



El Paso Electric

300 Galisteo Street, Suite 206
Santa Fe, New Mexico 87501
(505) 982-7391

August 8, 2023

Ms. Melanie Sandoval
New Mexico Public Regulation Commission
P.O. Box 1269
Santa Fe, NM 87504-1269
prc.records@prc.nm.gov

Re: NMPRC Case No. 20-00175-UT/23-00222-UT Advice Notice 285, Revised Rate No. 16, Pursuant to NMPRC 17.9.570 NMAC: Determination of Rates for Purchases from Qualifying Facilities

Dear Ms. Sandoval:

On May 24 2023, El Paso Electric Company (“EPE”) filed Advice Notice No. 285 Forty-Fourth Revised Rate No. 16 – Purchased Power Service and the Declaration of Jesus S. Gonzalez in Support of Advice Notice 285 pursuant to 17.9.570.11(B) NMAC and the New Mexico Public Regulation Commission (“Commission”) Final Order adopting amendments to 17.9.570.11(B) NMAC in Case No. 20-00175-UT (April 20, 2022).

On July 24, 2023, Commission Utility Division Staff filed a Response to EPE’s Advice Notice No. 285 making the following recommendations:

- EPE should amend the proposed tariff to include language that would clearly describe how a QF would find the WEIM ELAP prices in accordance with 17.9.570.11(B)(1)(a) NMAC;
- EPE [should] provide supplemental details and analysis as to why the WEIM ELAP pricing methodology proposed by EPE is representative of EPE’s avoided costs in accordance with 17.9.570.11(B)(1)(a) NMAC; and
- EPE [should] work with parties involved in their ongoing FPPCAC case to provide reporting provisions regarding avoided costs paid to QF’s in their monthly and annual FPPCAC filing.

Pursuant to Staff’s Response, and Staff’s recommendations in that response EPE is providing Amended Advice Notice No. 285 Forty-Fourth Revised Rate No. 16 – Purchased Power Service and the Amended Declaration of Jesus S. Gonzalez in Support of Advice Notice 285.

Also included is a scanned copy of a check in the amount of \$1.00 in payment of the required filing fee. The check will be mailed to the Records Bureau.

If you have any questions or need further information in this regard, I can be reached at (505) 982-7391.

Thank you for your assistance in this matter.

Very truly yours,

/s/Nancy B. Burns

Nancy B. Burns
Deputy-General Counsel
El Paso Electric Company

Enclosure

cc: Service List

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF POTENTIAL AMENDMENTS)
TO NMPRC RULE 17.9.570 NMAC, ENTITLED)
GOVERNING COGENERATION AND SMALL) Case No. 20-00175-UT
POWER PRODUCTION)
)
)
IN THE MATTER OF EL PASO ELECTRIC)
COMPANY'S PROPOSED CHANGES TO RATE)
SCHEDULE NO. 16, PURSUANT TO NMPRC)
RULE 17.9.570 NMAC DETERMINATION OF)
RATES FOR PURCHASES FROM QUALIFYING) Case No. 23-00222-UT
FACILITIES, UNDER ADVICE NOTICE NO. 285)
)
)
EL PASO ELECTRIC COMPANY,)
Applicant.)

AMENDED DECLARATION IN SUPPORT OF ADVICE NOTICE 285

I, *Jesus S. Gonzalez*, pursuant to Rule 1-011 New Mexico Rules Annotated, state as follows:

1. I affirm in writing under penalty of perjury under the laws of the State of New Mexico that the following statements are true and correct.

2. I am over 18 years of age and have personal knowledge of the facts stated herein. I am employed by El Paso Electric Company ("EPE" or "the Company") as *Manager-Energy Resources*.

3. The purpose of this Amended Declaration is to supplement the Declaration of Jesus S. Gonzalez which was filed on May 24, 2023 in support of Advice Notice No. 285 filed on May 24, 2023, and to provide the information requested by the New Mexico Public Regulation Commission Utility Division Staff ("Staff") in its Response filed on July 24, 2023, in the above-captioned matter. Specifically, Staff made the following recommendations:

- i. Recommendation No. 1: “EPE should amend the proposed tariff to include language that would clearly describe how a QF would find the WEIM ELAP prices in accordance with 17.9.570.11(B)(1)(a) NMAC;”
- ii. Recommendation No. 2: “Staff also recommends that EPE provide supplemental details and analysis as to why the WEIM ELAP pricing methodology proposed by EPE is representative of EPE’s avoided costs in accordance with 17.9.570.11(B)(1)(a) NMAC.”
- iii. Recommendation No. 3: “Staff also proposes that EPE work with parties involved in their ongoing FPPCAC case to provide reporting provisions regarding avoided costs paid to QF’s in their monthly and annual FPPCAC filing.”

