

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

APPLICATION FOR APPROVAL OF)
EL PASO ELECTRIC COMPANY'S)
2018 RENEWABLE ENERGY PLAN)
PURSUANT TO THE RENEWABLE)
ENERGY ACT AND 17.9.572 NMAC,)
AND REVISED RATE NO. 38 – RPS)
COST RIDER)
EL PASO ELECTRIC COMPANY,)
Applicant.)
_____)

CASE NO. 18-00 109 -UT

DIRECT TESTIMONY

OF

OMAR GALLEGOS

MAY 1, 2018

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 **A.** My name is Omar Gallegos, and my business address is 100 N. Stanton Street,
4 El Paso, Texas 79901.

5
6 **Q. HOW ARE YOU EMPLOYED?**

7 **A.** I am employed by El Paso Electric Company ("EPE" or "the Company") as
8 Director of the Resource Planning and Management Department.

9
10 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND BUSINESS**
11 **BACKGROUND.**

12 **A.** In 1995, I graduated from the University of Texas at El Paso with a Bachelor of
13 Science degree in Mechanical Engineering and a Master of Business
14 Administration degree in 2006. In 2014, I completed a Graduate Certificate in
15 Public Utility Regulation and Economics from New Mexico State University.

16 From 1995 to May 2009, I was employed by Delphi Corporation in
17 product engineering. During my final eight years at Delphi Corporation, I was
18 Supervisor for Product Engineering, where my responsibilities included design
19 development, product validation, cost estimating, and project management.

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1 In May 2009, I accepted a position with EPE as a Real-Time Scheduler.
2 In that capacity, I was responsible for managing energy transfer schedules over
3 the Company's transmission lines in accordance with Federal Energy Regulatory
4 Commission requirements and North American Electric Reliability Corporation
5 reliability standards. From September 2010 to May 2013, I was an Associate -
6 Business Development as a Project Manager for renewable energy projects and
7 new generation projects. My responsibilities in that position included financial
8 analysis, business process flows, and evaluation of emerging technologies. In
9 May 2013, I was promoted to System Operations Outage Coordinator where I
10 coordinated EPE's transmission, generation, and system outages in adherence with
11 reliability requirements. In March 2014, I was promoted to Manager-Asset
12 Management Services. During that time, I was responsible for Transmission and
13 Distribution project management initiatives, budgeting, asset management, and
14 support of regulatory permitting for transmission assets. In February 2016, I was
15 promoted to Director of the Resource Planning Department. In July 2016, I
16 assumed responsibility of EPE's Resource Management Department.

17
18 **Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES WITH EPE.**

19 **A.** As Director of EPE's Resource Planning and Management Department, I manage
20 and supervise the Company's generation and resource planning, renewable

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1 energy procurement, long-term planning/acquisition of interstate gas pipeline
2 transport capacity, intrastate gas pipeline transport/storage, fuel oil
3 supply/transport, wholesale power transactions, fuel supply planning and
4 procurement, and real-time market operations. In this capacity I supervise and
5 confirm the input and analysis of the Company's PROMOD, STRATEGIST, and
6 AURORA modeling.

7
8 **Q. HAVE YOU PRESENTED TESTIMONY BEFORE UTILITY**
9 **REGULATORY BODIES?**

10 **A.** Yes, I have filed testimony and testified before the New Mexico Public
11 Regulation Commission ("NMPRC" or "Commission"), and I have filed
12 testimony with the Public Utility Commission of Texas.

13
14 **II. PURPOSE OF TESTIMONY**

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 **A.** The purpose of my testimony is to present EPE's 2018 Renewable Energy Act
17 ("REA") Plan ("2018 Plan"). I present applicable regulatory standards, including
18 EPE's Renewable Portfolio Standard ("RPS") and diversity standards for 2019 and
19 2020. In doing so, I address EPE's previously-approved partial waiver of 2019

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1 Total RPS and variances to 2019 Wind and Biomass/Other diversity requirements
2 granted by the Final Order in Case No. 17-00090-UT ("2017 Plan").

3 I summarize EPE's estimated procurement costs for RPS and diversity
4 compliance for 2019 and 2020. I also conclude that EPE's proposed 2018 Plan is
5 reasonable as to price, availability, dispatch flexibility, certificate values, and
6 diversity; and that it complies with applicable regulatory standards and should be
7 approved by the Commission.

8 Additionally, I present and support the Company's request for approval of
9 a ten-year extension of the renewable energy credit ("REC") procurement from
10 Camino Real Landfill to Energy Facility ("CRLEF") at an amended \$30 per REC
11 price (the "CRLEF extension"). I also present EPE's request for a partial waiver
12 of 2020 total RPS and request for variances to the 2020 Wind and Biomass/Other
13 diversity requirements, which are based on the Reasonable Cost Threshold
14 ("RCT") limitations calculated by, and addressed in the testimony of, EPE witness
15 Manuel Carrasco.

16 Finally, I describe EPE's ongoing initiatives to investigate and evaluate
17 procurement of additional renewable resources given EPE's RCT constraints.

18

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1 **III. OVERVIEW OF ANNUAL REA PLAN REQUIREMENTS**

2 **Q. WHAT INFORMATION IS REQUIRED TO BE INCLUDED IN EPE'S**
3 **2018 PLAN?**

4 **A.** The Commission's Renewable Energy Rule, 17.9.572.14(B) NMAC, effective
5 May 31, 2013, as amended May 15, 2014, ("Rule 572" or the "Rule"), requires
6 that the following information be included in EPE's 2018 Plan:

- 7 1) testimony and exhibits providing a full explanation of the utility's
8 determination of the plan year and next plan year renewable portfolio
9 standard and reasonable cost threshold;
- 10 2) the cost of procurement in the plan year and the next plan year for all new
11 renewable energy resources required to comply with the renewable portfolio
12 standard selected by the utility;
- 13 3) the amount of renewable energy the public utility plans to provide in the
14 plan year and the next plan year required to comply with the renewable
15 portfolio standard;
- 16 4) testimony and exhibits demonstrating how the cost and amount specified in
17 Paragraphs (2) and (3) of this subsection were determined;
- 18 5) testimony and exhibits demonstrating the plan year and next plan year
19 procurement amounts and costs based on revenue requirements expected to
20 be recovered by the utility;

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- 1 6) testimony and exhibits demonstrating the plan year and next plan year
2 procurement amounts and costs if complying with a fully diversified
3 renewable portfolio standard is limited by the reasonable cost threshold;
- 4 7) testimony and exhibits demonstrating the plan year and next plan year
5 procurement amounts and costs based on revenue requirements expected to
6 be recovered by the utility if limited by the reasonable cost threshold;
- 7 8) testimony and exhibits that demonstrate that the proposed procurement is
8 reasonable as to its terms and conditions considering price, costs of
9 interconnection and transmission, availability, dispatchability, renewable
10 energy certificate values and portfolio diversification requirements;
- 11 9) testimony and exhibits regarding the amount and impact of renewable
12 energy that can be added in any given year without adding generating
13 resources for load following or system regulation purposes;
- 14 10) testimony and exhibits demonstrating that the portfolio procurement plan is
15 consistent with the integrated resource plan and explaining any material
16 differences; and,
- 17 11) demonstration that the plan is otherwise in the public interest.

