

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**PUBLIC SERVICE COMPANY OF NEW MEXICO'S)
NOTICE OF FILING OF "RENEWABLE ENERGY)
PROCUREMENT PLAN FOR 2006")
_____)**

Case No. 05-00356-UT

REBUTTAL TESTIMONY AND EXHIBIT

OF

MICHAEL A. D'ANTONIO

**PUBLIC SERVICE COMPANY OF NEW MEXICO
REBUTTAL TESTIMONY OF MICHAEL A. D'ANTONIO
NMPRC UTILITY CASE NO. 05-00356-UT**

1 **Q. PLEASE STATE YOUR NAME AND ADDRESS AND DESCRIBE YOUR**
2 **POSITION.**

3 **A.** My name is Michael A. D'Antonio. My address is Public Service Company of New
4 Mexico ("PNM"), 2410 Aztec NE, Albuquerque, NM 87107. I am the Director of
5 Resource Planning and Technical Analysis.

6

7 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?**

8 **A.** Yes. I filed Direct Testimony in this proceeding on September 1, 2005 in support of
9 PNM's Renewable Energy Portfolio Procurement Plan for 2006 ("2006 Plan").

10

11 **Q. PLEASE STATE THE PURPOSE OF YOUR REBUTTAL TESTIMONY.**

12 **A.** The purpose of my rebuttal testimony is to address certain statements set forth in the
13 Direct Testimony of Mr. Benjamin Luce on behalf of the Coalition for Clean Affordable
14 Energy ("CCAEE"). I address Mr. Luce's recommendation at page 3, lines 6-8, concerning
15 a solar-only Request for Proposal ("RFP"). I also comment briefly on Mr. Luce's
16 comments regarding the inclusion of renewable energy program costs in the Reasonable
17 Cost Threshold ("RCT") the impact of natural gas prices on the RCT. Finally, I address
18 the recommendation to change the net metering threshold. Mr. Luce's recommendations
19 for changes to PNM's proposed Small PV Program are addressed in the Rebuttal
20 Testimony of Mr. Patrick Scharff.

21

22 **Q. HAS PNM ISSUED ITS RENEWABLE RFP THAT WAS DESCRIBED IN YOUR**
23 **DIRECT TESTIMONY IN THIS CASE?**

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1 **A.** Yes. PNM issued its renewable RFP on Friday, October 21, 2005. The RFP was
2 distributed to over 90 parties. Furthermore, to ensure complete public availability of its
3 RFP, PNM has posted the RFP, along with its cover letter and the public press release
4 announcing the issuance of the RFP on the PNM web-site at:
5 http://www.pnm.com/news/2005/1021_rfp.htm .

6
7 **Q.** **WHAT IS THE PROPOSED SCHEDULE FOR THE EVALUATION OF ANY**
8 **RESPONSES AND SUBSEQUENT IMPLEMENTATION OF THE RFP**
9 **PROCESS?**

10 **A.** The proposed schedule for the RFP process and evaluation of RFP responses is set forth
11 in the attached PNM Exhibit MD-R1.

12
13 **Q.** **IS PNM'S RENEWABLE RFP OPEN TO SOLAR RESPONSES BETWEEN 5**
14 **MW AND 30 MW?**

15 **A.** Yes. This RFP is open to all renewables, as defined in §§ 62-16-1 through 62-16-10
16 NMSA 1978 (Repl. Pamp. 2004) ("the Renewable Energy Act" or "REA") and Title
17 17.9.572 NMAC ("Rule 572"), except for additional wind energy because PNM already
18 has a significant amount of wind energy on its system. The minimum and maximum size
19 projects identified in the RFP will accommodate solar responses in the 5 MW to 30 MW
20 range. Therefore, PNM does not believe that an additional RFP process will be necessary
21 or would be useful, given that potential respondents to such an RFP have the opportunity
22 to respond to the October 21 RFP if they so choose.

23

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1 **Q. DO YOU AGREE WITH MR. LUCE'S POSITION AT PAGE 14, LINES 16-18,**
2 **THAT PROGRAM COSTS FOR RENEWABLE PROJECTS SHOULD NOT BE**
3 **INCLUDED IN CALCULATING WHETHER THOSE PROJECTS MEET THE**
4 **RCT?**

5 **A.** No. The RCT includes many cost considerations as shown by Rule 572(11) and the
6 Hearing Examiner's Recommended Decision in Case No. 04-00253-UT and does not
7 appear to be limited only to the contract procurement cost for the energy and/or REC that
8 is purchased. Therefore, in determining whether the overall cost of a renewable energy
9 program is consistent with the RCT, PNM believes that it is appropriate to include all
10 costs incurred to develop, implement and manage on a sustainable basis a specific
11 renewable energy resource procurement program. For example, the Stipulation approved
12 by the Commission in Case No. 04-00311-UT, which established PNM's renewable
13 energy plan for 2005, explicitly approved the recovery of the costs that would be incurred
14 during 2005 for developing the solar PV program, as well as for conducting a biomass
15 assessment and issuing an RFP for renewable biomass resources.

16
17 **Q. REFERRING TO MR. LUCE'S TESTIMONY, AT PAGES 3-4, WILL THE**
18 **PRICE OF NATURAL GAS AFFECT THE RCT THAT WILL BE APPLICABLE**
19 **FOR 2006 OR 2007 FOR PNM?**

20 **A.** No. The RCT established by the Commission's Final Order in Case No. 04-00253-UT in
21 December 2004 has a component that limits the impact on retail rates of the cost of
22 compliance with the renewable portfolio standard ("RPS"). However, PNM's electric

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1 retail rates are fixed through December 31, 2007. Consequently, the level of natural gas
2 prices can have no impact on the RCT applicable to PNM, at least through 2007.

3
4 **Q. WHAT IS PNM'S RESPONSE TO MR. LUCE'S RECOMMENDATION**
5 **REGARDING A CHANGE TO THE SIZE THRESHOLD OF NET METERED**
6 **SYSTEMS.**

7 **A.** Although I am not a lawyer, Mr. Luce's recommendation to increase the capacity size of
8 generating facilities eligible for net metering to 2 MW appears to be beyond the scope of
9 matters that are appropriately addressed in a renewable energy procurement plan
10 responding to the requirements of Rule 572. Mr. Luce's recommendation would seem to
11 require a change to NMPRC Rules 570 and possibly Rule 571 as well. PNM believes
12 that this recommendation should not be addressed in the context of the Commission's
13 consideration of its 2006 Plan; rather, a rulemaking proceeding would be the appropriate
14 forum.

15
16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 **A.** Yes.

18
19 GCG #82867