

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE
COMPANY OF NEW MEXICO'S
APPLICATION FOR A CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY
TO CONSTRUCT, OWN, AND OPERATE
30 MEGAWATTS OF BATTERY ENERGY
STORAGE FACILITIES**

PUBLIC SERVICE COMPANY OF NEW MEXICO,)

Applicant

Case No. 25-00055-UT

**PUBLIC SERVICE COMPANY OF NEW MEXICO'S APPLICATION
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
TO CONSTRUCT, OWN, AND OPERATE 30 MEGAWATTS
OF BATTERY ENERGY STORAGE FACILITIES**

Public Service Company of New Mexico (“PNM”) files this Application with the New Mexico Public Regulation Commission (“PRC” or “Commission”), pursuant to 17.1.2.9 NMAC, seeking the following:

(1) A Certificate of Public Convenience and Necessity (“CCN”), pursuant to NMSA 1978, Section 62-9-1 (2025) and NMSA 1978, Section 62-9-6 (1967), to construct, own, and operate 30 megawatts (“MW”) of battery energy storage facilities at five existing PNM-owned solar facility sites (the “BESS Project”). The BESS Project will assist in providing improved voltage support and power quality on five overloaded feeders, increase those feeders’ solar hosting capacity and assist in meeting load growth. The BESS Project will help reduce the costs of system upgrades needed to ensure PNM provides safe and reliable service for customers. The battery facilities are intended to be operational in mid-2027. PNM seeks

approval of the CCN for the BESS Project no later than May 6, 2026.

- (2) PNM is not seeking a determination on the ratemaking treatment of the estimated \$78.7 million investment for the BESS Project in this proceeding. The proposed ratemaking treatment for the BESS Project will be included in PNM's next general rate case. PNM seeks authorization to recover the actual cost of the BESS Project, including allowance for funds used during construction ("AFUDC"), which it anticipates will be approximately \$2.9 million, with the reasonableness of the final actual costs subject to Commission review and determination in a future general rate case and subject to Rule 17.3.580 NMAC.
- (3) Such other and further relief as the Commission may deem necessary in connection with the construction, ownership, and operation of the BESS Project.

In support of its Application, PNM states:

1. PNM owns, operates, leases, and controls plant properties and facilities for the generation, transmission, distribution, and sale of electric energy. It is defined as a public utility under the Public Utility Act, NMSA 1978, Section 62-3-3(G), and is subject to the Commission's jurisdiction. PNM is certified and authorized to conduct the business of providing public utility service within the State of New Mexico. A certified copy of PNM's articles of incorporation is on file with the Commission in Case No. 13-00390-UT. PNM requests that the Commission take administrative notice of PNM's articles of incorporation.
2. PNM's principal business address is 414 Silver Ave. SW, Albuquerque, New Mexico 87102.
3. PNM's attorneys and corporate representatives who should receive all notices, pleadings, discovery requests, responses, and all other documents related to this case are:

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4. The BESS Project will be located at five existing PNM solar facility sites and will store a total of 30 MW of existing, co-located solar power. The sites are located in Otero County, San Miguel County, Luna County and two in Valencia County. Four of the sites are located outside of existing municipal boundaries, one of the two facilities in Valencia County (at the Jarales 12 feeder) is within the City of Rio Communities. If a CCN is granted, prior to commencing any construction, PNM or its contractor will obtain all necessary governmental permits and comply with all applicable zoning and building requirements with respect to the construction and operation of the BESS. They will be built and owned by PNM.

5. After studying distribution system needs and potential solutions, PNM initiated a competitive bidding process for energy storage equipment and facilities in 2025. Because of market conditions for battery storage systems, PNM pursued an Engineering, Procurement and Construction (“EPC”) approach to contracting for the services necessary to construct the BESS

Project. PNM issued a request for proposals (“RFP”) and received bids from three companies for a turnkey solution. The bid evaluation determined that the proposal from Gridworks represented the best solution as a prime contractor.