18 As set forth in EPE's plan and supporting testimonies and exhibits, EPE's
19 2018 Plan meets the filing requirements.

20

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1 **Q. WHAT OTHER REGULATORY REQUIREMENTS MUST EPE'S 2018**
2 **PLAN MEET?**

3 **A.** The New Mexico Renewable Energy Act ("Act" or "REA") and Rule 572 require
4 that a percentage of EPE's New Mexico retail jurisdictional energy sales be
5 supplied by renewable energy resources, represented RECs. The RPS
6 requirement for the period 2015 through 2019 is 15 percent and will be 20 percent
7 beginning in 2020. Additionally, Rule 572 sets forth the following diversity
8 standards: 30 percent of the RPS must be met with wind energy; 20 percent must
9 be met with solar energy; and 5 percent must be met with other renewable energy
10 technologies such as biomass, geothermal, or landfill gas. In addition, the Rule
11 requires renewable Distributed Generation ("DG") of three percent of the RPS
12 beginning in 2015. Variances are granted considering availability of such
13 resources at reasonable cost, technical constraints, and RCT limitations.

14 EPE is not required to meet the total RPS if the costs would exceed the
15 RCT, nor is EPE required to meet the full diversity percentages of the Rule if the
16 costs would exceed the RCT or if resource types are not reasonably available.

17
18 **Q. DO THE ACT AND RULE REQUIRE ANNUAL REPORTING FOR RPS**
19 **COMPLIANCE?**

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1 **A.** Yes. EPE's Annual RPS Report for calendar year 2017 is filed concurrent with
2 the 2018 Plan as required by the Rule. This annual report shows how EPE
3 complied with its Commission-approved REA plan for calendar year 2017. Such
4 compliance included a waiver for the 2017 total RPS requirement, and variances
5 to the diversity requirements of "Wind" and "Other" due to the RCT. EPE retired
6 182,153 RECs toward the 2017 RPS, which is approximately 77.1 percent of the
7 total required value of 236,203 RECs.

8

9 **Q. HOW IS EPE'S RPS COMPLIANCE DOCUMENTED?**

10 **A.** EPE uses RECs to document RPS compliance as required by the Act. The RECs,
11 which are acquired with or without physical delivery of the associated energy, are
12 registered and retired with the regional tracking system known as Western
13 Renewable Energy Generation Information System ("WREGIS") within four years
14 of their creation. The RECs acquired by EPE are normally expressed in
15 megawatt-hour ("MWh") units. One MWh is equal to 1,000 kilowatt-hours ("kWh")
16 or one REC. The energy associated with the acquired RECs is contracted for
17 delivery into New Mexico.

18

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1 **Q. DOES EPE PLAN TO USE ANY OF ITS OWN RENEWABLE**
2 **GENERATING RESOURCES TO CONTRIBUTE TO RPS**
3 **REQUIREMENTS?**

4 **A.** Yes. Starting in 2018, EPE will begin to utilize RECs from the Company-owned
5 Holloman Air Force Base Solar Project ("HAFB Solar Project") to meet a portion
6 of its RPS requirement.

7

8 **Q. DOES EPE OWN RENEWABLE GENERATING RESOURCES THAT**
9 **ARE NOT UTILIZED TO MEET ITS NEW MEXICO RPS**
10 **REQUIREMENTS?**

11 **A.** Yes. EPE owns and operates small, demonstration-scale, solar photovoltaic
12 ("PV") facilities. Currently, EPE uses those renewable energy resources to supply
13 its Voluntary Renewable Energy ("VRE") customer program, but not for RPS or
14 diversity compliance purposes. Additionally, EPE has a community solar project
15 in Texas.

16

17 **Q. HAS EPE CALCULATED ITS RPS REQUIREMENTS FOR 2019 AND**
18 **2020 UNDER THE REQUIREMENTS OF THE ACT AND RULE?**

19 **A.** Yes.

20

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1 **Q. DOES EPE HAVE ANY EXEMPTED CUSTOMERS UNDER**
2 **SECTION 62-16-4(A)(3) OF THE NEW MEXICO STATUTES?**

3 **A.** No.

4

5 **Q. DOES EPE HAVE ANY QUALIFYING LARGE CUSTOMERS UNDER**
6 **SECTION 62-16-14(A)(2) OF THE NEW MEXICO STATUTES?**

7 **A.** Yes. EPE must apply a reduction in 2019 and 2020 to its total RPS requirement
8 as a result of the large customer cap. The details of this reduction are explained in
9 EPE witness Carrasco's testimony.

10

11 **Q. CAN YOU EXPLAIN EPE'S METHODOLOGY OF CALCULATING ITS**
12 **RPS REQUIREMENT?**

13 **A.** Yes. EPE's calculation is outlined in Exhibit OG-1. EPE begins with the
14 forecasted New Mexico jurisdictional energy sales, adjusted for weather,
15 projected energy efficiency, and load management reductions; then adjusts the
16 forecasted energy sales for qualifying large non-governmental customers. This
17 calculation forecasts net New Mexico jurisdictional kWh sales. Then, EPE
18 applies the RPS percentage required by the act to the net New Mexico
19 Jurisdictional kWh sales, without the large non-governmental customer
20 adjustment, to calculate the net RPS requirement. The allowable RPS sales for

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1 qualifying large non-governmental customers are then added to the net RPS
2 requirement to calculate the total RPS requirement. EPE calculated these
3 requirements based on its most recent load forecast, adjusted for weather,
4 projected energy efficiency, and load management reductions.

5

6 **Q. CAN YOU DESCRIBE THE RCT AND ITS IMPACT ON THE UTILITY'S**
7 **OBLIGATION TO MEET ITS FULL RPS REQUIREMENT?**

8 **A.** Under the REA, a public utility "shall not be required" to add renewable energy if
9 the cost of such energy would cause the utility to exceed a "reasonable cost
10 threshold" or RCT. The Act authorizes the Commission to establish the RCT;
11 under this authority, the Commission has established various RCT limitations
12 over the years and has implemented rules to calculate the RPS and the RCT. To
13 limit the cost impact of implementation of the RPS, the RCT limits the
14 incremental cost of implementing the RPS to three percent of plan-year revenue
15 requirements. If meeting the RPS or diversity requirements would cause a utility
16 to exceed the RCT, the utility may request and be granted waivers or variances as
17 appropriate. EPE witness Carrasco explains EPE's RCT calculation.

