

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF EL PASO )  
ELECTRIC COMPANY'S 2017 )  
RENEWABLE ENERGY PLAN )  
PURSUANT TO THE RENEWABLE )  
ENERGY ACT AND 17.9.572 NMAC )**  

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**CASE NO. 17-00010-UT**

**DIRECT TESTIMONY**

MAY 1 '17 PM 2:08

**OF**

**OMAR GALLEGOS**

**May 1, 2017**

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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 2011, I received the certification of Project  
15            Management Professional from the Project Management Institute. In 2014, I  
16            completed a Graduate Certificate in Public Utility Regulation and Economics  
17            from New Mexico State University.

18                    From 1995 to May 2009, I was employed by Delphi Corporation in  
19            product engineering. During the final eight years, I was Supervisor for Product

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1           Engineering where my responsibilities included design development, product  
2           validation, cost estimating, and project management.

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

19  
20

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1 **Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES WITH EPE.**

2 **A.** My current duties include the management and supervision of the Company's  
3 generation and resource planning, renewable energy procurement, long-term  
4 planning/acquisition of interstate gas pipeline transport capacity, intrastate gas  
5 pipeline transport/storage, fuel oil supply/transport, wholesale power transactions,  
6 fuel supply planning and procurement, and real-time market operations. In this  
7 capacity I supervise and confirm the input and analysis of the Company's  
8 PROMOD and STRATEGIST modeling.

9

10 **Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE**  
11 **UTILITY REGULATORY BODIES?**

12 **A.** Yes, I previously filed testimony with the New Mexico Public Regulation  
13 Commission ("NMPRC" or "Commission") and the Public Utility Commission of  
14 Texas.

15

16 **II. PURPOSE OF TESTIMONY**

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

18 **A.** The purpose of my testimony is to present EPE's 2017 Procurement Plan ("2017  
19 Plan"). I present applicable regulatory standards, including EPE's Renewable  
20 Portfolio Standard ("RPS") and diversity standards for 2018 and 2019. In doing

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1           so, I address EPE's previously-approved partial waiver of 2018 Total RPS and  
2           variances to 2018 Wind and Biomass/Other diversity requirements granted by the  
3           Final Order in Case No. 16-00109-UT ("2016 Plan").

4           I summarize EPE's estimated procurement costs for RPS and diversity  
5           compliance for 2018 and 2019. I also conclude that EPE's proposed 2017 Plan is  
6           reasonable as to price, availability, dispatch flexibility, certificate values and  
7           diversity, complies with applicable regulatory standards and should be approved  
8           by the Commission.

9           Additionally, I present EPE's request for a partial waiver of 2019 Total  
10          RPS and request for variances to the 2019 Wind and Biomass/Other diversity  
11          requirements, which are based on the Reasonable Cost Threshold ("RCT")  
12          limitations calculated by, and addressed in the testimony of EPE witness Manuel  
13          Carrasco.

14          Finally, I describe EPE's ongoing initiatives to investigate and evaluate  
15          procurement of additional renewable resources given EPE's RCT constraints. In  
16          doing so, I present an available, 5-year wind renewable energy credit ("REC")  
17          contract option for Commission consideration which, if authorized, would allow  
18          EPE the opportunity to meet its total RPS and wind diversity requirements in  
19          2018 and 2019, superseding the need for a total RPS waiver and a total wind  
20          diversity variance during those plan years. However, if approved, EPE would

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1 further exceed its RCT. EPE witness Jim Schichtl supports the reasonableness of  
2 the wind REC option, given EPE's RCT constraints. The majority of my  
3 testimony addresses the 2017 RPS Plan as if the additional wind REC purchase  
4 was not in place. At the end of my testimony, I introduce the wind REC option  
5 for consideration and address how the plan would change if that option was  
6 authorized by the Commission.

7  
8 **III. OVERVIEW OF ANNUAL RPS ACT PLAN REQUIREMENTS**

9 **Q. WHAT INFORMATION IS REQUIRED TO BE INCLUDED IN EPE'S**  
10 **2016 PLAN?**

11 **A.** The Commission's Renewable Energy Rule, 17.9.572.14(B) NMAC, effective  
12 May 31, 2013, as amended May 15, 2014, ("Rule 572" or the "Rule"), requires  
13 that the following information be included in EPE's 2017 Plan, as applicable:

- 14 1) testimony and exhibits providing a full explanation of the utility's  
15 determination of the plan year and next plan year renewable portfolio  
16 standard and reasonable cost threshold;
- 17 2) the cost of procurement in the plan year and the next plan year for all new  
18 renewable energy resources required to comply with the renewable portfolio  
19 standard selected by the utility;

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- 1           3) the amount of renewable energy the public utility plans to provide in the  
2                     plan year and the next plan year required to comply with the renewable  
3                     portfolio standard;
- 4           4) testimony and exhibits demonstrating how the cost and amount specified in  
5                     Paragraphs (2) and (3) of this subsection were determined;
- 6           5) testimony and exhibits demonstrating the plan year and next plan year  
7                     procurement amounts and costs based on revenue requirements expected to  
8                     be recovered by the utility;
- 9           6) testimony and exhibits demonstrating the plan year and next plan year  
10                    procurement amounts and costs if complying with a fully diversified  
11                    renewable portfolio standard is limited by the reasonable cost threshold;
- 12          7) testimony and exhibits demonstrating the plan year and next plan year  
13                    procurement amounts and costs based on revenue requirements expected to  
14                    be recovered by the utility if limited by the reasonable cost threshold;
- 15          8) testimony and exhibits that demonstrate that the proposed procurement is  
16                    reasonable as to its terms and conditions considering price, costs of  
17                    interconnection and transmission, availability, dispatchability, renewable  
18                    energy certificate values and portfolio diversification requirements;



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- 1           9) testimony and exhibits regarding the amount and impact of renewable  
2           energy that can be added in any given year without adding generating  
3           resources for load following or system regulation purposes;
- 4           10) testimony and exhibits demonstrating that the portfolio procurement plan is  
5           consistent with the integrated resource plan and explaining any material  
6           differences; and
- 7           11) demonstration that the plan is otherwise in the public interest.

