

NEW MEXICO PUBLIC REGULATION COMMISSION**Utility Division Staff****Comments on Draft Statement of Need and Action Plan****Southwestern Public Service Company — 2026 Integrated Resource Plan****Case No. 25-00076-UT****To:** Deborah Shields, Gridworks**From:** Utility Division Staff**Date:** September 4, 2026

Staff submits these comments on the August 17 draft Statement of Need and Action Plan, as revised August 26–27. These comments identify unresolved issues for the October 13 filing. Staff participation in, understanding of, or explanation of a workshop discussion does not constitute agreement with the draft's numerical forecast, modeled nameplate quantities, legal assumptions, or requested Action Plan term. Delete the statement that the Statement of Need is a “consensus proposal,” or identify separately each framework item on which agreement exists and each issue that remains unresolved.¹

1. Show the systemwide plan and the New Mexico statutory case side by side.

The Integrated Resource Plan (IRP) Rule defines an IRP as a plan to meet New Mexico jurisdictional retail customers' demand, requires New Mexico jurisdictional information, and permits SPS to coordinate multistate planning. Staff is not asking SPS to abandon systemwide or least-cost planning. SPS may begin with a systemwide reliability plan, but the Statement of Need should also show how resources, energy, market purchases, and costs are assigned to New Mexico customers and provide a current-law New Mexico case so the reliability, affordability, and statutory tradeoffs are visible. 17.7.3.7(I)(1), 17.7.3.8(B), (D), and 17.7.3.16(C) NMAC.

At Workshop #7, SPS described its Multi-Jurisdictional Baseline (MJB) as the systemwide least-cost portfolio without state-specific requirements. SPS also explained that the MJB adds substantial renewable resources and makes progress toward New Mexico requirements, while separate model runs tested Renewable Portfolio Standard and 2045 zero-carbon constraints. The issue is therefore not that SPS failed to model New Mexico policy cases. The issue is that the draft Statement of Need is organized around the MJB and then states that an additional 1.1 GW of Dynamic Balancing nameplate and 10.1 GW of Carbon-Free nameplate are needed “beyond the Adjusted Identified Need,” without showing how the separate policy cases change cost, curtailment, expected unserved energy, market reliance, or assignment to New Mexico. The filed Statement of Need should connect those analyses through the following crosswalk:²

Required separation	Showing needed in the filed Statement of Need
Systemwide reliability planning	Summer and winter accredited-capacity need by year. Identify which years the Base RAP (2031–2034) and Long-Lead RAP (2035–2040) are intended to address, and show each modeled or selected portfolio's separate summer and winter accredited contributions.
New Mexico energy obligation	Forecast New Mexico retail sales; renewable or zero-carbon GWh and renewable energy certificates required and assigned at 2030, 2040, and 2045; and treatment of market purchases and storage charging losses.
New Mexico assignment	Resources, energy, market purchases, and costs assigned to New Mexico customers, including the New Mexico share of systemwide capacity and the basis for excluding emitting resources from New Mexico load.
2045 legal assumption	Whether the plan assumes compliance under current law, future statutory relief or amendment, zero-carbon treatment of emitting generation, or assignment of emitting resources solely to non-New Mexico load.
Affordability and reliability comparison	Side-by-side comparison of the systemwide reliability/least-cost plan and the New Mexico current-law case, including customer cost, retirements, market reliance, resource assignment, emissions or certificate treatment, and any binding operational constraint.

The Renewable Energy Act, as amended by the Energy Transition Act, requires renewable energy to comprise at least 50 percent of New Mexico retail sales by 2030 and 80 percent by 2040, and zero-carbon resources to supply 100 percent by 2045, with reasonable and consistent progress. The same statute directs the Commission to maintain reliability and prevent unreasonable bill impacts when administering those standards. *NMSA 1978, § 62-16-4(A)(4)–(6), (B)(2)–(3)*. Staff therefore does not treat SPS's least-cost or affordability concerns as evidence of bad faith. But systemwide accredited capacity, however necessary for reliability, does not by itself demonstrate compliance with New Mexico's retail-sales-based requirements. The Statement of Need should show both the systemwide reliability/least-cost plan and the New Mexico current-law case. Hourly modeling is relevant to operational feasibility and reliability; Staff is not asserting here that § 62-16-4 imposes an hourly compliance-accounting standard. Market purchases may be operationally necessary, but unless their renewable or zero-carbon attributes and New Mexico assignment are identified, they do not by themselves complete the statutory showing.

SPS should also state its legal assumption for 2045. In Case No. 25-00066-UT, SPS sought a determination that 363 MW of the Gaines resource qualified as zero-carbon and a present determination that Gaines and Tolk could qualify for relief

from the 2045 standard based on reliability and unreasonable bill impacts. The Commission denied the zero-carbon designation and denied the requested predetermination without prejudice, finding that reliability and affordability depend on the conditions existing in 2045 and beyond.³ This was a request for relief under New Mexico law, not a federal exception.

