Statement of Need – SPS IRP STAKEHOLDER Input
June 13, 2023
Bulleted elements from working group brainstorming session.

SUMMARY
● SPS/Xcel Energy has capacity need of ___MWs by _____, under:
  ○ Description of level 1-3 modeling process, with details regarding the following:
    ▪ Level 1 - Base case
    ▪ Level 2 - Scenario X, modeled by increased Planning Reserve Margin
    ▪ Level 3 (e.g. higher load)
● Based on generic pricing, Recommended/Preferred Portfolio has potential for:
  ○ ___ MW new clean energy
  ○ ___ MW from dispatchable (resource that can be called upon at anytime that is needed)
  ○ ___ MW storage
  ○ Etc.
● Ultimate portfolio depends on bids submitted/received
● Rule/state law compliance
  ○ “technical characteristics of proposed new resources”
● Timeline considerations
  ○ 2028-2030 need identified
  ○ it takes time to get new large capacity resources on line. Near term resource needs are being met by 2021 action plan
  ○ timeline for transmission interconnection to SPP is a consideration (FERC jurisdiction), recognizing that certain resources may be interconnected more quickly than others
  ○ interconnection of distributed resources to the SPS system (NM PRC jurisdiction) is also a consideration
  ○ note that it takes less time to get smaller resources on line

RELIABILITY
● Timeframe to come on line
● PRM requirements are expected to increase in the future
● More Infrastructure - will need investment in distribution and transmission assets to support new generation and meet resource needs. Note that hosting capacity of existing circuits could be a consideration for distributed resources.
● Location considerations
  ○ generation closer to the load makes the resource more valuable.
  ○ Larger facilities could encounter land use conflicts or other local government permitting challenges.
RFP results will also consider location

- Address transmission infrastructure needed to integrate more renewables
- Should be planning for increased resource adequacy requirements
- System analysis for inadequate load supply (blackout/brownout) and designation of critical infrastructure?

MORE GENERATION

- Make individual solar affordable (as a way to decrease load)
- No regret (new resources & pathway). ATHENA - please elaborate
- Most economical and reliable portfolio to meet SPS's capacity needs
- Lifecycle environmental cost considerations, including decommissioning cost, (SEEK CLARIFICATION from ATHENA, and Mr. Barber)
- Incorporate evolving technologies
  - batteries
  - carbon free or low emissions, dispatchable technologies
  - technologies that may have previously been considered non dispatchable
- Maximize investment opportunities (how to measure the benefits of these investments is challenging)
  - can the investment facilitate economic development in the state?
  - to meet needs over the long term
  - support a diversity of businesses that support NM's economy
- Cost effective including fuel

ENVIRONMENTAL

- Climate Crisis
- Carbon-free ASAP
- In recognition of climate change concerns, make steady progress toward meeting requirements of renewable energy act
  - consider modeling of accelerated RPS goal achievements (prior to 2045)

TRANSITION – HUMAN IMPACT

- Affected workforce support
- Reinvestment in impacted communities
- Involve individuals – both homeowners and renters (community solar?)
- Consider community reinvestment, workforce transitions, training support

LOAD GROWTH

- Electric supply/infrastructure growth rate to include industrial electrification projects in addition to projected business growth
- Changing load (increased electrification)
  - Environmental regulations driving combustion equipment to electric
- Evaluate probability of new load becoming a reality
  - High side/low side and the potential lag in grid buildout to meet demand
• Demand Response - increased role of DR….specifics TBD (AUSTIN - add)
• Partial Requirement Tariff (standby tariff), Case 22-00285-UT

OTHER RATEMAKING PROPOSALS

• Real-time day ahead pricing tariff
• Interruptible load tariff
• Future possible regulatory scenarios