8                   As set forth in EPE's plan and supporting testimonies and exhibits, EPE's  
9           2017 Plan meets the filing requirements, as applicable.

10

11   **Q.   WHAT OTHER REGULATORY REQUIREMENTS MUST EPE'S 2017**  
12   **PLAN MEET?**

13   **A.**   The New Mexico Renewable Energy Act ("Act" or "REA") and Rule 572 require  
14   that a percentage of EPE's New Mexico retail jurisdictional energy sales be  
15   supplied by renewable energy resources, represented by Renewable Energy  
16   Certificates ("REC"). The RPS requirement for the period 2015 through 2019 is  
17   15 percent, and will be 20 percent beginning in 2020. Additionally, Rule 572 sets  
18   forth the following diversity standards: 30 percent of the RPS must be met with  
19   wind energy, 20 percent must be met with solar energy and 5 percent must be met  
20   with other renewable energy technologies such as biomass, geothermal or landfill

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1 gas. In addition, the Rule requires renewable Distributed Generation ("DG") of  
2 three percent of the RPS beginning in 2015. Variances are granted considering  
3 availability of such resources at reasonable cost, technical constraints, and RCT  
4 limitations.

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

8  
9 **Q. DO THE ACT AND RULE REQUIRE ANNUAL REPORTING FOR RPS**  
10 **COMPLIANCE?**

11 **A.** Yes. EPE's Annual RPS Report for calendar year 2016 is filed concurrent with  
12 the 2017 Plan as required by the Rule. This annual report shows how EPE  
13 complied with the Commission approved RPS plan for calendar year 2016 which  
14 included a waiver for the total 2016 RPS requirement and variances to the  
15 diversity requirements of "Wind" and "Other" due to the RCT. EPE retired  
16 228,533 RECs toward the 2016 RPS, which is approximately 94.7 percent of the  
17 total required value of 241,376 RECs. It is worthwhile to note that EPE met the  
18 total RPS requirement through 2015.

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1    **Q.    HOW ARE EPE'S PROCUREMENT ACTIONS DOCUMENTED?**

2    **A.**    EPE uses RECs to document RPS compliance as required by the Act. The RECs,  
3            which are acquired with or without physical delivery of the associated energy, are  
4            registered and retired with the regional tracking system known as Western  
5            Renewable Energy Generation Information System ("WREGIS") within four years  
6            of their creation. The RECs acquired by EPE are normally expressed in  
7            megawatt-hour ("MWh") units. One MWh is equal to 1,000 kWh or one REC. The  
8            energy associated with the acquired RECs is contracted for delivery into  
9            New Mexico.

10

11   **Q.    DOES EPE USE ITS OWN RENEWABLE GENERATING RESOURCES**  
12           **TO MEET RPS REQUIREMENTS?**

13   **A.**    No. EPE owns and operates small, demonstration-scale, solar photovoltaic  
14            ("PV") facilities. Currently, EPE uses those renewable energy resources to supply  
15            its Voluntary Renewable Energy ("VRE") customer program, but not for RPS or  
16            diversity compliance purposes.

17

18   **Q.    HAS EPE CALCULATED ITS RPS REQUIREMENTS FOR 2018 AND**  
19           **2019 UNDER THE REQUIREMENTS OF THE ACT AND RULE?**

20   **A.**    Yes.

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

3 **A.** No.

4

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

7 **A.** Yes. EPE must apply a reduction in 2018 and 2019 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 and  
15 projected energy efficiency and load management reductions, and then adjusts the  
16 forecasted energy sales for qualifying large non-governmental customers. This  
17 results in the net forecasted New Mexico jurisdictional kWh sales. EPE then  
18 applies the Act's 15 percent RPS requirement to the net forecasted sales to  
19 calculate the net RPS requirement (without the large non-governmental customer  
20 adjustment). The allowable RPS sales for qualifying large non-governmental

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1 customers are then added to the net RPS requirement to calculate the total RPS  
2 requirement. EPE calculated these requirements based on its latest Long-Term  
3 Load Forecast dated April 6, 2017, adjusted for weather and projected energy  
4 efficiency and load management reductions.

5  
6 **Q. CAN YOU DESCRIBE THE RCT AND ITS IMPACT ON THE**  
7 **REQUIREMENT FOR A UTILITY TO MEET ITS FULL RPS**  
8 **REQUIREMENT?**

9 **A.** The REA requires an RCT, above which a public utility "shall not be required" to  
10 add renewable energy to its RPS portfolio. The Act states that the RCT will be  
11 established by the Commission, which has established various RCT limitations  
12 over the years and implemented rules to calculate the RPS and the RCT. The  
13 Commission's Rule limits the cost impact to customers for implementation of the  
14 renewable portfolio standard. The RCT limits the incremental cost of  
15 implementing the RPS to three percent of plan year revenue requirements. A  
16 utility may be granted waivers from meeting the RPS and variances from meeting  
17 diversity requirements if doing so would exceed the RCT. EPE witness Carrasco  
18 explains EPE's RCT calculation.

19

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1   **Q.   WHAT ARE THE RESULTS OF EPE'S CALCULATED RPS**  
2       **REQUIREMENTS FOR 2018 AND 2019 CONSIDERING THE RCT?**

3   **A.**   EPE's 2018 total RPS requirement will be 241,211,959 kWh. EPE's 2019 total  
4       RPS requirement will be 241,986,101 kWh.

5               In accordance with the waiver granted for 2018 due to RCT limitations,  
6       EPE's RPS procurement will be approximately 82.4 percent of EPE's estimated  
7       2018 total RPS requirement.

