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**APPLICATION OF SOUTHWESTERN
PUBLIC SERVICE COMPANY TO
AMEND ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY TO
CONVERT HARRINGTON
GENERATING STATION FROM COAL
TO NATURAL GAS**

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**BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS**

ALLIANCE OF XCEL MUNICIPALITIES'

REPLY POST-HEARING BRIEF

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AXM’S REPLY POST-HEARING BRIEF

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AXM’s REPLY POST-HEARING BRIEF

I. INTRODUCTION

In Southwestern Public Service Company’s (“SPS”) Initial Brief (“SPS’s Brief”) SPS presents a cost comparison that drastically misrepresents both the costs and results of a path forward other than conversion of its Harrington Generating Station coal-burning units to gas-fired units. Consequently, SPS’s cost alternatives fail and do not present a sound comparison of the viable alternatives to converting the Harrington units to gas burning generators. For purposes of comparison between Scenario 2, conversion of the Harrington units, and Scenario 1, retire and replace with the Harrington units with new combustion turbine gas units (“CTGs”), the record establishes several key undisputed facts:

- The likely useful life of a converted Harrington unit is only 10-15 years.¹
- The average useful life of a new Combustion Gas Turbine (“CTG”) generating unit is 40-45 years.²
- On the basis of Net Present Value (“NPV”), over a 20-year period the cost of retiring and replacing the Harrington units with CTGs is approximately 1% more expensive than conversion.³
- SPS’s projection that it would cost \$500 million to \$1 billion, on a Total Company basis, to replace Harrington with CTG units is the approximate cost for 1,000 MW of new CTG

¹ See AXM Exh. 1 - Direct Testimony of Scott Norwood at 8 (“AXM Exh. 1 - Norwood Dir. at ____.”); *see also* HOM Tr. at 171.

² *Id.*

³ AXM Exh. 1 - Norwood Dir. at 12; *see also* SPS Exh. 7 - Direct Testimony of Ben Elsey at 21 (“SPS Exh. 7 - Elsey Dir. at ____.”).

capacity and *not* the cost of adding new CTGs to the existing Harrington Station (Scenario 1).⁴

- SPS’s IRP states that the Company will need to increase capacity, preferably with CTGs, to meet its projected capacity requirements by the year 2030.⁵
- The 2020 Request for Information (“RFI”) SPS conducted was non-binding and was intended to solicit pricing information concerning the Company’s Tolk Plant and not its Harrington Plant.⁶

AXM does not take lightly its recommendation to reject SPS’s proposed Harrington-to-Gas-Conversion Project. AXM acknowledges the growing need for capacity in SPS’s service area and for that exact reason, shares SPS’s and the Commission’s goal of ensuring that SPS’s customers are best served both now and years to come with electric service that is reliable as well as the best cost option. Nonetheless, it would be imprudent for the Company to pass along a \$75 million short-term solution to ratepayers only to burden those very ratepayers not long thereafter with the costs of new generation projects. Therefore, AXM urges the Administrative Law Judges (“ALJs”) to reject SPS’s proposed Harrington Conversion Project.

II. CONVERSION OF THE HARRINGTON UNITS TO GAS-FIRED UNITS IS NOT IN THE BEST INTEREST OF TEXAS RATEPAYERS

A. SPS’s IRP Proves a Need for New and Reliable Generating Resources

Contrary to the picture that SPS paints with a parade of horrors, the record establishes that SPS will be capable of providing transmission voltage support as well as satisfying the Southwest Power Pool’s (“SPP”) minimum reserve margin of 12% by and after retirement of Harrington’s coal units in 2025.

SPS presents a scenario in which, absent conversion, SPS would not be able to provide the necessary transmission-voltage support and meet SPP’s 12% minimum-reserve margin.⁷ However, the Company’s far-fetched conversion-or-bust scenario finds no credible support in the

⁴ See HOM Tr. at 14.

⁵ AXM Exh. 1 – Norwood Dir. at 9.

⁶ See AXM Exh. 1 – Norwood Dir. at 8-9; see also AXM Exh. 2 - SPS Response to AXM 1-18 at 4 of 7.