4. My Amended Declaration supports EPE’s amended Advice Notice No. 285 filed concurrently with this Amended Declaration.

5. To comply with Recommendation No. 1, EPE has amended its Forty-Fourth Revised Rate No. 16 – Purchased Power Service (“Rate No. 16”) to add the following section, which identifies where the public can access Western Energy Imbalance Market (“EIM”) Load Aggregation Point (“ELAP”) pricing information.

WESTERN EIM EPE SYSTEM ELAP PRICE REFERENCE

CAISO publishes public market information pursuant to the requirements detailed in the CAISO Tariff Section 6.5, CAISO Communications. Hourly RTM LAP Prices are published daily for the prior trade day at an hourly granularity and can be accessed through CAISO's OASIS web page (<http://oasis.caiso.com/>). To retrieve the report, navigate to the following tabs: Prices > Energy Prices > Hourly RTM Prices. Once the report page has loaded, El Paso LAP prices can be retrieved by selecting the 'ELAP_EPE-APND' from the available Node drop down and selecting the appropriate date from the Trade Date field.

6. To comply with Recommendation No. 2, I am providing the following information:

- i. Rule 17.9.570.9(A) NMAC requires each electric utility to purchase energy from a QF at the utility's "avoided cost," which is defined in 17.9.570.7(A) NMAC as the "incremental costs to the electric utility of electric energy or capacity or both which, but for the purchase from the qualifying facility or qualifying facilities, such utility would generate itself or purchase from another source."
- ii. EPE began participating in the Western EIM on April 5, 2023, and is proposing a methodology to determine avoided energy avoided costs consistent with 17.9.570.11(B)(1)(a) NMAC. Specifically, EPE proposes using hourly Western EIM prices at EPE's ELAP to determine avoided energy cost rates paid to QFs.
- iii. EPE's proposed revised Rate No. 16 tariff establishes avoided costs based on the actual hourly ELAP prices for the EPE balancing area consistent with the regulations.
- iv. To comply with the regulations, the revised Rate No. 16 tariff will specify that EPE will use ELAP prices from the Western EIM to establish avoided cost rates. These ELAP prices represent the weighted average of all the EIM pricing points within the EPE balancing area. The California Independent System Operator ("CAISO") calculates the Western EIM ELAP market prices for each hour of the month, as specified in EPE's revised Rate No. 16 tariff.

- v. The revised Rate No. 16 tariff further specifies that EPE will calculate the payments based on actual hourly production and corresponding Western EIM ELAP hourly pricing values. For a QF rated at 5 MW and below, the revised Rate No. 16 tariff specifies that EPE use an average of the Western EIM EPE System ELAP prices multiplied by EPE's Rate No. 18 - Fuel and Purchased Power Cost Adjustment Clause ("Rate No. 18") the loss adjustments due to service at different voltage levels. The energy payment rates shall be based on a thirty-day average of Western EIM EPE System ELAP prices ending 5 days prior to the start of each calendar month in which the payment will occur. For a QF of this size that elects to contract for energy sales to the Company, EPE will use the QF's excess generated kWh in the billing month multiplied by the monthly calculated Purchase Power Energy Payment Rate.
- vi. The revised Rate No. 16 tariff specifies for a QF rated at more than 5 MW that elects to contract for energy sales to EPE, the Purchase Power Energy Payment Rate shall be based on hourly Western EIM EPE System ELAP prices multiplied by EPE's Rate No. 18 loss adjustments due to service at different voltage levels. EPE will use actual hourly QF production during the billing month multiplied by the hourly Western EIM EPE System ELAP price.
- vii. EPE submits all of its generation to the full network model for Security Constrained Economic Dispatch (SCED), and EPE acquires its incremental, real time market power needed to serve its retail load from the energy imbalance market. If the prices in the imbalance energy market are higher than EPE's cost of generating power, then EPE's generating units are receiving