8               Under EPE's requested partial waiver for 2019, EPE would acquire  
9       approximately, 200,967,165 kWh (approximately 83.0 percent of EPE's estimated  
10       2019 RPS requirement) rather than the total RPS requirement for 2019 of  
11       241,986,101 kWh. The actual magnitude of the waiver will be a function of  
12       actual retail sales and renewable energy output which is procured in 2019.

13              Exhibit OG-1 shows the calculation of EPE's estimated RPS requirements  
14       for 2018 and 2019. This exhibit also includes the large customer adjustment  
15       which is described by EPE witness Carrasco. The waiver calculations are shown  
16       in Exhibit OG-3.

17

18

19

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1   **Q.   HAS EPE CALCULATED THE COMPANY'S RULE 572 DIVERSITY**  
2       **REQUIREMENTS FOR 2018 AND 2019?**

3   **A.**   Yes. In 2018 and 2019, the following minimum amounts from the Rule's  
4       identified resource types are required to meet the specified diversity requirements:

5	<u>Resource</u>	<u>2018</u>	<u>2019</u>
6	Solar:	48,242,392 kWh	48,397,220 kWh
7	Wind:	72,363,588 kWh	72,595,830 kWh
8	Biomass/Other:	12,060,598 kWh	12,099,305 kWh
9	Distributed Generation:	7,236,359 kWh	7,259,583 kWh

10

11       These diversity requirements are calculated in Exhibit OG-3. However, the  
12       Commission approved variances from a fully diversified portfolio in 2018 for  
13       EPE in NMPRC Case No. 16-00109-UT.

14

15   **Q.   IS EPE REQUESTING A WAIVER FROM THE COMMISSION TO**  
16       **MEET THE 2019 TOTAL RPS?**

17   **A.**   Yes, to the extent necessary to avoid additional costs in excess of the RCT, EPE  
18       requests that the Commission grant EPE a partial waiver from the 2019 total RPS.  
19       In the 2016 Plan, the Commission approved a partial waiver from the 2018 total

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1 RPS. As presented later in my testimony, EPE requests a similar partial waiver  
2 for 2019.

3  
4 **Q. IS EPE REQUESTING VARIANCES FROM THE RULE WITH REGARD**  
5 **TO 2019 DIVERSITY TARGETS?**

6 **A.** Yes. The Commission approved EPE's requested variances from a fully  
7 diversified portfolio for 2018 in the 2016 Plan. In this case, EPE requests similar  
8 variances for 2019 from the total requirements of Wind diversity and a partial  
9 variance of Biomass/Other diversity.

10

11

**IV. EPE'S 2017 PROCUREMENT PLAN**

12 **Q. CAN YOU SUMMARIZE EPE'S 2017 PROCUREMENT PLAN?**

13 **A.** Yes, EPE's 2017 Procurement Plan relies on renewable energy resources and  
14 associated RECs previously approved by the Commission to meet its 2018 and  
15 2019 RPS obligations. As addressed in the testimony of EPE witness Carrasco,  
16 pursuant to the current RCT methodology, EPE has determined additional costs  
17 for new plan year procurements would further exceed the RCT in 2018 and 2019.  
18 Accordingly, EPE proposes that no new resources be added to its renewable  
19 portfolio in the proposed plan. Rather, the proposed plan contains renewable  
20 resources previously approved by the Commission in prior proceedings as



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1 follows: REC acquisitions pursuant to previously approved agreements with  
2 Southwest Environmental Center ("SWEC"), Camino Real Landfill to Energy  
3 Facility ("CRLEF"), NRG ("Roadrunner Project"), NextEra Energy Resources  
4 ("Hatch Solar Energy Center 1" or "HSEC"), SunEdison, Southern Power  
5 Company ("Macho Springs"), and EPE's Holloman AFB Solar Project ("HAFB  
6 Solar") as well as through EPE's approved incentive programs for customer-  
7 installed Qualifying Facility ("QF") projects. Exhibit OG-2 provides a table  
8 summarizing existing procurement agreements.

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

14  
15 **Q. CAN YOU PROVIDE A BRIEF DESCRIPTION OF THE PREVIOUSLY-**  
16 **APPROVED RESOURCES?**

17 **A.** Yes, I can. In 2007, EPE entered into a 20-year purchased power agreement  
18 ("PPA") to purchase energy and 3-to-1 weighted - value RECs from the SWEC  
19 solar PV project. The SWEC project, which became operational in March 2008,

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1 is a six kW solar PV commercial project with an estimated capacity factor of  
2 23 percent, located in Las Cruces, New Mexico.

3 Also in 2007, EPE entered into a QF agreement with CRLEF, which  
4 provides 2-to-1 weighted value biomass RECs. The project provides a maximum  
5 net capacity of approximately one MW. CRLEF is located in Sunland Park,  
6 New Mexico, and uses methane gas from a landfill to fuel its generating facility.  
7 As part of EPE's approved 2009 Plan, and to ensure the continued viability of the  
8 project, the Commission authorized EPE to pay CRLEF \$0.015/kWh per REC  
9 generated by the project. The REC costs currently included in EPE's proposed  
10 plan are based on a 10-year REC contract which runs through 2018. However,  
11 because EPE is required in the ordinary course of business to purchase all energy  
12 produced from a QF such as CRLEF at EPE's avoided cost rates, EPE does not  
13 include the cost of the underlying energy purchases from CRLEF in the proposed  
14 plan.

15 In 2010, the Commission approved a 20 MW solar PV project located in  
16 Santa Teresa, New Mexico. The Roadrunner Project came online in July 2011  
17 and it delivers energy and RECs to EPE through a 20-year PPA.

