

EL PASO ELECTRIC COMPANY  
SECOND REVISED RATE NO. 35  
CANCELLING FIRST RATE NO. 35

X  
X

LARGE SYSTEM RENEWABLE ENERGY CERTIFICATE PURCHASE

APPLICABILITY:

This rate schedule is closed to new service applications effective January 1, 2017. An *Application for the Purchase of Large System Renewable Energy Certificates* ("REC Application", which upon execution by the Customer and the Company also becomes the "REC Agreement"), submitted by the Customer on or before December 31, 2016, shall be eligible for service under this rate schedule. X  
X  
X  
X  
X

This Large System Renewable Energy Certificate Purchase Rate is available for renewable generation, either directly or through a third-party, rated more than 100 kilowatts ("kW") and up to 1,000 kW pursuant to New Mexico Public Regulation Commission ("NMPRC") Rules 17.9.568 and 17.9.570 New Mexico Administrative Code ("NMAC"), installed and interconnected behind a retail electric service meter. Participation by type of renewable energy facility is subject to approvals of the NMPRC. Service under this rate schedule requires an executed *Standard Interconnection Application* ("Interconnection Application"), a *Standard Interconnection Agreement for Generating Facilities with Rated Capacity No Greater than 10 MW and Not Qualified for Simplified Interconnection* ("Interconnection Agreement"), and a completed REC Application. X  
X  
X  
X  
X  
X  
X  
X  
X  
X

Each year, this rate is limited to a Company total annual large systems REC purchase budget of \$600,000. This limits the number of customers who can take service under this rate schedule each year. The Company will allow a first-come first-serve participation under this rate schedule until this annual purchase budget is reached each year. X  
X  
X

TERRITORY:

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

DEFINITIONS:

A "Renewable Energy Certificate" is a "REC". X

A "Large System REC" is a document proving that the renewable energy, in kilowatt hours ("kWh") has been generated from a renewable distributed generation facility. Large System RECs are measured in the same units as the energy generated. X  
X

A "REC meter" is a separate meter that measures the energy output of the Customer's renewable distributed generation facility. X  
X

Advice Notice No. 242  
Signature/Title Nathan T. Hirschi  
Nathan T. Hirschi  
Senior Vice President – CFO

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TERMS OF SERVICE:

Large System RECs will be purchased by the Company on a monthly basis for energy generated by the Customer's renewable distributed generation facility and measured by a separate REC meter as recorded at the time of the monthly meter reading.

The Customer is responsible for installing the REC meter socket to be identified and labeled as "REC Meter". The REC meter socket shall be physically located near the Company's billing meter. The Company will provide and install the REC metering. X  
X  
X

REC Agreements with an effective date on or after January 1, 2012, shall expire December 31, 2020. X  
X

If the ownership of the property on which the renewable distributed generation facility is located is transferred, the new owner of the property may opt in to the same terms of the REC Agreement between the prior owner and the Company. The new owner must submit a new REC Application. X  
X  
X  
X

In order to qualify for service under this rate schedule, Customers must meet the following requirements on or before December 31, 2016: X  
X

1. Complete and submit the REC Application including submission of full payment of the REC Application fee to the Company. X  
X
2. Provide the Company a Standard Interconnection Application, including submission of full payment of the Interconnection Application fee. X  
X
3. Provide the Company a complete Interconnection Agreement, including submission of full payment of the Interconnection Agreement fee. X  
X
4. Provide the Company a *Notice of Self Certification* that certifies the Customer's renewable distributed generation facility meets the criteria of a Qualifying Facility contained in the Federal Energy Regulatory Commission's regulations, 18 C.F.R. Section 292.203 as may be amended, and as defined in NMPRC Rules 17.9.568 and 17.9.570 NMAC as may be amended. X  
X  
X  
X
5. The Customer's renewable distributed generation facility must be completely installed and inspected within six (6) months of the Company's receipt of a completed REC Application and Interconnection Application. X  
X  
X
6. The Company will notify the Customer-applicant within ten (10) business days from receipt of a REC Application or Interconnection Application whether either application is complete; if either application is not complete, the Company will provide an explanation of what is needed to complete the incomplete application. X  
X  
X

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7. The Customer-applicant will have ten (10) business days from receipt of notification that the REC Application or Interconnection Application is incomplete to complete the incomplete application; if not completed within ten (10) business days, the incomplete application will be deemed withdrawn.

**MODIFICATIONS TO CUSTOMER-SITED QUALIFYING FACILITIES:**

The Company's approval for service under this rate schedule is for the qualifying facility and its kW maximum rated capacity as described in the Customer's REC Agreement and the *Notice of Self Certification*.

