

TITLE 17 PUBLIC UTILITIES AND UTILITY SERVICES
CHAPTER 7 ENERGY CONSERVATION
PART 3 INTEGRATED RESOURCE PLANS FOR ELECTRIC UTILITIES

17.7.3.1 ISSUING AGENCY: New Mexico Public Regulation Commission.
[17.7.3.1 NMAC - N, 4/16/2007]

17.7.3.2 SCOPE: This rule applies to all electric utilities subject to the commission's jurisdiction over integrated resource planning.

A. Impact on Other Rules. Except as specifically provided herein, this rule does not supersede any other rule of the commission but is to be construed as a supplement to such rules.

B. Severability. If any part or application of this rule is held invalid, the remainder of its application shall not be affected.

[17.7.3.2 NMAC - N, 4/16/2007]

17.7.3.3 STATUTORY AUTHORITY: This rule is adopted under the authority vested in this commission by the New Mexico Public Regulation Commission Act, Section 8-8-15 NMSA 1978; the Public Utility Act, Section 62-3-1 NMSA 1978, et seq.; and the Efficient Use of Energy Act, Section 62-17-1 NMSA 1978, et seq.
[17.7.3.3 NMAC - N, 4/16/2007; A, 8/29/2017]

17.7.3.4 DURATION: Permanent.
[17.7.3.4 NMAC - N, 4/16/2007]

17.7.3.5 EFFECTIVE DATE: April 16, 2007, unless a later date is cited at the end of a section.
[17.7.3.5 NMAC - N, 4/16/2007]

17.7.3.6 OBJECTIVE: The purpose of this rule is to set forth the commission's requirements for the preparation, filing, review and acceptance of integrated resource plans by public utilities supplying electric service in New Mexico in order to identify the most cost effective portfolio of resources to supply the energy needs of customers. For resources whose costs and service quality are equivalent, the utility should prefer resources that minimize environmental impacts.

[17.7.3.6 NMAC - N, 4/16/2007]

17.7.3.7 DEFINITIONS: When used in this rule, unless otherwise specified the following definitions will apply:

A. availability factor means the ratio of the time a generating facility is available to produce energy at its rated capacity, to the total amount of time in the period being measured;

B. capacity factor means the ratio of the net energy produced by a generating facility during a given time period, to the amount of net energy that could have been produced if the facility operated continuously at full capacity during that same time period;

C. demand-side resources means energy efficiency and load management, as those terms are defined in the Efficient Use of Energy Act;

D. energy efficiency means measures, including energy conservation measures, or programs that target consumer behavior, equipment or devices to result in a decrease in consumption of electricity without reducing the amount or quality of energy services;

E. energy storage resource means a commercially available technology that is capable of absorbing energy, storing it for a period of time, and thereafter delivering the energy;

F. heat rate means the ratio of energy inputs used by a generating facility expressed in BTUs (British thermal units), to the energy output of that facility expressed in kilowatt-hours;

G. integrated resource plan (IRP) means a public utility's plan to meet New Mexico jurisdictional retail customers' existing and future demand in accordance with this rule;

H. load forecasting means the prediction of the demand for electricity over the planning period for the utility;

I. load management means measures or programs that target equipment or devices to decrease peak electricity demand or shift demand from peak to off-peak periods;

J. most cost effective resource portfolio means those supply-side resources and demand-side resources that minimize the net present value of revenue requirements proposed by the utility to meet electric system demand during the planning period consistent with reliability and risk considerations;

K. planning period means the future period for which a utility develops its IRP; for purposes of this rule, the planning period is 20 years;

L. public utility or utility has the same meaning as in the Public Utility Act, except that it does not include a distribution cooperative utility, as defined in the Efficient Use of Energy Act;

M. renewable energy means electrical energy generated by means of a low or zero emissions generation technology with substantial long-term production potential and generated by use of renewable energy resources that may include solar, wind, hydropower, geothermal, fuel cells that are not fossil fueled and biomass resources; biomass resources are fuels, such as agriculture or animal waste, small diameter timber, salt cedar and other phreatophyte or woody vegetation removed from river basins or watersheds in New Mexico, landfill gas and anaerobically digested waste biomass; renewable energy does not include fossil fuel or nuclear energy.
[17.7.3.7 NMAC - N, 4/16/2007; A, 8/29/2017]

17.7.3.8 GENERAL PROVISIONS: The commission adopts this rule in order to fulfill the requirements of Section 62-17-10 NMSA 1978.