18 Also in 2010, EPE entered into two other PPAs. The HSEC project is a  
19 five MW facility that provides energy and associated RECs to EPE through a  
20 25-year long-term agreement. EPE also entered into a long-term agreement with

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1 SunEdison for a total of 22 MW of capacity that provides EPE with energy and  
2 RECs from two facilities located at two different sites in New Mexico. The first  
3 facility is a 12 MW project located in Las Cruces, which came on-line on May 2,  
4 2012. The second is a 10 MW facility located in Chaparral, New Mexico, which  
5 became operational on June 25, 2012.

6 In 2012, EPE entered into a PPA with First Solar, referred to as the Macho  
7 Springs Project. Presently, EPE's Macho Springs PPA is with Southern Power  
8 Company who purchased the facility. The Macho Springs Project is a 50 MW  
9 solar facility located near Deming, New Mexico that provides energy and RECs  
10 to EPE for 20 years, and is allocated to Texas and New Mexico as a system  
11 resource approved in NMPRC Case No. 12-00386-UT. The Macho Springs  
12 project became commercially operational on May 23, 2014. EPE agreed in prior  
13 plans to use New Mexico RECs from the Macho Springs PPA for the RPS  
14 although the cost of the energy is not included in the New Mexico RPS.

15 EPE is moving forward with its plans to construct a 5 MW solar project at  
16 Holloman AFB in New Mexico. The project, as approved through NMPRC Cases  
17 No. 15-00185-UT and 16-00224-UT, will be a customer dedicated resource for  
18 Holloman AFB. The project will be owned by EPE and paid for by Holloman  
19 AFB via a special retail rate over the life of the project. Consistent with the  
20 approvals in those cases and EPE's 2016 Plan, EPE has agreed to use the RECs

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1           for the RPS at no additional cost to the New Mexico RPS. Current plans are for  
2           the HAFB Solar Project to be completed in 2017, providing RECs in the 2018  
3           RPS.

4  
5   **Q.   FOR THE 2017 PLAN, DOES EPE NEED TO DEMONSTRATE**  
6           **WHETHER ANY PROPOSED PROCUREMENTS ARE REASONABLE**  
7           **AS TO TERMS AND CONDITIONS CONSIDERING PRICE, COSTS OF**  
8           **INTERCONNECTION AND TRANSMISSION, AVAILABILITY,**  
9           **DISPATCHABILITY, REC VALUES AND PORTFOLIO**  
10          **DIVERSIFICATION REQUIREMENTS?**

11   **A.**   Because EPE's 2017 Plan does not propose any new procurement actions, the  
12          requirement is not applicable. However, at the end of my testimony, I present a 5-  
13          year, wind REC option, which if authorized, could allow EPE to achieve total  
14          RPS compliance through a 5-year contract term. I address the wind REC option  
15          in terms of EPE's ongoing efforts to investigate and examine procurement options  
16          which are available at reasonable cost. EPE witness Schichtl addresses the  
17          reasonableness of the terms and conditions of the wind REC option, given EPE's  
18          RCT status.

19

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1   **Q.   HAS EPE EVALUATED THE AMOUNT AND IMPACT OF**  
2       **RENEWABLE ENERGY THAT CAN BE ADDED IN ANY GIVEN YEAR**  
3       **WITHOUT ADDING GENERATING RESOURCES FOR LOAD**  
4       **FOLLOWING OR SYSTEM REGULATION PURPOSES?**

5   **A.**   No. Because EPE's Plan does not propose to add any new renewable energy  
6       resources due to RCT limitations, EPE did not study whether hypothetical  
7       renewable energy procurements in the plan years would necessitate load  
8       following or system regulation. All of EPE's current procurements have been  
9       approved in previous proceedings.

10

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

13   **A.**   Yes. EPE's RPS procurements are consistent with EPE's last accepted 2012 IRP  
14       plan. They are also consistent with EPE's filed 2015 IRP pending in a separate  
15       docket.

16

17   **Q.   WILL EPE SUBSTANTIALLY COMPLY WITH THE RPS AND**  
18       **DIVERSITY REQUIREMENTS FOR 2018 AND 2019 USING**  
19       **PREVIOUSLY-APPROVED RESOURCES AS PROPOSED IN THE 2017**  
20       **PLAN?**

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1    **A.**    Yes, EPE anticipates that it will substantially comply with its 2018 and 2019 total  
2           RPS obligations. Because the REA and the Rule do not impose the total RPS  
3           obligation on a utility if costs would exceed the RCT, EPE requests a waiver from  
4           total RPS compliance in 2019 and variances from 2019 diversity targets, as  
5           detailed below.

6

7

**V.    COST OF EPE'S 2017 PLAN**

8    **Q.**    **WHAT PROCUREMENT COSTS ARE ASSOCIATED WITH EPE'S 2017**  
9           **PLAN?**

10   **A.**    The costs associated with EPE's 2017 Plan include the cost to procure RECs and  
11           any associated energy from various previously-approved resources, the cost to  
12           pay the REC incentive prices to customers under EPE's REC Purchase Programs,  
13           and the cost of complying with REC registration and tracking through WREGIS.

14

15   **Q.**    **WHAT IS THE ESTIMATED PROCUREMENT COST FOR EPE'S 2017**  
16           **PLAN?**

17   **A.**    The total estimated cost associated with EPE's 2017 Plan is \$15,989,224 for 2018  
18           and \$15,886,831 for 2019. The cost estimates are detailed in Exhibit OG-2.

19

20

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

2    **A.**Yes. The Commission has so determined in EPE's previous procurement cases.

3

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

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

8

9    **Q.    WHAT DATA DO YOU PROVIDE TO MR. CARRASCO THAT IS USED**  
10       **TO CALCULATE THE RCT?**

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

15

16   **Q.    WHAT IS PROMOD?**

17   **A.**PROMOD IV is a proprietary large-scale program that simulates the economic  
18       dispatch of the generating units and other resources in the EPE system. The input  
19       data includes monthly EPE native load demand and energy forecasts, generating  
20       unit characteristics, fuel prices and availability and unit maintenance schedules.

