



El Paso Electric Company's 2021 New Mexico Integrated Resource Plan  
Public Participation Meeting

Meeting Date: November 9, 2020

Below is the response to the question asked during the November 9<sup>th</sup> meeting that was not answered verbally.

**Q1: Time of Use rates will be enormously important as we move to adoption of EV's and thermal electric in buildings, which will create large demand for new electric resources. Can the IRP in any way anticipate the value of TOU in meeting this emerging demand. How does EPE plan to recover the cost of the proposed EV programs?**

**A:** The IRP is not the right place to design retail rates. Rate design is a complex undertaking involving tradeoffs among competing objectives such as equity, efficiency, transparency, simplicity, and others. It is certainly true that changes to retail rates may have an impact on the portfolio of demand- and supply-side resources that would be selected in an IRP, however, modeling those changes would require a specific rate design. Since EPE has not yet adopted and the NM and TX commissions have not yet approved TOU rates, EPE cannot consider them in its baseline IRP assumptions.

However, EPE should and will do some modeling to try to understand how *potential* changes in rate design may change the resource portfolio. It will do this through sensitivity analysis in which it estimates load changes due to a specific rate design idea and then reoptimizes the portfolio.

With respect to the EV programs, EPE's plan is to recover the cost of the proposed EV programs, we intend to do so through a rider that will be applicable to all non-lighting customers. The reasoning for all non-lighting customer getting burdened with the cost is because in order to qualify for the programs (rebates), the EV owner will need to have the charging load billed under a TOD or an EV rate option. Both of these rate options will provide an incentive to charge the EV during system off-peak hours. The assumed benefit to all customers is that the incentive will place downward pressure on rates as EPE's system will be used more efficiently.

Questions from Presentation.

**Q1: How will the modern E3 resource modeling results be used in the selection of IRP resources?**

**A:** EPE's plan is to utilize the E3 modeling efforts with RECAP, RESOLVE, and Plexos to inform the IRP recommendation and provide associated sensitivities for the IRP report.

**Q2: Will EPE traditional but obsolete resource adequacy analysis override E3 results?**

**A:** The resource adequacy analysis for the 2021 IRP, including planning reserve margin and effective load carrying capability resource contribution to load, will be founded on the RECAP analysis to be performed by E3 in collaboration with EPE to properly model EPE's system.



- Q3: If EPE resource adequacy analysis will override E3 results, will EPE commit to re-optimize system after adding renewable resources to meet ETA requirements?**
- A:** The RESOLVE portfolio selection of resources with the NM RPS requirements imposed, will be performed in a manner that re-optimizes the entire selection of resources. It will not assume any other portfolio selections as a given, rather it will re-optimize the full portfolio.
- Q4: Will EPE share E3 results with the public prior to presentation of Draft IRP?**
- A:** Yes, EPE will share progressive modeling results in advance of the May Draft IRP. The timing for sharing those results will be dependent on the modeling effort progress, but EPE has heard and understands that the participants' preference would be for the earliest possible sharing of results and EPE will look to share as early as possible.
- Q5: How will the E3 modeling consider energy efficiency impacts on resource needs?**
- A:** Energy Efficiency will be modeled as an option to be selected above and beyond the EE required by the current EUEA requirements. The resource may be modeled either as a resource or on the load side, but it will be effectively modeled as an option for selection. EPE is analyzing regional utilities' IRPs and comparing on a customer pro-rata basis feasible EE levels for consideration in EPE's service territory. These inputs will be shared with in a future meeting (approximately in January timeframe).
- Q6: Will E3 modeling consider expansion of household thermostat program?**
- A:** Load side management (demand response) resource options will be collectively modeled for selection. Like EE options, EPE is assessing regional utilities' IRPs for assessing feasible levels of consideration for load side management options. These options typically have some natural limits based on number of customers and customer load characteristics (for example, how many customers have refrigerated air conditioning and how many would choose to participate). These inputs will be shared with in a future meeting (approximately in January timeframe).
- Q7: Will E3 modeling consider expansion of commercial demand-response (interruptible) program?**
- A:** EPE will be modeling load side management options as a collective resource option. Please see above question.
- Q8: How will E3 modeling consider Time-of-Day and other rate designs as potential demand-side resources?**
- A:** Time-of-Day load impacts plan to be modeled as a sensitivity run with a modified load profile to analyze the impact to resource portfolio selection and portfolio cost.
- Q9: Will EPE commit to additional meetings between November 2020 and May 2021, to foster collaboration and cooperation?**
- A:** Yes. EPE will look to schedule a meeting to share more details on modeling and inputs, including those mentioned above for EE and LSM. It is expected that this meeting may be in January timeframe and will provide further details in the following weeks. Additionally, EPE will commit to share progressive modeling results and will evaluate the possibility for additional meeting(s) to review those progressive modeling results.