[17.7.3.8 NMAC - N, 4/16/2007; A, 8/29/2017]

17.7.3.9 INTEGRATED RESOURCE PLANS FOR ELECTRIC UTILITIES: Public utilities supplying electric service to customers shall file an IRP, along with an action plan, with the commission every three years.

A. Initial filings. Utilities with greater than 200,000 New Mexico retail customers shall file 15 months after the effective date of this rule. Utilities with less than 200,000 New Mexico retail customers shall file 27 months after the effective date of this rule. An original and fourteen copies of the IRP shall be filed with the commission.

B. Contents of IRP for electric utilities. The IRP submitted by an electric utility shall contain the utility's New Mexico jurisdictional:

- (1) description of existing electric supply-side and demand-side resources;
- (2) current load forecast as described in this rule;
- (3) load and resources table;
- (4) identification of resource options;
- (5) description of the resource and fuel diversity;
- (6) identification of critical facilities susceptible to supply-source or other failures;
- (7) determination of the most cost effective resource portfolio and alternative portfolios;
- (8) description of public advisory process;
- (9) action plan; and
- (10) other information that the utility finds may aid the commission in reviewing the utility's

planning processes.

C. Description of existing resources. The utility's description of its existing resources used to serve its jurisdictional retail load at the time the IRP is filed shall include:

- (1) name(s) and location(s) of utility-owned generation facilities;
- (2) rated capacity of utility-owned generation facilities;
- (3) fuel type, heat rates, annual capacity factors and availability factors projected for utility-owned generation facilities over the planning period;
- (4) cost information, including capital costs, fixed and variable operating and maintenance costs, fuel costs, and purchased power costs;
- (5) existing generation facilities' expected retirement dates;
- (6) amount of capacity obtained or to be obtained through existing purchased power contracts or agreements relied upon by the utility, including the fuel type, if known, and contract duration;
- (7) estimated in-service dates for utility-owned generation facilities for which a certificate of public convenience and necessity (CCN) has been granted but which are not in-service;
- (8) amount of capacity and, if applicable, energy, provided annually to the utility pursuant to wheeling agreements and the duration of such wheeling agreements;
- (9) description of existing demand-side resources, including
 - (a) demand-side resources deployed at the time the IRP is filed; and

(b) demand-side resources approved by the commission, but not yet deployed at the time the IRP is filed; information provided concerning existing demand-side resources shall include, at a minimum, the expected remaining useful life of each demand-side resource and the energy savings and reductions in peak demand, as appropriate, made by the demand-side resource.

(10) description of each existing and approved energy storage resources, to include, at a minimum, the expected remaining useful life of the resource, its maximum capacity and dispatch characteristics, and operating costs;

(11) reserve margin and reserve reliability requirements (e.g. FERC, power pool, etc.) with which the utility must comply and the methodology used to calculate its reserve margin;

(12) existing transmission capabilities:

(a) the utility shall report its existing, and under-construction, transmission facilities of 115 kV and above, including associated switching stations and terminal facilities; the utility shall specifically identify the location and extent of transfer capability limitations on its transmission network that may affect the future siting of supply-side resources;

(b) the utility shall describe all transmission planning or coordination groups to which it is a party, including state and regional transmission groups, transmission companies, and coordinating councils with which the utility may be associated.