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1           Generation unit characteristics include such factors as heat rate data, capacity  
2 ratings, and unit availability rates. The simulation performed by PROMOD IV  
3 evaluates the unit data, fuel and purchased power costs, and availability of the  
4 units modeled in order to dispatch them in the most economical manner to meet  
5 the expected demand. The data output includes estimates of fuel usage and cost  
6 by unit, unit heat rates and generation, unit operation and maintenance expenses,  
7 and estimates of purchased power amounts and costs.

8  
9   **Q.   CAN YOU EXPLAIN WHAT WAS INCLUDED IN THE PROMOD**  
10 **ANALYSIS THAT YOU PROVIDED TO MR. CARRASCO FOR USE IN**  
11 **THE RCT CALCULATION?**

12 **A.** Yes, I can. The PROMOD analysis was comprised of two different model runs.  
13 EPE's April 6, 2017 system load forecast, which is reduced for production by DG  
14 facilities, was utilized in both PROMOD model runs. The first run was EPE's  
15 PROMOD base case which includes all system resources and costs. These  
16 resources and costs include New Mexico RPS projects. The second PROMOD  
17 run utilized the base case resources, but the energy and cost of the RPS projects  
18 were removed. The output data discussed above was provided to EPE witness  
19 Carrasco for both of these runs.

20



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1   **Q.   DOES THE PROMOD ANALYSIS REFLECT CHANGES IN**  
2       **OFF-SYSTEM SALES RESULTING FROM THE INCLUSION OF THE**  
3       **RENEWABLE PORTFOLIO ENERGY?**

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

7

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

10  **A.**   The Rule requires that any savings to be netted against the portfolio costs in the  
11       plan year revenue requirements actually result in savings to EPE customers in the  
12       plan year. Changes in capacity costs attributable to the renewable portfolio would  
13       only flow through to customers through the Fuel and Purchased Power Cost  
14       Adjustment Clause if short-term capacity sales or purchases were impacted. The  
15       RPS resources do not displace any planned purchases in the plan years of 2018  
16       and 2019, therefore there is no impact to total costs resulting from inclusion of the  
17       portfolio in the model.

18

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1 **Q. CAN YOU EXPLAIN THE IMPACT OF REMOVING THE RPS**  
2 **RESOURCES FROM THE PORTFOLIO IN TERMS OF RESOURCE**  
3 **ADEQUACY?**

4 **A.** Yes. The PROMOD case run without the RPS resources did not indicate a  
5 resource inadequacy due to the removal of the RPS resources. If there was an  
6 inadequacy without the RPS resources, the PROMOD run would have resulted in  
7 a significant increase in “loss of load hours” and a significant increase in the need  
8 to purchase emergency power to serve load. The PROMOD run did not identify  
9 an inadequacy because the planning reserve margin provides sufficient resources  
10 to compensate for the displaced RPS resources. The 15 percent reserve margin  
11 continues to be adequate for planning purposes.

12

13 **VI. REQUEST FOR 2019 RPS WAIVER**

14 **Q. IS EPE REQUESTING A WAIVER FROM MEETING 2019 TOTAL RPS?**

15 **A.** Yes. EPE is requesting a partial waiver of approximately 41,019 RECs for its  
16 2019 RPS.

17

18 **Q. WHAT ARE THE REASONS FOR EPE'S REQUESTED PARTIAL**  
19 **WAIVER FOR 2019 TOTAL RPS?**

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1    **A.**    Adding new resources would cause EPE to further exceed the RCT.  Because  
2           different RCT methodologies were applied in previous EPE cases, the combined  
3           cost of EPE's already-approved procurement actions are above the RCT.  Under  
4           the REA, EPE is not required to add resources if costs would exceed the RCT.

5

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

7    **A.**    The REA states that if a public utility finds that the cost of renewable energy  
8           needed to comply with the RPS in a given year would be greater than the RCT,  
9           the public utility is not required to incur that cost.  EPE witness Carrasco provides  
10          the calculations that demonstrate revenue requirements of EPE's procurement  
11          costs to meet its RPS in 2019 will exceed the RCT.  Because any additional  
12          procurement costs would exceed the RCT, the REA excuses EPE from making  
13          those procurements.  Accordingly, EPE requests that the Commission grant the  
14          Company a partial waiver from the 2019 total RPS requirement, which would be  
15          superseded by any Commission approved wind REC purchases.

16

17   **Q.    WHY IS IT NECESSARY TO GRANT EPE A PARTIAL WAIVER FROM**  
18   **MEETING ITS TOTAL RPS REQUIREMENT FOR 2019?**

19   **A.**    The waiver is necessary to protect customers from paying costs further above the  
20          thresholds set by the REA and the Commission.  This request is consistent with

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1           the purpose of the RCT and other caps for large nongovernmental customers in  
2           that the partial waiver is requested to ensure that the cost of meeting the RPS is  
3           not unreasonably burdensome for customers.

4

5   **Q.   IS EPE'S REQUESTED WAIVER OF FULL RPS REQUIREMENTS FOR**  
6   **2019 COMPLIANT WITH THE ACT AND THE NEW RULE?**

7   **A.**   Yes. The Act and Rule provide that a utility is not required to procure renewable  
8           energy or RECs if the cost is greater than the Commission established RCT and  
9           the rule provides for a waiver. EPE nevertheless, as part of its due diligence to  
10          identify cost effective means of meeting the RPS targets, presents a wind REC  
11          option for consideration of approval.