A current-law New Mexico case is not an endorsement of an unaffordable build plan and need not be the preferred portfolio. It is a transparent benchmark. SPS has already modeled multiple approaches to the New Mexico Renewable Portfolio Standard and 2045 zero-carbon requirement. Those calculations should be brought into the filed Statement of Need with enough inputs and results to be reproduced, rather than reduced to a rough conversion of nameplate MW. At minimum, the filing should show forecast New Mexico retail sales; hourly and annual generation; curtailment; storage losses and charging source; market purchases and their renewable-energy-certificate or zero-carbon treatment; retirements; transmission and import limits; resource assignment; and customer cost. If a modeled current-law case is infeasible, materially more expensive, or operationally constrained, SPS should identify the binding constraint and quantify the cost, reliability, expected-unserved-energy, curtailment, and market-purchase consequences. It should then state what future relief, legal change, technology availability, or cost reduction its preferred plan assumes. That comparison makes the conflict visible without pretending it has already been resolved.

2. State measurable technical characteristics for summer and winter.

17.7.3.10(A) NMAC requires the amount, types, and technical characteristics of resources to be procured. PNM's filed 2026 Statement of Need provides a useful structural comparison: it ties customer demand to New Mexico's 2045 requirements, identifies Carbon-Free Energy, Dynamic Balancing, and Firm Dispatchable as required operational attributes, separately discusses capacity and energy, and identifies the supporting technical assumptions. SPS need not use PNM's quantities or technology mix. It should use the same basic structure: identify the need, state the operational capability required to meet it, and explain how the resulting portfolio addresses New Mexico requirements.⁴

Staff does not object to SPS's statement that the category labels and modeled nameplate quantities are not procurement quotas or stand-alone bid scores. A category can still describe a technical characteristic if the RFP translates it into measurable data requirements, minimum requirements, portfolio constraints, modeling inputs, or evaluation criteria. At Workshop #7, SPS explained that actual bids would be screened for completeness and then modeled using real timing, location, pricing, and operating characteristics. That is compatible with an all-source approach. The problem is that the draft does not identify which seasonal and functional attributes will carry into the request for proposals (RFP). The RFP must state its evaluation criteria, the overall amount and duration of power solicited, and the degree of dispatchability required. 17.7.3.12(F)(1), (2), and (4) NMAC. Without a measurable link between the accepted Statement of Need and those RFP terms, Staff cannot perform the conformity review under 17.7.3.12(D) NMAC.

The draft has not eliminated seasonality: it already reports a 2034 system need of 1,125 MW summer and 2,028 MW winter after expected 2025 RFP resources. Those figures describe one system resource-adequacy problem with separate summer and winter requirements. Here, the Base Resource Acquisition Period (Base RAP) means the solicitation intended to obtain resources for in-service years 2031–2034; the Long-Lead RAP covers 2035–2040. A RAP is only a grouping of need years for procurement, not another capacity metric. Preserve the year-by-year seasonal table and show how the Base RAP is designed to satisfy each seasonal requirement. If SPS continues to present Firm, Dynamic Balancing, and Carbon-Free nameplate ranges, it should provide the corresponding summer and winter accredited contributions and make clear that nameplate capacity is not accredited capacity.

Attribute	Summer — state separately	Winter — state separately	Other technical information
Firm	How summer accredited contribution and performance will be determined; show the illustrative portfolio's summer contribution if category quantities are presented.	How winter accredited contribution and performance will be determined; show the illustrative portfolio's winter contribution if category quantities are presented.	Then-applicable SPP accreditation; forced-outage assumption; start reliability; operating duration; fuel or energy assurance.
Dynamic Balancing	Summer response, ramp capability, usable duration, availability, and accredited contribution during summer net-load or risk hours.	Winter response, ramp capability, usable duration, cold-weather capability, availability, and accredited contribution during winter morning/evening risk hours.	Dispatchability; response time; ramp rate and range; cycles; charging assumptions; demand-response notice, availability, and rebound.
Carbon-Free	Expected summer energy and summer accredited contribution if capacity value is claimed.	Expected winter energy and winter accredited contribution if capacity value is claimed.	Annual GWh and renewable energy certificates assigned to New Mexico; statutory qualifying basis; storage charging and certificate accounting.
Hybrid / overlapping resources	Summer contribution by attribute, without counting the same accredited MW twice toward the summer deficiency.	Winter contribution by attribute, without counting the same accredited MW twice toward the winter deficiency.	Distinct attributes may be valued, but the same accredited MW may not be counted twice toward the same seasonal deficiency.

For each category, SPS should provide two complete technical descriptions, not one combined list: (1) how a resource's summer accredited contribution and performance will be determined during summer risk hours; and (2) how its winter accredited contribution and performance will be determined during winter risk hours, including zero

where no contribution is claimed. If SPS presents an illustrative modeled quantity by category, it should also show that portfolio's separate summer and winter accredited contributions. This is not a request to establish fixed category quantities. A pooled list of resources or attributes said to apply to "both seasons" would not show which product satisfies which seasonal need.