(13) environmental impacts of existing supply-side resources:

(a) the utility shall provide the percentage of kilowatt-hours generated by each fuel used by the utility on its existing system, for the latest year for which such information is available;

(b) to the extent feasible, for each existing supply-side resource on its system, the utility shall present emission rates (expressed in pounds emitted per kilowatt-hour generated) of criteria pollutants as well as carbon dioxide and mercury;

(c) to the extent feasible, for each existing supply-side resource on its system, the utility shall present the water consumption rate.

(14) a summary of back-up fuel capabilities and options.

D. Current load forecast.

(1) The utility shall provide a load forecast for each year of the planning period; the load forecast shall incorporate the following information and projections:

(a) annual sales of energy and coincident peak demand on a system-wide basis, by customer class, and disaggregated among commission jurisdictional sales, FERC jurisdictional sales, and sales subject to the jurisdiction of other states;

(b) annual coincident peak system losses and the allocation of such losses to the transmission and distribution components of the system;

(c) weather normalization adjustments;

(d) assumptions for economic and demographic factors relied on in load forecasting;

(e) expected capacity and energy impacts of existing and proposed demand-side resources; and

(f) typical historic day or week load patterns on a system-wide basis for each major customer class.

(2) The utility shall develop base-case, high-growth and low-growth forecasts, or an alternative forecast that provides an assessment of uncertainty (e.g., probabilistic techniques).

(3) Required detail.

(a) The utility shall explain how the demand-side savings attributable to actions other than the utility-sponsored demand-side resources for each major customer class are accounted for in the utility's load forecast and the effect, as appropriate, on its load forecast of the utility-sponsored demand-side resources on each major customer class.

(b) The utility shall compare the annual forecast of coincident peak demand and energy sales made by the utility to the actual coincident peak demand and energy sales experienced by the utility for the four years preceding the year in which the plan under consideration is filed. In addition, the utility shall compare the annual forecast in its most recently filed resource plan to the annual forecast in the current resource plan. In its initial IRP filing, the utility shall provide information demonstrating how well its forecasts during the preceding four years predicted demand.

(c) The utility shall explain and document the assumptions, methodologies, and any other inputs upon which it relied to develop its load forecast.

E. Load and resources table. The utility shall provide a load and resources table of its existing loads and resources at the time of its IRP filing. The load and resources table, to the extent practical, shall contain the appropriate components from the load forecast. Resources shall include:

- (1) utility-owned generation;
- (2) energy storage resources;
- (3) existing and future contracted-for purchased power including qualifying facility purchases;
- (4) purchases through net metering programs, as appropriate;
- (5) demand-side resources, as appropriate; and
- (6) other resources relied upon by the utility, such as pooling, wheeling, or coordination agreements effective at the time the plan is filed.

F. Identification of resource options.

(1) In identifying additional resource options, the utility shall consider all feasible supply-side, energy storage, and demand-side resources. The utility shall describe in its plan those resources it evaluated for selection to its portfolio and the assumptions and methodologies used in evaluating its resource options, including, as applicable: life expectancy of the resources, the recognition of whether the resource is replacing/adding capacity or energy, dispatchability, lead-time requirements, flexibility and efficiency of the resource.

(2) For supply-side resource options, the utility shall identify the assumptions actually used for capital costs, fixed and variable operating and maintenance costs, fuel costs forecast by year, and purchased power demand and energy charges forecast by year, fuel type, heat rates, annual capacity factors, availability factors and, to the extent feasible, emission rates (expressed in pounds emitted per kilowatt-hour generated) of criteria pollutants as well as carbon dioxide and mercury.

(3) The utility shall describe its existing rates and tariffs that incorporate load management or load shifting concepts. The utility shall also describe how changes in rate design might assist in meeting, delaying or avoiding the need for new capacity.

G. Determination of the most cost effective resource portfolio and alternative portfolios.

(1) To identify the most cost-effective resource portfolio, utilities shall evaluate all feasible supply, energy storage, and demand-side resource options on a consistent and comparable basis, and take into consideration risk and uncertainty (including but not limited to financial, competitive, reliability, operational, fuel supply, price volatility and anticipated environmental regulation). The utility shall evaluate the cost of each resource through its projected life with a life-cycle or similar analysis. The utility shall also consider and describe ways to mitigate ratepayer risk.