Subsequent to Company service to the Customer pursuant to the REC Agreement, should the Customer modify the approved qualifying facility to either expand or reduce the facility's maximum rated capacity, the Customer must submit a *Standard Expansion Application* for review and approval by the Company, which upon execution by the Customer and the Company amends the Customer's Interconnection Agreement.

Payment for REC's associated with the facility's modified maximum rated capacity will be established at the rate approved for facilities effective on or after January 1, 2014.

The Customer's failure to notify the Company of any modification to the approved qualifying facility and its approved kW maximum rated capacity will cause the REC Agreement and REC Purchase payments under this rate schedule to be subject to termination by the Company upon written notice to the Customer and a reasonable time for the Customer to complete and submit to the Company a *Standard Expansion Application*.

**MONTHLY PURCHASE RATES:**

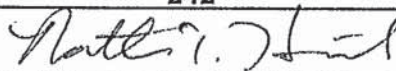
**Large System Renewable Energy Certificate (REC) Purchase – Solar Facilities**

REC Agreements for solar facilities (over 100 kW up to 1,000 kW) effective on or after January 1, 2012:

The purchase price for RECs from Large System Customers will be at prevailing market prices, provided that the price shall be no more than 90% of the applicable incentive price paid for solar facilities under Rate Schedule No. 34 - Medium System Renewable Energy Certificate Purchase, based on the Tier price in effect at the time the REC Application was received by the Company.

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REC Agreements for solar facilities (over 100 kW and up to 1,000 kW) effective on or after January 1, 2014:

X  
X

The purchase price for RECs from Large System Customers will be at prevailing market prices, provided that the price shall be no more than 90% of the applicable incentive price paid for solar facilities under Rate No. 34 - Medium System Renewable Energy Certificate Purchase, in effect at the time the REC Application is received by the Company.

X  
X  
X  
X

**Large System Renewable Energy Certificate (REC) Purchase – Wind Turbine Facilities**

X

REC Agreements for wind turbine facilities (over 100 kW and up to 1,000 kW) effective on or after January 1, 2012:

X  
X

The purchase price for RECs from Large System Customers will be at prevailing market prices, provided that the price shall be no more than 90% of the applicable incentive price paid for solar facilities under Rate Schedule No. 34 - Medium System Renewable Energy Certificate Purchase, based on the Tier price in effect at the time the REC Application was received by the Company.

X  
X  
X  
X  
X

REC Agreements for wind turbine facilities (over 100 kW and up to 1,000 kW) effective on or after January 1, 2014:

X  
X

The purchase price for RECs from Large System Customers will be at prevailing market prices, provided that the price shall be no more than 90% of the applicable incentive price paid for solar facilities under Rate Schedule No. 34 - Medium System Renewable Energy Certificate Purchase, in effect at the time the REC Application was received by the Company.

X  
X  
X  
X  
X

**Large System Renewable Energy Certificate (REC) Purchase - Terms:**

X

The Company may negotiate terms to purchase all or only a portion of the RECs associated with the energy production from a Customer's Large System qualifying facility.

X

The Company shall not be obligated to purchase RECs from Large Systems if the Company determines that it does not need to apply the RECs towards its Renewable Portfolio Standard ("RPS") or diversity goals within three (3) years of the date the REC Application is received.

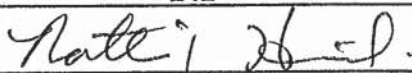
X  
X

The Monthly Purchase Rate will not be paid for renewable energy generated in any month that is in excess of the amount of kWh consumed by the participating Customer in that month.

X

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ACCESSIBILITY:

Equipment used to meter Large System RECs must be physically accessible as specified by the Company. The meter socket/meter box shall be installed in accordance with the Company's Rules and Regulations, identified and labeled "REC Meter", and located near the Company's billing meter. X

TERMS OF PAYMENT:

Large System REC Purchase payments to the Customer will commence in the billing period after the execution of an Interconnection Agreement and after the process of the REC Application is completed. The Customer will receive monthly information on the Customer's monthly electric bill documenting the kWh generated by the Customer's renewable distributed generation facility, the RECs purchased at the applicable Large System REC Purchase Rate, and the payment for RECs during the billing period. X  
X  
X  
X  
X  
X

Large System REC Purchase payments will normally be applied as a credit to the Customer monthly bills. If the amount paid for the Large System RECs is more than the total of the Customer's monthly bill by up to \$50.00, the resulting credit will be carried forward to be applied toward the following month's bill. If the Large System REC payment balance results in a Customer credit above \$50.00, that balance will be paid directly to the Customer. X  
X

The Company's Rules and Regulations apply to service under this rate schedule. X

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