18

19 **Q. WHAT ARE THE RESULTS OF EPE'S CALCULATED RPS**
20 **REQUIREMENTS FOR 2019 AND 2020 CONSIDERING THE RCT?**

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1 **A.** EPE's 2019 total RPS requirement will be 236,279,513 kWh. EPE's 2020 total
2 RPS requirement will be 315,982,487 kWh.

3 In accordance with the waiver granted for 2019 due to RCT limitations,
4 EPE's RPS procurement will be approximately 87.8 percent of EPE's estimated
5 2019 total RPS requirement.

6 Under EPE's requested partial waiver for 2020, EPE would acquire
7 approximately 209,949,193 kWh (approximately 66.4 percent of EPE's estimated
8 2020 RPS requirement) rather than the total RPS requirement for 2020 of
9 315,982,487 kWh. The actual magnitude of the waiver will be a function of
10 actual retail sales and renewable energy output procured in 2020.

11 Exhibit OG-1 shows the calculation of EPE's estimated RPS requirements
12 for 2019 and 2020. This exhibit also includes the large customer adjustment
13 which is described by EPE witness Carrasco. The waiver calculations are shown
14 in Exhibit OG-2.

15

16 **Q. HAS EPE CALCULATED THE COMPANY'S RULE 572 DIVERSITY**
17 **REQUIREMENTS FOR 2019 AND 2020?**

18 **A.** Yes. Without considering EPE's approved 2019 variances and requested 2020
19 variances, the following minimum amounts from the Rule's identified resource
20 types are required in 2019 and 2020 to meet the specified diversity requirements:

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1	<u>Resource</u>	<u>2019</u>	<u>2020</u>
2	Solar:	47,255,903 kWh	63,196,497 kWh
3	Wind:	70,883,854 kWh	94,794,746 kWh
4	Biomass/Other:	11,813,976 kWh	15,799,124 kWh
5	Distributed Generation:	7,088,385 kWh	9,479,475 kWh

6

7 These diversity requirements are calculated in Exhibit OG-2. However, the
8 Commission has approved variances from a fully diversified portfolio in 2019 for
9 EPE in NMPRC Case No. 17-00090-UT.

10

11 **Q. IS EPE REQUESTING A PARTIAL WAIVER FROM THE COMMISSION**
12 **FOR ITS 2020 TOTAL RPS REQUIREMENT?**

13 **A.** Yes. Because the 2020 RPS requirements would cause EPE to exceed the RCT,
14 EPE is requesting that the Commission grant it a partial waiver, to the extent
15 necessary, to avoid exceeding the RCT. As explained later in my testimony, the
16 requested partial waiver for 2020 is similar to the partial waiver from the 2019
17 total RPS approved by the Commission in the 2017 Plan.

18

19 **Q. IS EPE REQUESTING VARIANCES FROM THE RULE WITH REGARD**
20 **TO 2020 DIVERSITY TARGETS?**

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1 **A.** Yes. EPE is requesting variances—from the total Wind diversity and a partial
2 variance for Biomass/other diversity—from a fully diversified portfolio for 2020
3 because without such variances EPE would be required to exceed the RCT. To
4 avoid exceeding the RCT, EPE is requesting variances similar to those approved
5 by the Commission for 2019 in the 2017 plan.

6

7

IV. EPE'S 2018 PROCUREMENT PLAN

8 **Q.** **CAN YOU DESCRIBE WHAT EPE CATEGORIZES AS A RPS**
9 **PROCUREMENT?**

10 **A.** Yes, EPE categorizes RPS procurements as renewable energy resources and
11 RECs procured by EPE for RPS compliance pursuant to Commission-approved
12 REA plans. The procurements may be for energy with RECs or RECs only.

13

14 **Q.** **DOES EPE APPLY ANY OTHER RECS TO ITS RPS REQUIREMENTS?**

15 **A.** Yes. EPE has secured additional renewable resources for purposes other than
16 RPS compliance. RECs from those resources are applied to the RPS at no cost
17 towards the RCT. Macho Springs Solar and Holloman Solar are examples of
18 resources whose RECs are applied to the RPS but whose costs are not included
19 RPS procurement costs. Macho Springs Solar was sourced following a Request
20 for Proposals ("RFP") that solicited proposals for meeting peak load and is

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1 categorized as a system resource with costs jurisdictionally allocated. Holloman
2 is a customer-dedicated facility whose costs are paid for by the customer.

3

4 **Q. WHAT ARE THE PROPOSED RECS AND CORRESPONDING RPS**
5 **PROCUREMENT COSTS IN CONSIDERATION OF THE JUST**
6 **DEFINED COST APPLICATION?**

7 **A.** EPE's renewable energy resources with their respective RECs to be applied
8 towards RPS and applicable RPS procurement costs are listed in Exhibit OG-3.

9

10 **Q. CAN YOU SUMMARIZE EPE'S 2018 RPS PROCUREMENT PLAN AS**
11 **WELL AS OTHER RENEWABLE RESOURCES WHOSE RECS WILL**
12 **BE APPLIED TOWARDS THE RPS AT NO COST?**

13 **A.** Yes, EPE's 2018 RPS Procurement Plan requests approval for an extension of the
14 REC procurement with CRLEF, and continues with all other RPS procurements
15 that were previously approved by the Commission.

16 As discussed below, the CRLEF REC purchase was previously approved
17 by Commission; however, it is set to expire December 31, 2018. EPE has
18 negotiated an extension at an amended REC price with a prospective new owner
19 to continue New Mexico operation. Below, my testimony addresses and supports
20 this request.

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1 Other than the CRLEF extension, the Plan relies on renewable energy
2 resources and associated RECs previously approved by the Commission to meet
3 its 2019 and 2020 RPS obligations. As addressed in the testimony of EPE witness
4 Carrasco, pursuant to the current RCT methodology, EPE has determined that
5 additional costs for new plan year procurements would further exceed the RCT in
6 2019 and 2020. Accordingly, EPE proposes the CRLEF extension as the only
7 RPS REC procurement requested for approval.

8 The proposed plan contains the following renewable resources and RECs
9 previously approved by the Commission to satisfy the RPS requirements:
10 agreements with Southwest Environmental Center ("SWEC"), NRG ("Roadrunner
11 Project"), NextEra Energy Resources ("Hatch Solar Energy Center 1" or
12 "HSEC"), SunEdison¹, and Southern Power Company ("Macho Springs"), RECs
13 acquired through EPE's HAFB Solar Project, and customer-installed Qualifying
14 Facility ("QF") projects.