(2) Each electric utility shall provide a summary of how the following factors were considered in, or affected, the development of resource portfolios:

- (a) load management and energy efficiency requirements;
- (b) renewable energy portfolio requirements;
- (c) existing and anticipated environmental laws and regulations, and, if determined by the commission, the standardized cost of carbon emissions;

- (d) fuel diversity;
- (e) susceptibility to fuel interdependencies;
- (f) transmission constraints; and
- (g) system reliability and planning reserve margin requirements.

(3) Alternative portfolios. In addition to the detailed description of what the utility determines to be the most cost-effective resource portfolio, the utility shall develop a reasonable number of alternative portfolios by altering risk assumptions and other parameters developed by the utility and the public advisory process.

H. Public advisory process. Public input is critical to the development and implementation of integrated resource planning in New Mexico. A utility shall incorporate a public advisory process in the development of its IRP. At least one year prior to the filing date of its IRP, a utility shall initiate a public advisory process to develop its IRP. The purpose of this process shall be to receive public input, solicit public commentary concerning resource planning and related resource acquisition issues. This process shall be administered as follows.

(1) The utility shall initiate the process by providing notice at least 30 days prior to the first scheduled meeting to the commission, interveners in its most recent general rate case, and participants in its most recent renewable energy, energy efficiency and IRP proceedings; the utility shall at the same time, also publish this notice in a newspaper of general circulation in every county which it serves and in the utility's billing inserts; this notice shall consist of:

- (a) a brief description of the IRP process;
- (b) time, date and location of the first meeting;
- (c) a statement that interested individuals should notify the utility of their interest in participating in the process; and
- (d) utility contact information.

(2) Upon receipt of the initial notice, the commission may designate a facilitator to assist the participants with dispute resolution.

(3) The utility or its designee shall chair the public participation process, schedule meetings, and develop agendas for these meetings. With adequate notice to the utility, participants shall be allowed to place items on the agenda of public participation process meetings.

(4) Meetings held as part of the public participation process shall be noticed and scheduled on a regular basis and shall be open to members of the public who shall be heard and their input considered as part of the public participation process. Upon request, the utility shall provide an executive summary containing a non-technical description of its most recent IRP.

(5) The purposes of the public participation process are for the utility to provide information to, and receive and consider input from, the public regarding the development of its IRP. Topics to be discussed as part of the public participation process include, but are not limited to, the utility's load forecast; evaluation of existing supply- and demand-side resources; the assessment of need for additional resources; identification of resource options; modeling and risk assumptions and the cost and general attributes of potential additional resources; and development of the most cost-effective portfolio of resources for the utility's IRP.

(6) In its initial IRP advisory process, the utility and participants shall explore a procedure to coordinate the IRP process with renewable energy procurement plans and energy efficiency and load management program proposals. Any proposed procedure shall be designed to conserve commission, participant and utility resources and shall indicate what, if any, variances may be needed to effectuate the proposed procedure.

I. Action plan.

(1) The utility's action plan shall detail the specific actions the utility will take to implement the integrated resource plan spanning a four-year period following the filing of the utility's IRP. The action plan will include a status report of the specific actions contained in the previous action plan.

(2) An action plan does not replace or supplant any requirements for applications for approval of resource additions set forth in New Mexico law or commission regulations.

[17.7.3.9 NMAC - N, 4/16/2007; A, 12-31-12, A 8/29/2017]

17.7.3.10 OBLIGATION TO NOTIFY OF MATERIAL CHANGES AND UPDATE ACTION PLAN:

The utility shall promptly notify the commission and participants of material events that would have the effect of changing the results of the utility's IRP had those events been recognized when the IRP was developed. As part of this notification, the utility shall explain how this event(s) has changed the action plan.

