



Comments on SPS's Statement of Need and Action Plan

Prepared by Energy Futures Group ("EFG") and CCAE

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EFG and CCAE appreciate the opportunity to provide comments on SPS’s draft Statement of Need (“SoN”) and Action Plan. If there is further clarification we can provide on the comments, please do not hesitate to contact us.

NEAR-TERM ACCREDITED CAPACITY NEED

While SPS’s near-term capacity position for 2027 – 2029 is not explicitly covered under the Request for Proposal (“RFP”) procurement periods set forward in the draft Statement of Need and Action Plan, we want to express our concern with the projected capacity shortfall that SPS has presented and is shown below in Table 1. SPS presented this information in the draft Statement of Need and Action Plan, but there is no information provided about how SPS will manage the near-term accredited capacity need. For example, it is unclear what steps SPS will take to address the accredited capacity need if new generation cannot be secured. For example, would SPS incur a capacity insufficiency charge, will SPS try to engage in bilateral capacity purchases¹, will SPS commit to defer new load interconnections to later years, or will SPS try to engage new customers in short-term demand response programs? While we understand that the specific actions SPS will take are dynamic, it would be helpful for SPS to provide stakeholders with information on the options SPS has to address this near-term accredited capacity need.

Table 1. SPS’s Projected Accredited Capacity Need (MW)

Year	Summer	Winter
2027	385	374
2028	811	808
2029	-	158

LOAD FORECAST

Use of the Constrained Planning Forecast

The draft Statement of Need and Action Plan identifies the Constrained Planning forecast as the load forecast that “[...] will form the basis for future procurements

¹ For any bilateral capacity purchases, we ask SPS to clarify whether these transactions merely satisfy regional compliance obligations to avoid insufficiency charges, or if they secure physical deliverability that allows new load interconnections to proceed.

associated with this 2026 IRP.”² While we can acknowledge that SPS’s use of the Constrained Planning forecast results in the accredited capacity need shown in the draft Statement of Need, we cannot provide support for the use of the Constrained Planning forecast without additional information from SPS. We also have concerns about the level of probabilistic load included in the Constrained Planning Forecast given the substantial portion of the forecast that this load represents, as shown in Figure 1.

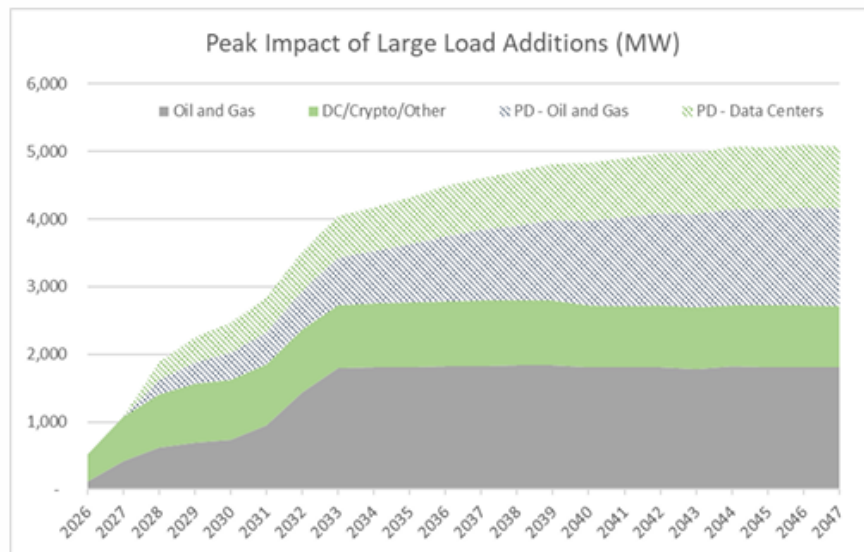


Figure 1. SPS Large Load Additions in Constrained Forecast³

EFG and CCAE put forward the recommendation to model an alternative load forecast as a stakeholder scenario request so that there would be an evaluation on the potential range of resources needed under alternative assumptions for new large loads. We also submitted a few data requests to SPS to try to gain more information to better understand how the levels of new large loads were developed. As part of the requests CCAE and EFG submitted to SPS on June 22, 2026, we proposed an approach for SPS to provide data to stakeholders in a manner that would avoid confidentiality concerns. We asked:

² SPS Statement of Need at 3.

³ SPS Workshop #3 at slide 15. Retrieved from <https://gridworks.org/wp-content/uploads/2026/05/Workshop-3-Presentation-Corrected-29-and-58.pdf>

Would it be possible for SPS to aggregate the customers into the “Oil/gas” and “Data center” portion of the large load forecast according to the criteria SPS is using to track them (i.e. if SPS is tracking by probability of connection or another threshold)? If there is not a threshold that corresponds to whether or not an electric service agreement is signed, then aggregating the customer demand for each year with that assumption will be helpful. This way highly confidential information will not be shared, and we can better understand the load forecast for the oil/gas and data centers.

