCT Limitation					2.25%
Alternative A: Least Cost NM Wind RECs					
NM Wind REC Purchases	115,000	\$ 7.47	\$ 0.66	\$ 8.13	\$ 934,997
Total Portfolio	604,123				\$ 20,248,892
Portfolio RCT Impact					2.25%
Alternative B: New NM Solar DG RECs					
New NM Solar DG RECs	17,233	\$ 40.00	\$ 3.47	\$ 43.47	\$ 749,136
NM Wind REC Purchase	28,500	\$ 5.99	\$ 0.53	\$ 6.52	\$ 185,892
Total Portfolio	534,856				\$ 20,248,923
Portfolio RCT Impact					2.25%
Alternative C: NM Wind with Energy for Existing Wind					
NM Wind Energy	19,600	\$ 62.00	\$ (14.39)	\$ 47.61	\$ 933,093
Total Portfolio	508,723				\$ 20,246,988
Portfolio RCT Impact					2.25%

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO'S)
RENEWABLE ENERGY PORTFOLIO)
PROCUREMENT PLAN FOR 2012)
)
PUBLIC SERVICE COMPANY OF NEW)
MEXICO)
Petitioner.)**

Case No. 11-00265-UT

2011 DEC 14 PM 3:09
COMMUNICATIONS SECTION

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of **Public Service Company of New Mexico's Filing in Compliance with Recommended Decision** was mailed first-class, postage-paid, or hand-delivered on December 14, 2011 to the following persons whose mailing addresses are listed below and emailed to those persons at the email addresses shown below:

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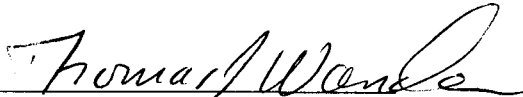
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