12

13   **Q.   AS PART OF ITS 2017 PLAN, HAS EPE IDENTIFIED ANY POSSIBLE**  
14   **NEW RENEWABLE ENERGY PROCUREMENT THAT COULD BE**  
15   **ADDED IN 2018 WITHOUT FURTHER EXCEEDING THE RCT?**

16   **A.**   Yes. EPE is evaluating the possibility of filing an application for approval, as a  
17          system resource, of an existing long-term PPA (“LTPPA”) with a 10 MW solar  
18          facility located in El Paso, Texas. If approved, the 10 MW solar LTPPA would  
19          be jurisdictionally allocated, and its respective New Mexico share of energy costs

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1 would be recovered through the FPPCAC with associated RECs made available at  
2 no additional cost to the New Mexico RPS.

3 Additionally, EPE also is evaluating the possibility of moving forward to  
4 request Commission approval for a New Mexico community solar program,  
5 however the RECs from a community solar program may not be applicable to the  
6 RPS, if the associated renewable energy is sold to customers through a voluntary  
7 renewable energy tariff as stated in Section 10.A of the Rule.

8  
9 **Q. CAN YOU DESCRIBE THE ADDITIONAL EFFORTS UNDERTAKEN BY**  
10 **EPE TO IDENTIFY NEW PROCUREMENTS THAT COULD BE ADDED**  
11 **IN 2018 OR 2019 WITHOUT FURTHER EXCEEDING THE RCT?**

12 **A.** Yes. EPE explores options which could add RECs to its RPS without exceeding  
13 the RCT such as:

- 14 • EPE reaches out to entities with existing renewable energy facilities in  
15 New Mexico and inquires on the availability of RECs. EPE reached out to  
16 NextEra, SPS and Albuquerque Bernalillo County Water Utility  
17 Authority. NextEra and SPS did not have any available RECs.  
18 Albuquerque Bernalillo County Water Utility Authority does have RECs  
19 available and has put them up for auction. Additionally, EPE did find a  
20 source for a substantial number of wind RECs at a relatively low price,

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1 compared to pricing from 2 to 5 years ago, which would allow EPE to  
2 meet the 15 percent RPS requirement, as well as the 20 percent RPS  
3 requirement through 2022. However, the purchase would increase the  
4 RCT. EPE and the seller have reached a mutually agreeable transaction  
5 and are in the process of negotiating an agreement for purchase of the  
6 RECs which will be contingent on Commission approval. Impacts to the  
7 RPS and RCT are presented in Section VIII of my testimony which  
8 describes EPE's wind REC option.

- 9 • EPE fields inquiries from prospective renewable energy QF facilities  
10 which may result in RECs if they are qualified and placed into service.
- 11 • EPE will continue to appropriately consider renewable energy projects in  
12 any future generation RFPs issued to meet load. This was the case when  
13 the Macho Springs project was contracted. EPE currently has plans to  
14 issue an All-Source Request for Proposal ("RFP") in 2017 for a resource  
15 need in the 2022 to 2023 timeframe. However, this would not impact the  
16 2019 plan year, but rather future years.

**VII. REQUEST FOR DIVERSITY VARIANCES**

17  
18  
19 **Q. DOES THE RULE REQUIRE COMPLIANCE WITH THE DIVERSITY**  
20 **TARGETS REGARDLESS OF COST?**

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1    **A.**    No. The Rule does not require the full diversity targets to be met if the costs of  
2           procurement would exceed the RCT. The Rule also permits utilities to seek  
3           variances from the diversity targets particularly when there are technical constraints  
4           or issues with availability of diverse resources.

5

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

9    **A.**    Yes. As part of EPE's 2016 Plan approval, in Case No. 16-00109-UT, the  
10           Commission granted EPE a variance to the wind and a partial variance to the  
11           biomass/other diversity requirements for 2018.

12

13   **Q.    DOES EPE REQUIRE A FURTHER VARIANCE FROM THE**  
14           **BIOMASS/OTHER DIVERSITY REQUIREMENTS IN THE 2017 PLAN?**

15   **A.**    Yes. As a result of the RCT, EPE is requesting a partial diversity variance of  
16           approximately 10,216 Biomass/Other RECs in 2019, similar to the specific 2018  
17           variance that was granted in the 2016 Plan. This variance is an estimate and the  
18           actual variance will depend on actual RPS requirement amounts and the actual  
19           performance of the renewable resources. This partial variance is necessary  
20           because EPE is unable to procure a new biomass resource due to economics and

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1           its current RCT limitations. EPE anticipates it will meet a portion of the  
2           Biomass/Other diversity requirements with the RECs it will receive from CRLEF.

3  
4   **Q.   IS EPE REQUESTING A VARIANCE FROM THE 2019 WIND**  
5   **DIVERSITY REQUIREMENT?**

6   **A.**   Yes. Due to EPE's RCT limitations, EPE requests a full wind variance of  
7           approximately 72,596 RECs for 2019.

8  
9   **Q.   WHAT WILL BE THE RESULT IF THE VARIANCES ARE GRANTED?**

10   **A.**   If the variances are granted, EPE will avoid increased costs to its customers from  
11           attempting to secure additional RECs which will cause EPE's procurement costs  
12           to further exceed the RCT.

13  
14   **Q.   HOW ARE THE VARIANCES CONSISTENT WITH THE PURPOSES OF**  
15   **THE RULE?**

16   **A.**   The requested variances are consistent with Rule 17.9.572.19 NMAC because the  
17           Rule conditions the requirement for full diversification on the reasonable  
18           availability and cost of a given resource type (in accordance with the Act), while  
19           still requiring that the overall RPS requirements of the Act be met if doing so does



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1 not cause EPE's procurement costs to exceed the RCT. EPE will meet a portion  
2 of the requirements for a fully diversified portfolio.

3 EPE's portfolio will continue to be substantially diversified in 2019,  
4 because EPE will continue to acquire energy and RECs from solar, biogas and  
5 distributed renewable generation resources.