15 The Commission has already approved EPE's above listed renewable
16 resources and related cost recovery in NMPRC Case Nos. 05-00355-UT,
17 05-00231-UT, 06-00365-UT, 07-00360-UT, 08-00219-UT, 09-00259-UT,
18 10-00200-UT, 11-00263-UT, 12-00217-UT, 12-00386-UT, 13-00223-UT,
19 14-00121-UT, 15-00117-UT, 15-00185-UT, 16-00109-UT, and 17-00090-UT.

¹ As I discuss below, ownership of the facilities has recently transferred to two separate entities.

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1

2 **Q. CAN YOU PROVIDE A BRIEF DESCRIPTION OF THE PREVIOUSLY-**
3 **APPROVED RESOURCES?**

4 **A.** Yes, I can. In 2007, EPE entered into a 20-year power purchase agreement
5 ("PPA") to purchase energy and 3-to-1 weighted-value RECs from the SWEC
6 solar PV project. The SWEC project, which became operational in March 2008,
7 is a six-kW, solar-PV commercial project located in Las Cruces, New Mexico.

8 Also in 2007, EPE entered into a QF agreement with CRLEF, which
9 provides 2-to-1 weighted value biomass RECs. The project provides a maximum
10 net capacity of approximately two MW. CRLEF is located in Sunland Park,
11 New Mexico, and uses methane gas from a landfill to fuel its generating facility.
12 As part of EPE's approved 2009 Plan, and to ensure the continued viability of the
13 project, the Commission authorized EPE to pay CRLEF \$0.015/kWh per REC
14 generated by the project. The \$0.015/kWh REC payment was contracted with an
15 expiration date of December 31, 2018. EPE has negotiated a 10-year extension at
16 a price of \$0.030/kWh and is requesting Commission approval as part of EPE's
17 2018 Plan. This is further discussed later in my testimony. However, because
18 EPE is required in the ordinary course of business to purchase all energy
19 produced from a QF, such as CRLEF, at EPE's avoided cost rates, EPE does not
20 include the cost of the underlying energy purchases from CRLEF in the proposed

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1 plan. Rather, the energy purchase costs are recovered through the fuel and
2 purchased power cost adjustment clause ("FPPCAC") mechanism.

3 In 2010, the Commission approved the Roadrunner Project, a 20 MW
4 solar PV project located in Santa Teresa, New Mexico. This project came online
5 in July 2011 and delivers energy and RECs to EPE through a 20-year PPA.

6 Also in 2010, EPE entered into two other PPAs. The HSEC project is a
7 five MW facility that provides energy and associated RECs to EPE through a
8 25-year agreement. EPE also entered into a 25-year agreement with SunEdison
9 for a total of 22 MW of capacity that provides EPE with energy and RECs from
10 two facilities located at two different sites in New Mexico. The first facility is a
11 12 MW project located in Las Cruces, New Mexico, which came on-line on
12 May 2, 2012. In September 2017, Longroad Solar Portfolio Holdings, LLC
13 purchased this facility. The second is a 10 MW facility located in Chaparral,
14 New Mexico, which became operational on June 25, 2012. In October 2017
15 Silicon Ranch Corporation purchased this facility.

16 In 2012, EPE entered into a 20-year PPA with First Solar, referred to as
17 the Macho Springs Project, and currently owned by the Southern Power
18 Company. The Macho Springs Project is a 50 MW solar facility located near
19 Deming, New Mexico, that provides energy and RECs to EPE as a system
20 resource allocated between Texas and New Mexico approved in NMPRC Case

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1 No. 12-00386-UT. The Macho Springs Project became commercially operational
2 on May 23, 2014. EPE agreed in prior plans to use New Mexico RECs from the
3 Macho Springs Project for the RPS although the bundled cost of the energy and
4 RECs is not included in the New Mexico RPS. Rather, the Commission approved
5 EPE recovery of the costs of this system resource through the FPPCAC
6 mechanism.

7 EPE is currently constructing the 5 MW HAFB Solar Project at Holloman
8 Air Force Base ("HAFB") in New Mexico. The project was approved by the
9 Commission in NMPRC Case No. 15-00185-UT as a customer dedicated resource
10 for HAFB. The project will be owned by EPE and paid for by HAFB via a
11 special retail rate over the life of the project approved by the Commission in Case
12 No. 16-00224-UT. Consistent with the approvals in those cases and EPE's 2016
13 and 2017 Plans, EPE has agreed to use the RECs for the RPS at no additional cost
14 to the New Mexico RPS. Current plans are for the HAFB Solar Project to be
15 completed in early third quarter 2018, providing additional RECs to the RPS in
16 that same year.

17
18 **Q. FOR THE 2018 PLAN, IS EPE SEEKING COMMISSION APPROVAL**
19 **FOR ANY PROPOSED "PROCUREMENTS"?**

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1 **A.** Yes. EPE proposes a ten-year extension of the existing REC procurement for the
2 CRLEF facility at an amended price of \$0.030/kWh as previously mentioned.
3 The facility is an established operating facility at the landfill for the City of
4 Sunland Park, New Mexico. EPE has negotiated the CRLEF extension with the
5 prospective new owner of the facility to provide for the continued viability and
6 operation of the facility. EPE is working towards executing an agreement for the
7 CRLEF extension that will be contingent on Commission approval of the CRLEF
8 extension. Additionally, if the procurement is not approved, it is EPE's
9 expectation that the facility may cease to operate and that would leave EPE with
10 only solar and DG in its REA portfolio.

11
12 **Q.** **DOES EPE'S PROPOSED CRLEF REC EXTENSION DEMONSTRATE**
13 **REASONABLE TERMS AND CONDITIONS CONSIDERING COSTS OF**
14 **INTERCONNECTION AND TRANSMISSION, AVAILABILITY,**
15 **DISPATCHABILITY, AND PORTFOLIO DIVERSIFICATION**
16 **REQUIREMENTS?**

17 **A.** Yes. The CRLEF facility is the only known biomass generator of its kind
18 (landfill gas to energy) in New Mexico and it has an existing interconnection to
19 EPE's distribution system. In addition, the availability of "Other" RECs that can
20 be procured for the New Mexico RPS is limited and CRLEF is one of just a few

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1 existing resources that can supply this diversity. The facility is expected to
2 continue in proper operation and may potentially improve given recent upgrades
3 the landfill has made in methane recovery. Under the operational guidance of the
4 prospective new owner, the CRLEF facility has already improved production in
5 the first quarter of 2018. Given these factors, the CRLEF extension is reasonable.