Based on the conversation at the most recent Stakeholder Workshop, it seems like SPS may provide stakeholders with more information on the load forecast. We support the requests that were made at the Stakeholder Workshop. SPS should provide stakeholders with information that breaks down customers into “Oil/gas” and “Data center” and provides information on a basis that allows stakeholders to understand how SPS tracks and categorizes customer requests, including where each customer is in the process of interconnection and the milestones that SPS tracks (i.e. signed transmission agreement, signed service agreement, under evaluation at SPP, at the initial stages of evaluation and has no milestones to report, etc.).

Technical Working Group Conference

We appreciate that the most recent version of the draft Statement of Need includes language that identifies convening a Technical Working Group Conference to discuss key components of the RFP, including the load forecast. We also understand that it is SPS’s intention to update the load forecast as part of the updates that will be made prior to issuing the RFP. We support SPS updating the forecast, to the extent that there are steps to validate the level of probabilistic load included in the forecast. For instance, SPS should assess the level of large load included in the probabilistic load portion of the forecast and whether those loads can move through the interconnection study process and brought online in the timeframe that is assumed in the forecast. In addition, SPS should also compare the level of large load included in the probabilistic model and the status of requests that will be known by SPS at the time of the load forecast update, but were not known at the time that the forecast was developed. It will also be important for SPS to provide stakeholders with information around the load forecast at the time that the forecast is updated so stakeholders can understand what factors are driving any forecast updates.

Clarification on Language in the Draft

One item we have for clarification related to the load forecast is that the Draft Statement of Need has language that says:

The results of that work are shown as nameplate capacity, broken out in procurement need ranges, by technology category (Firm, Dynamic Balancing, and Carbon-Free groupings), developed using the lowest cost portfolios generated to solve the Low and Constrained Planning Forecasts.

Since the Statement of Need has other language that specifically says the Constrained Planning Forecast was used, would SPS be able to clarify that the Low Planning Forecast was not used to develop the procurement need ranges provided in the draft?

RESOURCE DEFINITIONS AND PROCUREMENT NEED RANGE

It is our understanding that the information SPS has provided on the technology categories for the “Firm”, “Dynamic Balancing”, and “Carbon-Free” does not mean that those are the specific resource targets for the RFPs and that the resources that SPS will ultimately procure will be determined by the overall resource availability and cost from the bids received as part of the RFP.⁴ The clarification we have on this topic relates to what information may be presented in the RFP. For example, does SPS put the tables showing the level of MWs for each resource technology within the RFP? If that is the case, we recommend not putting that information in the RFP, if there is no requirement for SPS to do that. Otherwise, we think providing that information will be confusing and could convey that SPS would not contemplate procuring more of one technology. Including the resource technology tables from the Statement of Need risks artificially constraining the bid pool. If SPS does need to present this information as part of the RFP, it would be helpful if the technology categories and procurement targets include an explicit range to cover the nameplate MWs that SPS is estimating could be needed as incremental projects to meet the New Mexico Renewable Portfolio Standard (“RPS”) requirements since that would result in an increased range for the Dynamic Balancing and Carbon-Free categories.

⁴ The Statement of Need says that the categories “will not be used as part of bid evaluation”.

QUAY COUNTY SITE

On the RFP specific to the Quay County site, SPS added language to the draft that references local reliability needs related to Quay County. We ask that when the RFP is issued for the Quay County site, that any important site-specific information be made available to the extent possible. This will help to ensure that SPS receives competitive bids for the Quay County site.

LONG LEAD-TIME COMPETITIVE PROCUREMENT

We appreciate SPS incorporating the commitment to hold a Technical Working Group Conference. During the Conference, it will be crucial for there to be a discussion about the Long Lead-Time RFP design and considerations that need to be made about how bidders may need more flexibility in the responses they can provide compared to the Base RAP RFP given the information requirements and potential for bid disqualification. There should also be a discussion about the tradeoffs of SPS issuing one RFP versus issuing separate RFPs. In the draft Statement of Need and Action Plan, SPS has indicated the potential options to either have one RFP that has options to cover the Base RAP, Quay County site, and the LL RAP or to issue three separate RFPs. For example, issuing separate RFPs might allow for tailoring each RFP to the specific design that may be needed if there are different requirements between the Base RAP and the LL RAP.

DISTRIBUTION-CONNECTED PROJECTS

On the action item related to distribution-connected projects and SPS pursuing pilot projects for further investigation, it would be helpful if SPS could provide stakeholders with more information around these projects. For example, has SPS already identified potential sites for distribution-connected projects? What would the timeframe be for implementing the pilot and then scaling up those pilot programs?