Because the winter requirement is materially larger during the Base RAP years, the evaluation protocol should calculate both summer and winter accredited MW for every feasible bid and resulting portfolio under the then-applicable Southwest Power Pool methods. The modeled 1,396 MW Firm, 344 MW Dynamic Balancing, and 3,250 MW Carbon-Free figures are the output of one generic model run; they are not quantities SPS must buy. An all-source RFP may satisfy the 1,125 MW summer need, the 2,028 MW winter need, and New Mexico energy requirements with a different combination of resources. SPS should compare bid portfolios by how well they close each seasonal accredited-capacity gap and New Mexico energy requirement at reasonable cost and risk, not by how closely they reproduce the 1,396/344/3,250 nameplate split. Otherwise, illustrative model output becomes a hidden quota and could penalize a lower-cost portfolio with equivalent or better performance.

3. State market limitations accurately and make the Action Plan specific.

The 2024 all-source RFP record does not support a generalized statement that SPS cannot attract generation bids. SPS received 122 bids: 33 solar, 27 wind, 16 hybrid, 36 four-hour battery storage, nine gas thermal, and one high-voltage direct-current tie with wind; 44 were later disqualified or withdrawn. The narrower record is that SPS did not receive a qualifying combined-cycle bid.⁵ If SPS relies on market scarcity to justify broad categories or delayed procurement, it should identify the specific technology and explain the role of timing, minimum requirements, interconnection, and commercial terms.

Staff does not object to an all-source Base RAP for 2031–2034, a Long-Lead Resource Acquisition Period for 2035–2040, a site-specific all-source solicitation at the Quay point of interconnection, or updating load and resource-adequacy inputs before RFP issuance. Rather than creating additional standing working groups, Staff requests the following Action Plan changes:

1. When SPS circulates the draft RFP under 17.7.3.12(C), include a written technical memorandum stating the separate summer and winter needs and the proposed evaluation protocol. Use the Technical Working Group Conference already proposed in the draft Action Plan to discuss that package during the draft-review period and before solicitation begins. This is not a request for a new standing working group or for Staff to draft the RFP.
2. Replace the vague long-lead sub-action concerning "engagement with Commission and stakeholders on regulatory tools" with a written description of the specific constraints SPS believes limit long-lead resources. Workshop discussion confirmed that the long-lead solicitation's selection metrics, contracting structure, and off-ramps remain to be developed. The description should address technology maturity, development lead time, financing, permitting, transmission and interconnection, SPP accreditation, affordability, and any assumption concerning New Mexico law or future relief. State what SPS will analyze, the deliverable or decision, and the date. Existing IRP processes may be used; Staff is not requesting a separate funding or partnership working group.
3. File the four-year Action Plan term as a variance under 17.7.3.17 NMAC. Staff does not object if the request is filed and year four is limited to long-lead development and the 2030 IRP cycle.

Requested revisions before the October 13 filing

1. Delete "consensus proposal," or limit it to specifically identified matters on which agreement exists.
2. Add a systemwide/New Mexico crosswalk and a side-by-side comparison of the systemwide reliability/least-cost plan and the New Mexico current-law case.
3. Preserve the summer/winter accredited-capacity table. For each Firm, Dynamic Balancing, and Carbon-Free category, separately state how summer and winter accredited contributions and performance will be determined. If category quantities are shown as modeled results, show their separate seasonal contributions; do not convert them into procurement quotas or substitute one combined list said to apply to both seasons.
4. Provide a reproducible current-law New Mexico benchmark. If the model shows no feasible portfolio or a materially higher-cost or operationally constrained result, identify the binding constraints and compare that result with the preferred plan and any assumed future relief or legal change.
5. Include the written seasonal-need and evaluation memorandum with the draft RFP package and use SPS's already-proposed technical conference to discuss it before solicitation begins. Replace vague long-lead "engagement" language with specific constraints, deliverables, and dates; do not create a separate funding or partnership working group.
6. In the October 13 filing, identify the requested four-year Action Plan as a variance under 17.7.3.17 NMAC.

Respectfully submitted,

Utility Division Staff

Record references

1. SPS Draft Statement of Need §§ 1.C and 1.E; 17.7.3.9(A), (E) NMAC.
2. SPS Workshop #7, Aug. 26–27, 2026; SPS Draft Statement of Need §§ 1.C.i.4–6 and 1.E.
3. Final Order, Case No. 25-00066-UT, ¶¶ 68–69 and disposition of SPS's requested predetermination (May 8, 2026).
4. PNM 2026 IRP §§ 10.1–10.2 and Tables 10-1 through 10-4, Case No. 25-00022-UT.
5. SPS Exhibit SPS-STAFF 1-19a at 5; Direct Testimony of Daren K. Zigich at 19, Case No. 25-00066-UT.