6

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

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

12

13 **Q. WHAT IS THE ESTIMATED EXTENT OF EPE'S REQUESTED  
14 VARIANCES?**

15 **A.** EPE is requesting a variance that is not tied to a specified number of RECs  
16 because the exact percentage of different renewable resources that will be used to  
17 meet EPE's RPS requirements for 2019 cannot be known at this time.  
18 Exhibit OG-3 compares EPE's existing renewable portfolio for 2018 and 2019, by  
19 generation technology, to the minimum requirements shown above, as well as  
20 total RPS requirements.

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1    **Q.    HAS EPE EXPLORED CURRENT BIOMASS/OTHER OPTIONS**  
2           **AVAILABLE TO MEET ITS DIVERSITY REQUIREMENTS IN 2018**  
3           **AND 2019?**

4    **A.**    Yes. EPE has reached out to Albuquerque Bernalillo County Water Utility  
5            Authority and determined they have RECs available to sell. Acquisition of the  
6            RECs would increase EPE's RCT cost. The Albuquerque Bernalillo County  
7            Water Utility Authority has put the RECs out to bid. EPE could participate in the  
8            auction and make their bid contingent on Commission approval. However, the  
9            limited number and vintages of the available RECs, does not make this option  
10           attractive as it would not allow EPE to meet its total RPS requirement for 2018-  
11           2019. There is a wind REC option that would allow EPE to meet both its total RPS  
12           and wind diversity requirements through 2022. This option is discussed further in  
13           section VIII of my testimony.

14  
15    **Q.    WHAT WOULD BE REQUIRED OF EPE TO MEET ITS FULL WIND**  
16           **DIVERSITY TARGETS FOR 2018 AND 2019?**

17    **A.**    EPE would need to acquire new wind resources or RECs in order to fulfill the  
18            Commission's wind diversity requirement in 2018 and 2019. Previously, EPE  
19            procured wind RECs from SPS, but that REC purchase agreement expired in  
20            2015. EPE is estimating a diversity requirement for wind of 72,363,588 kWh in

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1           2018; and 72,595,830 kWh in 2019, based on the Rule. As previously mentioned,  
2           EPE has found an alternate source for wind RECs that would allow EPE to meet  
3           the diversity and the full 15 percent RPS requirement through 2019 and  
4           subsequently the 20 percent requirement in 2020. This is discussed further in  
5           section VIII of my testimony.

6  
7           **VIII. OPTIONS FOR ADDITIONAL RPS RESOURCES/RECS**

8           **Q. WHAT ADDITIONAL OPTIONS DID EPE IDENTIFY FOR ADDING RPS**  
9           **RESOURCES/RECS AT NOMINAL COST IMPACTS?**

10          **A.** EPE has identified a source for the purchase of wind RECs. EPE currently is in  
11          the process of negotiating a multi-year agreement for the purchase of wind RECs,  
12          contingent upon Commission approval. EPE is confident that it would be able to  
13          acquire a sufficient number of RECs for EPE to meet its total RPS and wind  
14          diversity requirements for five years starting in 2018 at cost between \$300,000  
15          and \$400,000 per year. This would allow EPE to meet the 15 percent RPS  
16          requirement in years 2018 and 2019, as well as 20 percent requirement for years  
17          2020 to 2022 at a market-based cost with nominal impact to the RCT.

18  
19          **Q. WOULD THIS OPTION INCREASE EPE'S RCT?**

20          **A.** Yes.

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1 **Q. WHY SHOULD THE COMMISSION CONSIDER APPROVAL OF AN**  
2 **OPTION ADDING COST TO EPE'S RCT IF THE RCT IS ALREADY**  
3 **OVER THE 3 PERCENT THRESHOLD?**

4 **A.** EPE witness Jim Schichtl addresses the topic and considerations in his testimony.

5

6 **Q. IF APPROVED, WOULD EPE STILL REQUIRE WAIVERS AND**  
7 **VARIANCES FOR 2018 AND 2019?**

8 **A.** EPE would only require a partial variance for the "Other" category in both 2018  
9 and 2019. Exhibit OG-04 provides summary of expected REC contribution and  
10 projected RECs if the wind REC purchase option were commission approved.

11

12 **IX. CONCLUSION**

13 **Q. PLEASE SUMMARIZE THE APPROVALS THAT EPE IS REQUESTING.**

14 **A.** Pursuant to the Act and Rule, EPE requests that the NMPRC approve its 2017  
15 Plan and related cost recovery for reasonable costs consistent with the 2017 Plan.  
16 EPE will continue to procure, in accordance with previously approved purchase  
17 agreements:

18 - energy and associated RECs from SWEC;

19 - energy and RECs from CRLEF;

20 - solar energy and RECs from Hatch, NRG, and SunEdison;

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- 1                   - RECs from Macho Springs and Holloman (beginning in 2018); and  
2                   - DG RECs from customers through EPE's REC Purchase Programs.

3                   Due to RCT limitations under the REA and Rule, EPE requests a partial  
4 waiver for its Total 2019 RPS requirement of approximately 41,019 RECs.

5                   EPE also requests a wind variance of approximately 72,596 RECs for  
6 2019, as well as a partial biomass variance of approximately 10,216 RECs for  
7 2019.

8  
9 **Q. IS EPE'S PROPOSED 2017 PROCUREMENT PLAN REASONABLE AND**  
10 **SHOULD IT BE APPROVED BY THE COMMISSION?**

11 **A.** Yes. EPE's proposed 2017 Plan is reasonable as to its terms and conditions  
12 considering price, availability, dispatch flexibility, any renewable energy certificate  
13 values and diversity of the available resources. EPE's 2017 Plan consists of existing  
14 projects which provide diversity of resource type from biomass and solar  
15 technologies and adhere to the standards set forth in the Act and the Rule. EPE  
16 proposes no new procurements because the acquisition of additional resources  
17 would exceed the RCT.

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

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1           EPE proposes projects that in combination are reasonably priced, fit  
2           within EPE's dispatch flexibility parameters as applicable, and add diversity to its  
3           portfolio. EPE's 2017 Plan, and the associated costs, are reasonable and should be  
4           approved.