6

7 **Q. WHAT ADDITIONAL FACTORS SUPPORT EPE'S PROPOSED**
8 **EXTENSION OF THE CRLEF REC PROCUREMENT?**

9 **A.** In addition to being an existing, established facility located in the Sunland Park,
10 New Mexico region, it is EPE's only renewable resource for the "Other" category
11 in its RPS portfolio. Given the rule requirement for diversity and the fact that the
12 current REC procurement has been part of the RCT calculation, it is reasonable to
13 continue with the procurement considering its relatively small nameplate capacity.

14

15 **Q. WHAT IS THE COST OF THE CRLEF REC COST THAT WILL EXPIRE**
16 **AT THE END OF 2018?**

17 **A.** The REC payment is currently \$0.015/kWh.

18

19 **Q. WHAT IS THE COST OF THE PROPOSED REC PROCUREMENT AND**
20 **HOW DID EPE DETERMINE THE REASONABLENESS OF THE COST?**

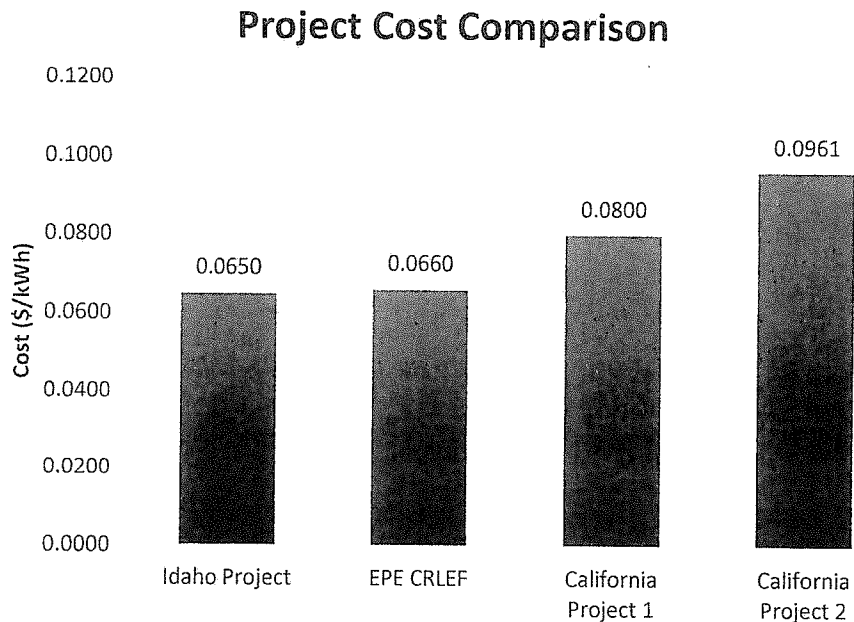
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1 **A.** The proposed REC payment is \$0.030/kWh, which is reasonable for the above
2 stated reasons and the following cost analysis. These types of resources are not as
3 common as other renewables; however, EPE was able to identify publicly
4 available information on comparable projects with recent regulatory and/or
5 governmental filings in other states as a reference. The energy PPA price for
6 comparable projects ranged between \$0.060495 and \$0.09608/kWh². A fourth
7 project to be utility owned was also identified and estimated to have a
8 \$0.0492/kWh levelized cost of energy. As previously mentioned, EPE's CLREF
9 resource also receives an energy payment as a QF through EPE Rate No. 16 –
10 Purchased Power Service ("Rate No. 16"). While only the REC procurement will
11 be applied to the RPS costs, the total cost of the resource for comparison would be
12 the \$0.030/kWh REC payment coupled with the QF energy payment. Given
13 EPE's most recent Rate No. 16 filing, which went into effect March 1, 2018, the
14 average avoided cost of energy is \$0.03642/kWh. When coupled with the
15 \$0.030/kWh REC payment, the estimated total cost of \$0.066/kWh is within
16 range of the comparable projects in other states. As illustrated in the below chart,
17 the CRLEF project costs compares favorably with these projects.

² A total of three PPA references were identified. California project with fixed PPA price of \$0.080/kWh with RECs included (thirteen year term). Idaho project with escalating PPA price estimated at \$0.03391/kWh escalating to \$0.08708 over twenty years (rates are mentioned to have time-of-use rate treatment and details are not provided). For purposes of comparison, a \$0.060495/kWh is utilized. California project with a \$0.09608/kWh PPA.

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Q. HAS EPE EVALUATED ANY OTHER RENEWABLE ENERGY OPTIONS FOR THE 2018 PLAN THAT CAN BE ADDED IN ANY GIVEN YEAR WITHOUT ADDING GENERATING RESOURCES FOR LOAD FOLLOWING OR SYSTEM REGULATION PURPOSES?

A. No. Because EPE's Plan does not propose to add any new renewable energy resources due to RCT limitations, EPE did not study whether hypothetical renewable energy procurements in the plan years would necessitate load following or system regulation. All of EPE's current procurements have been approved in previous proceedings with the exception of the CRLEF REC procurement extension.

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Q. IS EPE'S PLAN CONSISTENT WITH ITS INTEGRATED RESOURCE PLAN ("IRP")?

A. Yes. EPE's RPS procurements are consistent with EPE's last accepted 2015 IRP Plan.

Q. GIVEN EPE'S CURRENT RCT CONSTRAINTS, WILL EPE COMPLY WITH THE RPS AND DIVERSITY REQUIREMENTS FOR 2019 AND 2020 USING PREVIOUSLY-APPROVED RESOURCES AS PROPOSED IN THE 2018 PLAN?

A. Yes, EPE's RPS portfolio includes solar, biomass/other (including the CRLEF), and DG. EPE anticipates that it will satisfy 88% and 66% of its 2019 and 2020 total RPS obligations, respectively. Because the REA and the Rule do not impose the total RPS obligation on a utility if costs would exceed the RCT, EPE requests a waiver from total RPS compliance in 2020 and variances from 2020 diversity targets, as detailed below and in the testimony of other witnesses.

V. COST OF EPE'S 2018 PLAN

Q. WHAT PROCUREMENT COSTS ARE ASSOCIATED WITH EPE'S 2018 PLAN?

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1 **A.** The costs associated with EPE's 2018 Plan include the cost to procure RECs and
2 any associated energy from various previously-approved RPS procurements,
3 including the cost to purchase RECs from customers participating in EPE's REC
4 Purchase Programs, and the cost of complying with REC registration and tracking
5 through WREGIS.

6

7 **Q. WHAT IS THE ESTIMATED PROCUREMENT COST FOR EPE'S 2018**
8 **PLAN?**

9 **A.** The total estimated cost associated with EPE's 2018 Plan is \$15,982,266 for 2019
10 and \$15,880,557 for 2020. The cost estimates are detailed in Exhibit OG-3.