those higher prices from Energy Imbalance Market. If the prices in the balancing energy market are cheaper than EPE's cost of generating power, then EPE customers save money relative to what they would have paid if EPE had generated the power to serve those customers. Because EPE acquires the incremental energy used to serve its retail customers from the imbalance energy market, its avoided cost is, by definition, the market-clearing price of energy in the balancing energy market. That is, but for the acquisition of energy from a QF, EPE would have paid the market-clearing price of power in the balancing energy market for the energy used to serve retail customers. This market clearing price, or Western EIM EPE System ELAP, represents the weighted average of all load EIM pricing points within the EPE balancing area and is appropriate because the price that EPE pays for power used to serve retail customers is an average.

7. EPE's proposed revised Rate No. 16 complies with 17.9.570 NMAC by using the hourly Western EIM ELAP prices to establish avoided cost rates payable to QFs. By utilizing this proposed methodology, the revised Rate No. 16 will provide a more accurate representation of avoided energy costs for each production period.

8. To comply with Requirement No. 3, EPE will work with Staff and other parties in its pending Fuel and Purchased Power Cost Adjustment Clause continuation case to provide reporting provisions regarding avoided costs paid to QF's in EPE's monthly and annual FPPCAC filing.

I submit this Amended Declaration, based upon my personal knowledge and upon information and belief, in support of EPE's *Application*.

FURTHER, DECLARANT SAYETH NAUGHT.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 8, 2023.

/s/ Jesus S. Gonzalez

JESUS S. GONZALEZ

EL PASO ELECTRIC COMPANY
AMENDED ADVICE NOTICE NO. 285

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NEW MEXICO PUBLIC REGULATION COMMISSION
OF THE STATE OF NEW MEXICO

El Paso Electric Company (EPE) hereby gives notice to the public and the Commission of the filing and publishing of the following changes in its Rates, which are attached hereto:

RATES

Rate Number	Title of Rate	Cancelling Rate Number	Date Effective
44 th Revised Rate No. 16	Purchased Power Service	43 rd Revised Rate No. 16	09/01/2023

X

Amended Advice Notice No. 285

Signature/Title /s/ James Schichtl
James Schichtl
Vice President – Regulatory and Governmental Affairs

EL PASO ELECTRIC COMPANY
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13 th Revised Rate 11	Street Lighting Service Rate	
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10 th Revised Rate 15	Miscellaneous Service Charges	
44 th Revised Rate 16	Purchased Power Service	X
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20 th Revised Rate 18	Fuel and Purchased Power Cost Adjustment Clause (FPPCAC)	
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11 th Revised Rate 21	Supplementary Power Service for Cogeneration and Small Power Production Facilities	
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Signature/Title /s/ James Schichtl
James Schichtl
Vice President – Regulatory and
Governmental Affairs

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6 th Revised Rate 38	Renewable Portfolio Standard (RPS) Cost Rider
1 st Revised Rate 39	Economic Development Rate
1 st Revised Rate 41	Federal Tax Credit Factor (FTCF)
Original Rate 42	Experimental Electric Vehicle Charging Rate (EEVC)
Original Rate 43	Merger Rate Credit Factor (MRCF)
Original Rate 44	Transportation Electrification Plan (TEP) Cost Rider
1 st Revised Rate 46	Advanced Metering System Rider (AMS)
Original Rate 47	Community Solar Program Rate

Amended Advice Notice No. 285

Signature/Title /s/ James Schichtl
James Schichtl
Vice President – Regulatory and
Governmental Affairs

EL PASO ELECTRIC COMPANY

**FORTY-FOURTH REVISED RATE NO. 16
CANCELLING FORTY-THIRD REVISED RATE NO. 16**

X
X

PURCHASED POWER SERVICE

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APPLICABILITY

This rate schedule is applicable to Qualifying Facilities who qualify as small power production and cogeneration facilities as defined in 18 CFR, Part 292, Subpart B, of the final rules issued by the Federal Energy Regulatory Commission to implement Sections 201 and 210 of the Public Utility Regulatory Policy Act of 1978. Pursuant to 18 CFR Part 292.204(a), a qualifying power production facility is "small" when it does not exceed 80 megawatts ("MW").

