



VOTE SOLAR

El Paso Electric, Case No. 19-00349-UT

El Paso Electric (EPE) is a public utility serving 425,000 customers in west Texas and southern New Mexico. EPE is seeking approval from the New Mexico Public Regulation Commission (PRC) and the Public Utilities Commission of Texas (PUCT) to build a sixth gas-fired generator at its Newman Generating Station in El Paso, TX at an estimated cost of \$160 million. In its Application to the PRC, EPE claims that it needs the additional 228 megawatts to meet forecasted load growth, especially peak summer demand. While the plant is in Texas, it would serve both Texas and New Mexico customers.

This brief refers only to Case No. 19-00349-UT, brought before the New Mexico PRC.

Timeline

- 11/18/2019 El Paso Electric files its application for a Certificate of Public Convenience and Necessity to construct a new turbine at Newman Generating Station
- 1/13/2020 Vote Solar filed a motion to intervene
- **4/24/2020 Testimony from intervenors is due**
- 7/20/2020-7/24/2020 Formal hearing including public testimony and questioning in front of Hearing Examiner Elizabeth Hurst
- TBA Hearing Examiner Hurst makes recommendations to the PRC, intervenors may submit exceptions (rebuttals)
- TBA PRC issues final decision approving or denying the application

Vote Solar's Testimony

Vote Solar's Regulatory Director Rick Gilliam and Grid Strategies' Vice President Michael Goggin submitted testimony to the PRC on behalf of Vote Solar on April 24, 2020. Vote Solar is recommending the Commission deny the Certificate of Convenience and Necessity for EPE's gas-fired unit because it has failed to demonstrate necessity. Instead, Vote Solar recommends EPE pursue renewables plus storage, built as load grows, coupled with an aggressive program of energy efficiency and rate design changes to manage peak load growth. EPE rejected an option to shift investment from gas generation to battery storage, even though the company's own model showed they could lower costs by not building the proposed gas facility.

Necessity

El Paso Electric inaccurately assumes that solar resources on its system could not be relied upon for more than 25% of their nameplate capacity for serving peak load, but the actual factor is much higher, based on EPE's own data. When this error is corrected, most of the alleged need for Newman 6 is eliminated and solar also becomes the most cost-effective new source for power. EPE deploys other biased assumptions to justify its profit-making investment in a new gas plant, including discounting the ability to purchase power from neighboring systems and assuming the retirement of old gas plants, which are still capable of standing in reserve.

Gas Risk

El Paso Electric already relies on gas for most of its generation capacity, yet the company ignored the threat to reliability from deepening its dependence on gas units, which tend to fail simultaneously. Because EPE's gas generators depend on the same sources of gas supply and delivery, adding a new turbine makes EPE customers more vulnerable to weather-related and other interruptions in gas field supply, pipeline delivery, and generator availability. EPE also ignored the risk that gas prices will increase in the future; customers—not the company—bear the risks from gas price volatility.

Climate Risk

El Paso Electric has acknowledged that climate change poses physical, financial, and regulatory risks to fossil-fuel investments because federal securities laws require the company to disclose material risks to investors. However, the Company's application to build new fossil-fuel infrastructure ignores all these risks. Major investment in fossil-fueled generation would expose EPE to the very climate-related risks that it disclosed to its investors, but did not quantify. Furthermore, EPE made no effort to analyze whether acquisition of a new gas plant with a 40-45 year useful life fits in with New Mexico 2019 law that requires 50% renewable energy by 2030 and completely carbon-free electricity supplies by 2045.

Time-of-Use Rates

Time-of-use (TOU) rates encourage people to shift their energy use to the times of day when renewable energy is cheap and abundant. TOU rates have the potential to make El Paso Electric less reliant on gas-fired power plants, yet the company has failed to deploy them effectively. EPE's small TOU program has been ineffective and given little attention by the company in spite of repeated recommendations from the PRC, starting in 2006, to improve the program.

Experts

Rick Gilliam, Regulatory Director, Vote Solar

Mr. Gilliam has over forty years of experience in utility regulatory matters. Prior to joining Vote Solar in 2012, Mr. Gilliam spent five years in senior leadership in the Government Affairs group at SunEdison, at the time one of the world's largest solar developers. He also spent twelve years with Western Resource Advocates and twelve years at the Public Service Company of Colorado's rate division as Director of Revenue Requirements. Prior to that, he spent six years with the Federal Energy Regulatory Commission (FERC) as a technical witness (engineer).

Michael Goggin, Vice President, Grid Strategies, LLC

Mr. Goggin has worked on renewable energy integration, transmission, and electricity markets for nearly fifteen years. Previously, he provided technical analysis and advocacy regarding renewable integration into electricity markets at the American Wind Energy Association. Prior to that, he consulted for the Department of Energy, and at two environmental groups. He is an elected member of the Planning Committee of the North American Electric Reliability Corporation (NERC), and previously served on the NERC Standards and Operating Committee.