11

12 **Q. ARE THE ESTIMATED PROCUREMENT COSTS REASONABLE?**

13 **A.** Yes. The CRLEF REC procurement is reasonable for its resource type and the
14 Commission has determined in EPE's previous procurement cases that its existing
15 RPS procurements are reasonable.

16

17 **Q. HOW DOES EPE DETERMINE WHETHER ITS PROCUREMENT**
18 **COSTS ARE WITHIN THE RCT?**

19 **A.** The development of the RCT and comparison of EPE's plan costs to the RCT are
20 addressed in EPE witness Carrasco's testimony.

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2 **Q. WHAT DATA DO YOU PROVIDE TO EPE WITNESS CARRASCO**
3 **THAT IS USED TO CALCULATE THE RCT?**

4 **A.** I provide EPE witness Carrasco a PROMOD analysis of system production cost
5 output data, which he uses to determine the net portfolio cost for the RCT
6 calculation. The output data provided to EPE witness Carrasco includes estimated
7 fuel and purchase power cost for the plan years.

8

9 **Q. WHAT IS PROMOD?**

10 **A.** PROMOD is a standard program that simulates the economic dispatch of the
11 generating units and other resources in the EPE system. The input data includes
12 monthly EPE native load demand and energy forecasts, generating unit
13 characteristics, fuel prices and availability, and unit maintenance schedules.
14 Generation unit characteristics include such factors as heat rate data, capacity
15 ratings, and unit availability rates. The simulation performed by PROMOD
16 evaluates the unit data, fuel and purchased power costs, and availability of the
17 units modeled in order to dispatch them in the most economical manner to meet
18 the expected demand. The data output includes estimates of fuel usage and cost
19 by unit, unit heat rates and generation, unit operation and maintenance expenses,
20 and estimates of purchased power amounts and costs.

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2 **Q. CAN YOU EXPLAIN WHAT WAS INCLUDED IN THE PROMOD**
3 **ANALYSIS THAT YOU PROVIDED TO EPE WITNESS CARRASCO**
4 **FOR USE IN THE RCT CALCULATION?**

5 **A.** Yes, I can. The PROMOD analysis was comprised of two different model runs.
6 EPE's latest system load forecast, which is reduced for production by DG
7 facilities, was utilized in both PROMOD model runs. The first run was EPE's
8 PROMOD base case which includes all system resources and costs. These
9 resources and costs include New Mexico RPS projects. The second PROMOD
10 run utilized the base case resources, but the energy and cost of the RPS
11 procurements were removed, with the exception of DG. The output data discussed
12 above was provided to EPE witness Carrasco for both of these runs.

13

14 **Q. DOES THE PROMOD ANALYSIS REFLECT CHANGES IN**
15 **OFF-SYSTEM SALES RESULTING FROM THE INCLUSION OF THE**
16 **RENEWABLE PORTFOLIO ENERGY?**

17 **A.** Yes, the model takes account of projected off-system sales resulting from the
18 availability of energy when the portfolio is added to total system resources, based
19 on production costs and expected market prices.

20

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1 **Q. HOW DOES THE CAPACITY PROVIDED BY THE RENEWABLE**
2 **PORTFOLIO AFFECT CAPACITY COSTS IN PROMOD?**

3 **A.** The Rule requires that any savings to be netted against the portfolio costs in the
4 plan year revenue requirements actually result in savings to EPE customers in the
5 plan year. Changes in capacity costs attributable to the renewable portfolio would
6 only flow through to customers through the FPPCAC if short-term capacity sales
7 or purchases were impacted. The RPS resources do not displace any planned
8 purchases in the plan years of 2019 and 2020, therefore there is no impact to total
9 costs resulting from inclusion of the portfolio in the model.

10
11 **Q. CAN YOU EXPLAIN THE IMPACT OF REMOVING THE RPS**
12 **RESOURCES FROM THE PORTFOLIO IN TERMS OF RESOURCE**
13 **ADEQUACY?**

14 **A.** Yes. The PROMOD case run without the RPS resources did not indicate a
15 resource inadequacy due to the removal of the RPS resources. If there was an
16 inadequacy without the RPS resources, the PROMOD run would have resulted in
17 a significant increase in "loss of load hours" and a significant increase in the need
18 to purchase emergency power to serve load. The PROMOD run did not identify
19 an inadequacy because EPE's current generation fleet and planning reserve margin
20 provide sufficient resources to compensate for the displaced RPS resources.

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1 **Q. WHAT SHOWING IS NECESSARY TO OBTAIN A WAIVER?**

2 **A.** The REA states that if a public utility finds that the cost of renewable energy
3 needed to comply with the RPS in a given year would be greater than the RCT,
4 the public utility is not required to incur that cost. EPE witness Carrasco provides
5 the calculations that demonstrate revenue requirements of EPE's procurement
6 costs to meet its RPS in 2020 will exceed the RCT. Because any additional
7 procurement costs would exceed the RCT, the REA excuses EPE from making
8 those procurements. Accordingly, EPE requests that the Commission grant the
9 Company a partial waiver from the 2020 total RPS requirement.

10

11 **Q. WHY IS IT NECESSARY TO GRANT EPE A PARTIAL WAIVER FROM**
12 **MEETING ITS TOTAL RPS REQUIREMENT FOR 2020?**

13 **A.** The Act requires a utility to establish an RPS only to the extent that the RPS
14 would not cause the utility to exceed the RCT and other caps for large
15 nongovernmental customers. Because EPE's current RPS, or adding any
16 additional resources to the RPS, would cause EPE to exceed the RCT, a waiver is
17 necessary to avoid further cost increases to customers.

18

19 **Q. IS EPE'S REQUESTED WAIVER OF FULL RPS REQUIREMENTS FOR**
20 **2020 COMPLIANT WITH THE ACT AND THE RULE?**

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1 **A.** Yes. The Act and Rule provide that a utility is not required to procure renewable
2 energy or RECs if the cost is greater than the Commission established RCT and
3 the rule provides for a waiver.

4

5 **Q.** **CAN YOU DESCRIBE THE ADDITIONAL EFFORTS UNDERTAKEN BY**
6 **EPE TO IDENTIFY NEW PROCUREMENTS THAT COULD BE ADDED**
7 **WITHOUT FURTHER EXCEEDING THE RCT?**

8 **A.** Yes. In its 2017 Plan, EPE proposed the purchase of wind RECs that would have
9 helped address the waiver and wind variances; however, the wind REC
10 purchase was not approved given EPE's RCT status. In light of that ruling, EPE
11 has focused its efforts on alternatives outside of direct RPS procurement to add
12 renewable energy resources such as:

- 13 • EPE will continue to appropriately consider renewable energy projects in
14 any future generation RFPs issued to meet load. This was the case when
15 the Macho Springs project was contracted. EPE issued an All-Source RFP
16 in 2017 for a resource need in the 2022 to 2023 timeframe. However, this
17 would not impact the 2020 plan year, but rather future years.
- 18 • EPE will continue to monitor opportunities for projects such as Holloman
19 Solar Project which was previously approved.