6. PNM intends for the BESS Project to be operational by mid-2027, in time for the 2027 summer peak season. Having the battery storage available during the summer of 2027 will help support adequate, efficient, and reliable service for PNM’s forecasted load.

7. The BESS Project meets the statutory criteria for issuance of a CCN under NMSA 1978, Section 62-9-1(E) (2025). The project will reduce costs to ratepayers by providing an alternative to new generation and deferring or avoiding otherwise needed upgrades to PNM’s current distribution system. By locating the batteries on overloaded feeders with existing large solar installations, PNM can reduce the use of fossil fuels for meeting demand beginning in 2027. The BESS Project will also aid in ensuring grid reliability, support increased diversification of energy resources, contribute to the reduction of air pollutants resulting from power generation, and ensure efficient service to PNM’s customers. The BESS Project is also the most cost-effective among feasible alternatives. PNM requests that the Commission grant PNM a CCN because the public convenience and necessity require the construction, ownership, and operation of the BESS Project, which will reduce costs to ratepayers and the use of fossil fuels, as well as help ensure grid reliability, reduce air pollutants from power generation, and ensure PNM’s ability to provide reliable and efficient service at the most cost-effective rate.

8. The BESS Project will provide synergistic system benefits that result in economic benefits for customers and increase the effective capacity of PNM’s existing generation so that PNM can reliably serve its customer base and increase the amount of installed distributed solar energy.

9. The construction and operation of the BESS Project is also consistent with opportunities identified in PNM's 2023 Integrated Resource Plan.

10. PNM requests any such other and further relief the Commission may deem necessary for PNM to develop and operate the BESS Project.

11. PNM includes and incorporates as if fully set forth herein the direct testimony and exhibits of the following witnesses: Kyle Sanders, Vice President of PNM Regulatory; Erfan Hakimian, Director of Transmission / Distribution Planning and Contracts; Nicholas Pollman, Manager of Control Systems, Utility Operations and Technology for PNMR Services Company; and Gary Barnard, Executive Director, Renewable Generation and Contracts, for PNMR Services Company. The testimonies and exhibits of these witnesses further explain PNM's requests in this Application and the facts set forth above. They demonstrate that the proposed BESS Project is required by the public convenience and necessity and meets all applicable criteria under NMSA 1978, Section 62-9-1(E).

12. As indicated on the attached Certificate of Service, PNM has served a copy of this Application and the supporting direct testimony and exhibits upon the parties to its most recent rate case, Case No. 24-00089-UT. PNM will publish notice of the filing of the Application in accordance with the requirements of the Public Utility Act and the Commission's procedural rules. A proposed form of Notice is attached as Exhibit A. Because the BESS Project is only 30 MW of capacity and will be interconnected on PNM's distribution system, notice to other electric utilities of this Application under Rule 17.1.2.9(B) NMAC is not required.

13. PNM seeks timely treatment of its Application to meet the facilities' anticipated construction schedule and to meet customer needs in 2026 and requests that a final order be

issued by May 6, 2026.

14. Pursuant to NMSA 1978, Section 62-9-1(C) of the Public Utility Act, PNM requests that the Commission approve PNM's Application without a formal hearing if no protests are filed within 60 days of the date of notice.

WHEREFORE, PNM respectfully requests that the Commission issue a Final Order in this case by May 6, 2026, that:

A. Grants a CCN for PNM's construction, ownership, and operation of the BESS Project energy systems on five feeders, to be co-located with existing PNM-owned solar facilities;

B. Approves the estimated cost of the BESS Project and confirms that such costs are subject to the Commission's Cost Overrun Rule at 17.3.580 NMAC.

C. Grants such other and further approvals, authorizations, and relief as the Commission may deem necessary and appropriate in connection with the construction, ownership, and operation of the BESS Project.