5

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

7   **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) 2018	(d) 2019
<b>RPS Requirement</b>				
1	Forecasted New Mexico Jurisdictional kWh Sales	See Note (1)	1,652,527,271	1,657,693,716
2	Large Non-Governmental (LNG) Customers Energy Sales	Exhibit MC-2, Col (c)	55,678,587	55,678,587
3	Net Forecasted New Mexico Jurisdictional kWh Sales	Line 1 - Line 2	1,596,848,684	1,602,015,129
4	Renewable Portfolio Standard		15.00%	15.00%
5	RPS Requirement w/o LNG Customer Adjustment	Line 3 x Line 4	239,527,303	240,302,269
6	LNG Customers RPS Limit	Exhibit MC-2, Col (h)	1,684,657	1,683,831
7	Total RPS Requirement	Line 5 + Line 6	241,211,959	241,986,101
8	Net Renewable Portfolio Standard (w/ Large Customer Adjustment)	Line 7 / Line 1	14.60%	14.60%

Notes:

(1) EPE's New Mexico jurisdictional retail energy sales are based on EPE's Economic Research Department's 2017 Load Forecast dated April 6, 2017, adjusted for weather and projected energy reductions attributed to energy efficiency and load management.

PROCUREMENT PLAN YEAR RECS AND COSTS						
	2018			2019		
	(kWh)	RECs (MWh)	(\$)	(kWh)	RECs (MWh)	(\$)
SWEC <sup>(1)</sup>	8,647	26	1,124	8,647	26	1,124
CRLEF <sup>(1)(2)</sup>	941,467	1,883	14,122	941,467	1,883	14,122
NRG	51,636,467	51,636	6,581,068	51,275,012	51,275	6,535,000
SunEdison	57,960,563	57,961	6,079,483	57,496,878	57,497	6,030,848
Macho Springs	28,597,552	28,598	0	28,454,564	28,455	0
Hatch	12,990,717	12,991	1,545,895	12,925,763	12,926	1,538,166
Holloman	14,022,912	14,023	0	13,917,740	13,918	0
DG REC Purchase Programs	31,610,946	31,611	1,764,711	34,988,332	34,988	1,764,711
WREGIS	---	---	2,820	---	---	2,860
<b>Total</b>	<b>197,769,271</b>	<b>198,728</b>	<b>15,989,224</b>	<b>200,008,404</b>	<b>200,967</b>	<b>15,886,831</b>

## Notes:

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



Year	Applied Renewable Energy by Technology <sup>(1)</sup>					
	RPS Metric	Wind	Solar	Biomass	Distributed Generation <sup>(3)</sup>	Total Renewable Energy
2017 <sup>(2)</sup>	RECs Banked	-	-	-	-	
2018	RECs Procured	-	165,208,211	1,882,934	31,636,887	198,728,032
	RECs Available	-	165,208,211	1,882,934	31,636,887	198,728,032
	Minimum Requirement	30.0%	20.0%	5.0%	3.0%	
	kWh Required	72,363,588	48,242,392	12,060,598	7,236,359	241,211,959
	Percentage Met	0.0%	68.5%	0.8%	13.1%	82.4%
	Delta	-30.0%	48.5%	-4.2%	10.1%	
	RECs Applied	-	165,208,211	1,882,934	31,636,887	198,728,032
	RECs Banked	-	-	-	-	
2019	RECs Procured	-	164,069,958	1,882,934	35,014,273	200,967,165
	RECs Available	-	164,069,958	1,882,934	35,014,273	200,967,165
	Minimum Requirement	30.0%	20.0%	5.0%	3.0%	
	kWh Required	72,595,830	48,397,220	12,099,305	7,259,583	241,986,101
	Percentage Met	0.0%	67.8%	0.8%	14.5%	83.0%
	Delta	-30.0%	47.8%	-4.2%	11.5%	
	RECs Applied	-	164,069,958	1,882,934	35,014,273	200,967,165
	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.

Year	Modified REC Balance with Wind REC Purchase Option Renewable Energy by Technology <sup>(1)</sup>					
	RPS Metric	Wind	Solar	Biomass	Distributed Generation <sup>(3)</sup>	Total Renewable Energy
2017 <sup>(2)</sup>	RECs Banked	-	-	-	-	
2018	RECs Procured	120,000,000	165,208,211	1,882,934	31,636,887	318,728,032
	RECs Available	120,000,000	165,208,211	1,882,934	31,636,887	318,728,032
	Minimum Requirement	30.0%	20.0%	5.0%	3.0%	
	kWh Required	72,363,588	48,242,392	12,060,598	7,236,359	241,211,959
	Percentage Met	30.0%	56.1%	0.8%	13.1%	100.0%
	Delta	0.0%	36.1%	-4.2%	10.1%	
	RECs Applied	72,363,588	135,328,550	1,882,934	31,636,887	241,211,959
	RECs Banked	47,636,412	29,879,661	-	-	
2019	RECs Procured	120,000,000	164,069,958	1,882,934	35,014,273	320,967,165
	RECs Available	167,636,412	193,949,619	1,882,934	35,014,273	398,483,239
	Minimum Requirement	30.0%	20.0%	5.0%	3.0%	
	kWh Required	72,595,830	48,397,220	12,099,305	7,259,583	241,986,101
	Percentage Met	69.3%	80.1%	0.8%	14.5%	100.0%
	Delta	39.3%	60.1%	-4.2%	11.5%	
	RECs Applied	72,595,830	132,493,064	1,882,934	35,014,273	241,986,101
	RECs Banked	95,040,582	61,456,556	-	-	

Note:

- 1) RECs are shown in kWhs.
- 2) EPE's banked RECs are expected to be exhausted in 2017 and none are estimated to be available for 2018.
- 3) Distributed Generation RECs come from SWEC and Small and Medium System REC Purchase Programs.