20

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VII. REQUEST FOR DIVERSITY VARIANCES

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Q. DOES THE RULE REQUIRE COMPLIANCE WITH THE DIVERSITY TARGETS REGARDLESS OF COST?

A. No. The Rule does not require the full diversity targets to be met if the costs of meeting those targets would cause the utility to exceed the RCT. The Rule also permits utilities to seek variances from the diversity targets, particularly when there are technical constraints or issues with availability of diverse resources.

Q. DOES EPE HAVE ANY VARIANCES ALREADY GRANTED BY THE COMMISSION WITH REGARD TO THE RULE'S DIVERSITY REQUIREMENTS?

A. Yes. As part of EPE's 2017 Plan approval, in Case No. 17-00090-UT, the Commission granted EPE a variance to the wind and a partial variance to the biomass/other diversity requirements for 2019.

Q. DOES EPE REQUEST AN ADDITIONAL VARIANCE FROM THE 2020 BIOMASS/OTHER DIVERSITY TARGETS IN THE 2018 PLAN?

A. Yes. As a result of the RCT, EPE is requesting a partial diversity variance of approximately 8,023 Biomass/Other RECs in 2020, similar to the specific 2019 variance that was granted in the 2017 Plan, dependent on Commission approval of

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1 the requested CRLEF extension. This variance is an estimate and the actual
2 variance will depend on actual RPS requirement amounts, the actual performance
3 of the renewable resources, and whether the Commission approves the requested
4 CRLEF extension. This partial variance is necessary because EPE is unable to
5 procure a new biomass resource due to economics and its current RCT
6 limitations. EPE anticipates it will meet a portion of the Biomass/Other diversity
7 requirements with the RECs it will receive from the approved CRLEF extension.
8

9 **Q. IS EPE REQUESTING A VARIANCE FROM THE 2020 WIND**
10 **DIVERSITY REQUIREMENT?**

11 **A.** Yes. Due to EPE's RCT limitations, EPE requests a full wind variance of
12 approximately 94,795 RECs for 2020.
13

14 **Q. WHAT WILL BE THE RESULT IF THE VARIANCES ARE GRANTED?**

15 **A.** If the variances are granted, EPE will avoid increased costs to its customers from
16 attempting to secure additional RECs that will cause EPE's procurement costs to
17 further exceed the RCT.
18

19 **Q. HOW ARE THE VARIANCES CONSISTENT WITH THE PURPOSES OF**
20 **THE RULE?**

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1 **A.** The requested variances are consistent with Rule 17.9.572.19 NMAC because the
2 Rule conditions the requirement for full diversification on the reasonable
3 availability and cost of a given resource type (in accordance with the Act), while
4 still requiring that the overall RPS requirements of the Act be met if doing so does
5 not cause EPE's procurement costs to exceed the RCT. EPE will meet a portion
6 of the requirements for a fully diversified portfolio.

7 EPE's portfolio will continue to be substantially diversified in 2020,
8 because EPE will continue to acquire energy and RECs from solar, biogas, and
9 distributed renewable generation resources.

10

11 **Q. WHY IS IT IN THE PUBLIC INTEREST TO GRANT THE VARIANCES?**

12 **A.** It is in the public interest to grant the variances because customers will continue
13 to receive the overall benefits contemplated by the Act in having diversity of
14 renewable energy as part of EPE's existing resource portfolio, but they will not be
15 subject to additional costs that exceed the RCT.

16

17 **Q. WHAT IS THE ESTIMATED EXTENT OF EPE'S REQUESTED
18 VARIANCES?**

19 **A.** EPE is requesting a variance that is not tied to a specified number of RECs
20 because the exact percentage of different renewable resources that will be used to

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1 meet EPE's RPS requirements for 2020 cannot be known at this time.
2 Exhibit OG-2 compares EPE's existing renewable portfolio for 2019 and 2020, by
3 generation technology, to the minimum requirements shown above, as well as
4 total RPS requirements.

5
6 **Q. HAS EPE EXPLORED ANY ADDITIONAL RPS WIND**
7 **BIOMASS/OTHER OPTIONS AVAILABLE TO MEET ITS DIVERSITY**
8 **REQUIREMENTS IN 2019 AND 2020?**

9 **A.** EPE maintains an awareness of renewable energy resources and REC availability,
10 however, EPE has not pursued RPS specific energy or REC procurements for the
11 2018 Plan because issuing an RFP for RPS resources would be non-productive for
12 EPE and third-party entities given EPE's current RCT status. This is consistent
13 with previous RPS orders which agreed that issuing requests for proposals for
14 RPS procurements would not be genuine given EPE's RCT status. Additionally,
15 this is consistent with the 2017 Plan order which did not approve the proposed
16 short-term wind REC purchase. EPE will continue to focus its efforts on pursuit
17 of renewable energy resources through avenues outside the RPS but that may also
18 provide RECs for the RPS. These options were discussed in section VI of my
19 testimony.

20

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VIII. CONCLUSION

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Q. PLEASE SUMMARIZE THE APPROVALS THAT EPE IS REQUESTING.

Pursuant to the Act and Rule, EPE requests that the NMPRC approve its 2018 Plan and related cost recovery for reasonable costs consistent with the 2018 Plan. EPE will continue to procure, in accordance with previously approved purchase agreements:

- energy and associated RECs from SWEC;
- solar energy and RECs from Hatch, NRG, and SunEdison; and
- RECs from DG customers.

EPE will continue to apply to its RPS the following:

- RECs from Macho Springs and Holloman (beginning in 2018) at no additional cost to the RCT.

EPE also requests:

- approval for extension of the CRLEF REC procurement; and
- due to RCT limitations under the REA and Rule,
 - a partial waiver for its Total 2020 RPS requirement of approximately 106,033 RECs;
 - a wind variance of approximately 94,794 RECs for 2020; and

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- 1 • a partial biomass variance of approximately 8,023 RECs for
2 2020.

3
4 **Q. IS EPE'S PROPOSED 2018 PROCUREMENT PLAN REASONABLE AND**
5 **SHOULD IT BE APPROVED BY THE COMMISSION?**

6 **A.** Yes. EPE's proposed 2018 Plan is reasonable as to its terms and conditions
7 considering price, availability, dispatch flexibility, any renewable energy certificate
8 values, and diversity of the available resources. EPE's 2018 Plan consists of existing
9 projects which provide diversity of resource type from biomass and solar
10 technologies and adhere to the standards set forth in the Act and the Rule.