X

This rate schedule sets forth the energy rates for purchases made by the Company for the energy generated by the Qualifying Facility ("QF") pursuant to 17.9.570.11 NMAC. 17.9.568 NMAC shall control for Customer-owned QF of 100 kW or smaller, to the extent that the terms and conditions of this rate schedule are inconsistent with 17.9.568 NMAC.

X
X

DEFINITION – PURCHASED POWER

Purchased Power means the purchase of electric energy from a QF by El Paso Electric Company, ("Company" or "EPE").

X
X

TERRITORY

Areas served by the Company in Doña Ana, Sierra, Otero and Luna Counties.

TYPE OF SERVICE

Service available under this rate schedule will be determined by the Company and will either be single or three-phase, at 60 Hertz, at the option of the Company and at a standard Company approved voltage. The harmonic content of the Customer's generation must not cause interference or equipment problems for the Company or other Company customers. The Company reserves the right to disconnect from its electrical system any Qualifying Facility that causes harmful or annoying voltage fluctuations. All service will be taken at a single point of delivery designated by the Company. Electric energy will be measured by a single meter, or other measuring device, of each kind needed.

MONTHLY RATE

X

Energy Payments

Amended Advice Notice No. 285

Signature/Title /s/ James Schichtl

**James Schichtl
Vice President – Regulatory and
Governmental Affairs**

EL PASO ELECTRIC COMPANY

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The Energy Payment Rates, differentiated by service voltage, apply to all excess generated kilowatt hours (kWh) by customers taking retail service under the Company's retail rate schedules and will appear on the Customer's monthly bill as a line item calculated based on metered energy.

ENERGY PAYMENTS TO QF RATED AT 5 MW AND BELOW

The Purchase Power Energy Payment Rate for a QF rated at 5 MW and below shall be calculated as an average of the Western Energy Imbalance Market (EIM) EPE System ELAP prices times the Rate No.18 (Fuel and Purchased Power Cost Adjustment Clause) loss adjustments due to service at different voltage levels.

The energy payment rates shall be based on a thirty-day average of Western Energy Imbalance Market (EIM) EPE System ELAP prices ending 5 days prior to the start of each calendar month in which the payment will occur. For a QF rated at 5 MW and below that elects to contract for energy sales to the Company, EPE will use the QF's excess generated kWh in the billing month multiplied by the monthly calculated Purchase Power Energy Payment Rate.

ENERGY PURCHASE PAYMENTS TO QF RATED MORE THAN 5 MW

For a QF rated at more than 5 MW that elects to contract for energy sales to the Company, the Purchase Power Energy Payment Rate shall be based on hourly Western EIM EPE System ELAP prices times the Rate No.18 (Fuel and Purchased Power Cost Adjustment Clause) loss adjustments due to service at different voltage levels. EPE will use actual hourly QF production during the billing month multiplied by the hourly Western EIM EPE System ELAP price.

WESTERN EIM EPE SYSTEM ELAP PRICE REFERENCE

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EL PASO ELECTRIC COMPANY

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CANCELLING FORTY-THIRD REVISED RATE NO. 16

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X

PURCHASED POWER SERVICE

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METER OPTIONS

The QF contracting for energy payments may choose one of the following meter options for measurement of energy to be purchased by the Company: X

1. Load Displacement Option

Where the Customer primarily wishes to serve his own load, the Company will measure the flow of energy from the Company to the Customer with a single meter. There will be no additional Customer Charge and no payment by the Company for any excess power which may be generated by the Customer. The Customer shall be billed for all energy supplied by the Company under the applicable standard rate.

2. Net Metering Option

The Company shall install an additional meter to separately measure the flow of energy generated by the Customer into the Company's electrical system. The Company shall calculate the net energy consumed or supplied by the Customer and the Customer shall be paid for the energy supplied above the amount consumed by the Customer at the rate specified in the Monthly Rate Section of this rate. The Customer shall be billed for the energy consumed by the Customer above the energy supplied by the Customer under the applicable standard rate, absent the QF's generation. X

3. Separate Load Metering (Simultaneous Buy/Sell) Option

The Company shall install metering to separately measure all the energy produced by the QF and all the power consumed by the Customer. The Company shall purchase all energy produced by the QF at the rate specified in the Monthly Rate Section of this rate schedule. X
The Customer shall be billed for all power consumed under the applicable standard rate. X

COMMON PROVISIONS

Interconnection Charge:

Customers on this rate schedule shall be subject to a charge for interconnection costs.