Respectfully submitted,

PUBLIC SERVICE COMPANY OF NEW MEXICO

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NOTICE TO PNM CUSTOMERS

Public Service Company of New Mexico (PNM) filed an application for a certificate of public convenience and necessity (CCN) to construct, own and operate 30 megawatts of battery energy storage facilities, to be connected to PNM's distribution system, with the New Mexico Public Regulation Commission on August 6, 2025 (PRC Case No. 25-000__-UT). The filing explains the need for these battery storage systems, the five proposed locations, the cost and other details of the contract for the project, safety and environmental justice considerations, and how the project satisfies the criteria for issuance of a CCN – including how it serves the public interest. PRC proceedings have begun to address the requests in PNM's application.

**NO ACTION IS REQUIRED UNLESS YOU WANT TO PARTICIPATE IN THE
PUBLIC HEARING OR COMMENT ON THE PROCEEDINGS.**

The Application and other filings in this case are available at the Commission's website under "Case Lookup E-docket" at <https://www.prc.nm.gov/case-lookup-e-docket/>, by referencing Case No. 25-000__-UT, and on Applicants' website, <https://www.pnm.com/regulatory>.

PUBLIC HEARING

A public hearing will be held beginning at 9:00 a.m. on _____, 2025, to hear and receive testimony, exhibits, and legal arguments about PNM's application. The public hearing will take place via the Zoom platform. Members of the public can watch the hearing via a livestream on the Commission's YouTube channel and its website, <https://www.prc.nm.gov/public-hearings/>.

If you wish to participate in the hearing as a party to this case you must file a motion for leave to intervene, pursuant to 1.2.2.23 NMAC on or before _____, 2025. Anyone filing pleadings, documents or testimony in this case will serve a copy on all parties and the

Commission Staff. Filings must also be sent to hearing examiner _____ at _____@prc.nm.gov. The Commission's Rules of Procedure, found at 1.2.2 NMAC, shall apply to this case except as modified by Order of the Commission or Hearing Examiner. The rules of procedure and other NMPRC rules are available online at the New Mexico Compilation Commission at <https://nmonesource.com/nmos/en/nav.do>.

Anyone filing pleadings, documents, or testimony in this case shall comply with the Commission's electronic filing policy. Filings must be in PDF format and be Optical Character Recognition ("OCR") enabled. Filings must include an electronic signature and be sent to the Record Management Bureau's email address, prc.records@prc.nm.gov, within regular business hours (8:00 a.m. to 5:00 p.m. MT) of the due date in order to be considered timely filed. Anyone whose testimony is filed in this case must attend the public hearing and submit to examination under oath unless otherwise determined by the hearing examiners.

PUBLIC COMMENT

If you are interested in the case but do not wish to become a party, you may make written and oral comments as allowed by Rule 1.2.2.23(F) NMAC. Public comments are not taken at the evidentiary hearing because they are not evidence, but they are reviewed and considered by Commission staff. You may send written comments before the Commission takes final action by sending the comment, which must specifically reference Case No. 25-000__-UT, to prc.records@prc.nm.gov, or Commission Records Management Bureau, 142 West Palace Ave. #300, Santa Fe, NM 87501. The Commission may be reached by telephone at 1-888-427-5772 if there are questions about how to submit written comments. Additionally, oral comments may be taken at public comment hearing if one is scheduled by the Commission. If a public comment hearing is scheduled the date, time and location will be provided. Public comment is also welcome during Commission open meetings. The open meetings schedule is available on the Commission website.

IF YOU ARE AN INDIVIDUAL WITH A DISABILITY WHO IS IN NEED OF A READER, AMPLIFIER, QUALIFIED SIGN LANGUAGE INTERPRETER, OR ANY OTHER FORM OF AUXILIARY AID OR SERVICE TO ATTEND OR PARTICIPATE IN THE HEARING. OR FOR A SUMMARY OR OTHER TYPE OF ACCESSIBLE FORMAT OF PUBLIC DOCUMENTS, PLEASE CONTACT THE DIRECTOR OF ADMINISTRATIVE SERVICES OF THE COMMISSION AT (505) 827-8019 AS SOON AS POSSIBLE PRIOR TO THE HEARING.

Any person who desires more information about this case may contact the Commission by phone at (505) 827-4084 or 1-888-427-5772 or by email at Ryan.Jimenez@prc.nm.gov.