11 The estimated costs associated with EPE's procurement actions previously
12 have been approved by the Commission and EPE proposes to continue its cost
13 recovery as previously ordered.

14 EPE proposes projects that in combination are reasonably priced, fit
15 within EPE's dispatch flexibility parameters as applicable, and add diversity to its
16 portfolio. EPE's 2018 Plan, and the associated costs, are reasonable and should be
17 approved.

18

19 **Q. PLEASE SUMMARIZE THE IMPACTS IF THE CRLEF REC**
20 **PROCUREMENT EXTENSION IS NOT APPROVED.**

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1 **A.** If the CRLEF is not approved, EPE's diversity may be reduced to only have Solar
2 and DG resources in its RPS portfolio. Additionally, EPE would have
3 approximately 8,000 fewer RECs to apply towards its RPS and would increase its
4 waiver and diversity variance amounts. Furthermore, it may jeopardize the
5 continued viability of an existing facility in the Sunland Park, New Mexico
6 community.

7

8 **Q.** **DOES THIS CONCLUDE YOUR TESTIMONY?**

9 **A.** Yes, it does.

EPE's NEW MEXICO RENEWABLE PORTFOLIO STANDARD REQUIREMENT
INCLUDING THE LARGE NON-GOVERNMENTAL CAP ADJUSTMENT

Line No.	(a) Description	(b) Reference	(c) 2019	(d) 2020
RPS Requirement				
1	Forecasted New Mexico Jurisdictional kWh Sales	See Note (1)	1,626,224,943	1,632,712,644
2	Large Non-Governmental (LNG) Customers Energy Sales	Exhibit MC-2, Col (c)	<u>59,859,534</u>	<u>59,859,534</u>
3	Net Forecasted New Mexico Jurisdictional kWh Sales	Line 1 - Line 2	1,566,365,409	1,572,853,110
4	Renewable Portfolio Standard		15.00%	20.00%
5	RPS Requirement w/o LNG Customer Adjustment	Line 3 x Line 4	234,954,811	314,570,622
6	LNG Customers RPS Limit	Exhibit MC-2, Col (g)	<u>1,324,701</u>	<u>1,411,865</u>
7	Total RPS Requirement	Line 5 + Line 6	236,279,513	315,982,487
8	Net Renewable Portfolio Standard (w/ Large Customer Adjustment)	Line 7 / Line 1	14.53%	19.35%

Notes:

(1) EPE's New Mexico jurisdictional retail energy sales are based on EPE's 2018 Long-Term Forecast

Year	Applied Renewable Energy by Technology ⁽¹⁾					
	RPS Metric	Wind	Solar	Biomass	Distributed Generation ⁽³⁾	Total Renewable Energy
2018 ⁽²⁾	RECs Banked	-	-	-	-	
2019	RECs Procured	-	162,655,161	7,776,000	37,111,667	207,542,828
	RECs Available	-	162,655,161	7,776,000	37,111,667	207,542,828
	Minimum Requirement	30.0%	20.0%	5.0%	3.0%	
	kWh Required	70,883,854	47,255,903	11,813,976	7,088,385	236,279,513
	Percentage Met	0.0%	68.8%	3.3%	15.7%	87.8%
	Delta	-30.0%	48.8%	-1.7%	12.7%	
	RECs Applied	-	162,655,161	7,776,000	37,111,667	207,542,828
	RECs Banked	-	-	-	-	
2020	RECs Procured	-	161,529,251	7,776,000	40,643,942	209,949,193
	RECs Available	-	161,529,251	7,776,000	40,643,942	209,949,193
	Minimum Requirement	30.0%	20.0%	5.0%	3.0%	
	kWh Required	94,794,746	63,196,497	15,799,124	9,479,475	315,982,487
	Percentage Met	0.0%	51.1%	2.5%	12.9%	66.4%
	Delta	-30.0%	31.1%	-2.5%	9.9%	
	RECs Applied	-	161,529,251	7,776,000	40,643,942	209,949,193
	RECs Banked	-	-	-	-	

Note:

- 1) RECs are shown in kWhs.
- 2) EPE's banked RECs were exhausted in 2016 and none are estimated to be available for 2018.
- 3) Distributed Generation RECs come from SWEC and Small and Medium System REC Purchase Programs.

PROCUREMENT PLAN YEAR RECS AND COSTS						
	2019			2020		
	(kWh)	RECs (MWh)	(\$)	(kWh)	RECs (MWh)	(\$)
SWEC ⁽¹⁾⁽³⁾	8,647	26	1,124	8,647	26	1,124
CRLEF ⁽¹⁾⁽²⁾	3,888,000	7,776	116,640	3,888,000	7,776	116,640
NRG ⁽³⁾	51,567,436	51,567	6,572,270	51,206,464	51,206	6,526,264
SunEdison ⁽³⁾	58,147,245	58,147	6,099,065	57,682,067	57,682	6,050,272
Macho Springs ⁽⁴⁾	27,233,078	27,233	-	27,096,912	27,097	-
Hatch ⁽³⁾	11,684,490	11,684	1,390,454	11,626,067	11,626	1,383,502
Holloman ⁽⁴⁾	14,022,912	14,023	-	13,917,740	13,918	-
DG REC ⁽⁵⁾	37,085,726	37,086	1,799,777	40,618,001	40,618	1,799,777
WREGIS	---	---	2,936	---	---	2,978
Total	203,637,534	207,543	15,982,266	206,043,899	209,949	15,880,557

Notes:

(1) Reflects application of weighting values, by renewable resource type, previously approved by the Commission (Biomass 2:1, Solar 3:1).

(2) CRLEF REC purchase agreement shown with new cost of \$30/REC. The cost reflect purchase of REC only.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

APPLICATION FOR APPROVAL OF)
EL PASO ELECTRIC COMPANY'S)
2018 RENEWABLE ENERGY PLAN)
PURSUANT TO THE RENEWABLE)
ENERGY ACT AND 17.9.572 NMAC,)
AND REVISED RATE NO. 38 – RPS)
COST RIDER)
EL PASO ELECTRIC COMPANY,)
Applicant.)
_____)

CASE NO. 18-00 ____-UT

AFFIDAVIT

STATE OF TEXAS)
COUNTY OF EL PASO)

Omar Gallegos hereby deposes and states under oath that the information contained in the foregoing Direct Testimony of Omar Gallegos, together with all schedules sponsored therein and exhibits attached thereto, is true and accurate based on my personal knowledge and belief.

SIGNED this 27th day of April, 2018.

Omar Gallegos
OMAR GALLEGOS

Subscribed and sworn to before me this 27th day of April, 2018.

Julieta E. Cordero

My Commission expires:

October 2, 2018