[17.7.3.10 NMAC - N, 4/16/2007]

17.7.3.11 CONFIDENTIALITY OF INFORMATION: The utility may submit any portions of its IRP under seal to the extent the utility deems specific information to be confidential. The utility shall seek a protective order under Subsection B of 17.1.2.8 NMAC for those portions of its IRP it considers confidential, and the utility shall have the burden of proving its right to such protection. Any information submitted under seal pursuant to this paragraph shall remain under seal for a period of two years, after which time it shall become public unless the utility seeks and obtains further protection from the commission. Information submitted under seal shall be available for review by the commission and its designated representatives and by any person who has entered into a confidentiality agreement with the utility in a form approved by commission order.

[17.7.3.11 NMAC - N, 4/16/2007; A, 8/29/2017]

17.7.3.12 COMMISSION REVIEW, ACCEPTANCE AND ACTION: The commission will review the utility's proposed IRP for compliance with the procedures and objectives set forth herein. Written public comments may be filed within 20 days of the utility's filing of the proposed IRP in support or in opposition of the proposed IRP as filed. The utility shall file, within 40 days of the utility's filing of the proposed IRP, a written response to all written public comments that were timely filed in support or in opposition, stating whether or not it will incorporate any of the written comments into its proposed IRP and state its reasons why or why not. The commission's utility division staff shall review the utility's proposed IRP as filed and shall consider the filed written public comments in support or in opposition and the utility's written response and shall file a written recommendation to the commission

within 60 days of utility's filing as to whether or not the IRP complies with the procedures and objectives of this rule and whether or not it recommends that the commission accept the proposed IRP as filed. If the commission has not acted within 90 days after the filing of the proposed IRP, that IRP is deemed accepted as compliant with this rule. If the commission determines the proposed IRP does not comply with the requirements of this rule, the commission will identify the deficiencies and return it to the utility with instructions for re-filing.
[17.7.3.12 NMAC - N, 4/16/2007; A, 8/29/2017; A, 01/30/2018]

17.7.3.13 ADDITIONAL INVESTIGATIONS AND INFORMATION: The commission may conduct an investigation of any matters pertaining to a public utility's IRP where it deems appropriate and may require additional information to be filed.
[17.7.3.13 NMAC - N, 4/16/2007]

17.7.3.14 EXEMPTIONS:

A. Motion for Exemption from Rule. Upon motion by a utility and for good cause shown, the commission may exempt public utilities with fewer than five thousand customers and distribution-only public utilities from the requirements of this rule.

B. Multi-State Resource Planning: The commission shall take into account a public utility's resource planning requirements in other states and shall authorize utilities that operate in multiple states to implement plans that coordinate the applicable state resource planning requirements.
[17.7.3.14 NMAC - N, 4/16/2007]

17.7.3.15 VARIANCES AND AMENDMENTS: A utility may file a request for a variance from the requirements of this rule. Such application shall describe the situation which necessitates the variance; set out the effect of complying with this rule on the utility and its customers if the variance is not granted; identify the section(s) of this rule for which the variance is requested; describe the expected result which the request will have if granted; and state how the variance will aid in achieving the purposes of this rule. The commission may grant a request for a procedural variance through an order issued by the chairman, a commissioner or a designated hearing examiner. Other variances shall be presented to the commission as a body for determination.
[17.7.3.15 NMAC - N, 4/16/2007]

HISTORY of 17.7.3 NMAC:

Pre-NMAC History: The material in this part was derived from that previously filed with the state records center and archives under:
Public Service Commission, NMPSC Rule 420, Energy Conservation Programs For Electric and Gas Utilities, filed 06-30-1988.

History of Repealed Material: NMPSC Rule 420, Energy Conservation Programs For Electric and Gas Utilities (filed 06-30-1988) repealed 4/16/2007.

Other History:

Only that applicable portion of NMPSC Rule 420, Energy Conservation Programs For Electric and Gas Utilities (filed 06-30-1988) was renumbered, reformatted and replaced by 17.7.3 NMAC, Integrated Resource Plans for Electric Utilities, effective 4/16/2007.