Interconnection costs are the reasonable costs of connection, switching, metering, transmission, distribution, safety provisions, and administrative costs incurred by the Company which are

Amended Advice Notice No. 285

Signature/Title /s/ James Schichtl

James Schichtl
Vice President – Regulatory and
Governmental Affairs

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directly related to the installation and maintenance of the physical facilities necessary to permit interconnect operations with a QF, to the extent such costs are in excess of the corresponding costs that the Company would have incurred if it had not engaged in interconnected operations but instead generated an equivalent amount of electric energy itself or purchased an equivalent amount of electric energy or capacity from other sources. X

In conformance with 17.9.570.9 NMAC, the QF shall give the Company at least sixty (60) days written advance notice to interconnect. Such notice shall specify the date the QF will be ready for interconnection, the date the QF will be able to commence testing, and the anticipated date of operation after testing. The Customer shall pay the estimated interconnection costs in full at the time notice to interconnect is provided to the Company. Upon completion of the interconnection the actual costs shall be computed and reimbursements to the appropriate party shall be made for any differences between the actual and estimated cost of interconnection. X
X
X

In addition, Customers with a design capacity greater than 100 kilowatts (kW) shall pay an annual charge of 4.8732% of the capital costs of interconnection to provide for the recovery of property taxes, revenue related taxes, depreciation expense, and operation and maintenance expenses. The annual charge of 4.8732% is payable by the Customer in monthly installments at the rate of one-twelfth (1/12) of the annual charge per month.

METERING EQUIPMENT AND FACILITIES

The Company will install, own and maintain all meters and metering equipment. The Customer will install Company approved meter sockets and metering cabinets.

The Company may install, at its expense, on the Customer's premises load research metering. The Customer shall supply, at no expense to the Company, a suitable location for meters and associated equipment used for billing and for load research.

CUSTOMER FACILITIES

The Customer shall design, furnish, install, own, operate, and maintain in good order and repair, and at no cost to the Company, facilities such as relays, switches, synchronizing equipment, control and protective devices designated by the Company as necessary for parallel operation with the Company system to permit safe and practical operation.

The Customer's generation equipment shall not be connected in parallel with the Company's system without written consent of the Company.

Amended Advice Notice No. 285 _____

Signature/Title /s/ James Schichtl
James Schichtl
Vice President – Regulatory and
Governmental Affairs

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CANCELLING FORTY-THIRD REVISED RATE NO. 16**

X
X

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OPERATION OF FACILITIES

The Customer shall notify the Company before the initial energizing and start-up testing of the Customer-owned generator and the Company shall have the right to have a representative present at such test.

NEGOTIATIONS

The Company and the QF may, at the QF's option, negotiate the energy to be supplied by the QF. Negotiated agreements shall meet the applicable general principles and conditions established in 17.9.568 NMAC and 17.9.570 NMAC. X
X

TERMS OF PAYMENT

All bills under this rate schedule are due and payable when rendered and become delinquent twenty (20) calendar days thereafter. If the twentieth day falls on a holiday or weekend, the next Company business day will apply.

If a net amount is owed to the QF for the billing period, and is less than \$50, the payment amount may be carried over to the following billing period. If a net amount is owed to the QF and is \$50 or more, the utility shall make payment to the QF prior to the end of the next billing period. X
X
X

TERMS AND CONDITIONS

Service supplied under this rate schedule is subject to the Company's Rules and Regulations on file with the New Mexico Public Regulation Commission and available for inspection at Company offices. The provisions of any contract associated with service under this rate schedule are also applicable.

This rate schedule shall be binding upon the Company and the Customer for a period coterminous with the interconnection agreement; provided, however, that the Customer may terminate service provided under this rate schedule at any time during such term by providing the Company with written notice at least one (1) year prior to the effective date of such termination and the Company may terminate in accordance with regulatory regulations. Any change in this rate schedule approved by a regulatory authority with the requisite jurisdiction shall become effective upon such approval and remain in force until the expiration of the term of this rate schedule or the termination by the Customer in accordance with the requirements herein contained, whichever events occurs

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first in time. The service supplied hereunder is to be used exclusively within the premises of the Customer, as defined in the application for service.

The Customer will furnish the Company such data as required in the Application for Interconnection and shall enter into an Interconnection Agreement.

Amended Advice Notice No. 285 _____

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