⁷ SPS Initial Brief at 8.

record. Instead as AXM witness Scott Norwood presented in his direct testimony, though SPS would have to expeditiously conduct a competitive-bidding process for replacement resources, SPS is capable of replacing the capacity void that would be created by retiring its Harrington's coal units by installing new CTGs at the Harrington site.⁸

Moreover, SPS can supplement any interruption to capacity during construction of replacement generating resources by deferring its current plans to retire approximately 650 MW of capacity supplied from other SPS gas-fired units over the next several years.⁹ Similarly, SPS could also supplement its capacity requirements by relying on short-term capacity purchases as it has done so in the past.¹⁰

Therefore, AXM urges the ALJs to reject SPS's position that absent conversion, SPS will not be able to provide voltage support to its system nor satisfy the SPP's 12% minimum-reserve margin.

B. The Record Lacks Evidence Proving Conversion is Best for Texas Customers

The record does not support SPS's argument that conversion is the best option for Texas customers and therefore, AXM urges the ALJs to reject SPS's proposed Harrington Conversion Project.

1. SPS is Making an Apples to Oranges Cost Comparison

The record evidence demonstrates that SPS's proposed conversion project is a short-sighted temporary fix that ignores the long-term needs and realities of its ratepayers.¹¹ In addition to its conversion project, SPS evaluated five other scenarios that would allow SPS to meet the NAAQS¹² compliance requirements, three of which (Scenarios 1, 5, and 6)¹³ would provide SPS's

⁸ AXM Exh. 1 - Norwood Dir. at 9.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *See Id.*

¹² "NAAQS" is the National Ambient Air Quality Standards.

¹³ AXM Exh. 1 - Norwood Dir. at 12.

customers with more reliable and longer lasting capacity at a cost that is approximately no more than 1% on a NPV basis, over a 20 year period.¹⁴

SPS's argument that conversion is the best option for ratepayers flies in the face of sound resource planning. SPS evaluated six scenarios that contemplated either: 1) installing the necessary emissions controls to continue operations of the Harrington units using coal; or 2) ceasing Harrington coal operations at the end of 2024 and converting one or more of the units to natural gas and replacement of the remaining units with other resources.¹⁵

The fundamental flaw with SPS's conclusion that conversion is the best option for SPS's customers is that SPS is comparing the cost of an option that will at most serve SPS customers for 10-15 years with options that will serve SPS customers for 40-45 years.¹⁶ Not only is the cost of Scenario 1 approximately 1% more on a NPV basis, over a 20 year period, than SPS's proposed Scenario 2, but crucially, SPS's economic analysis of Scenario 2 does not factor in the cost of replacing the converted units with new generating resources in 10-15 years.¹⁷ It does not make for a proper cost comparison to compare a generating resource that will serve ratepayers for 10-15 years with that of a generating resource that will serve ratepayers for 40-45 years.

Moreover, when it comes to resource planning, identifying the conversion option (SPS Scenario 2) as the best option for customers because conversion is the least cost option over just a *two-year* period is at best short sighted. Resource planning must instead evaluate the generation resource options based on how each resource option will serve ratepayers over the service life of the generating resource.

Consequently, SPS's conclusion that conversion is the best option for customers fails to account for the end effects 10-15 years down the road when SPS must retire and replace the converted Harrington units. The record is devoid of any evidence or analyses comparing what the cost of Scenario 2 plus the additional cost of replacement resources will be in 10-15 years with that of the costs of SPS's other 5 contemplated scenarios.

¹⁴ *Id.*

¹⁵ *See* AXM's Initial Brief at 6; *see also* AXM Exh. 1 - Norwood Dir. at 12; SPS Exh. 7 - Elsey Dir. at 26.

¹⁶ *See* HOM Tr. at 169-170.

¹⁷ *See* SPS Exh. 7 - Elsey Dir. at 32.

Therefore, while SPS's conversion project is the least cost option over a 2-year period, conversion is approximately only 1% less expensive on a NPV basis, over a 20-year period, than replacing Harrington units with new generating resources that will serve SPS's customers for the next 40-45 years.

2. SPS's RFI was not Sufficient Because it was for SPS's Tolk Analyses and NOT SPS's Harrington Analyses

SPS's claim that the Company's Request for Information ("RFI") was thorough, reasonable, and more effective than a Request for Proposals ("RFP") is not supported in either the record or by common sense.¹⁸ Crucially, the RFI SPS refers to was conducted in tandem with the Company's analyses for its Tolk Station and *not* the Harrington Station at issue in this CCN proceeding.¹⁹ In the introductory section of the Company's 2020 RFI, SPS expressly informs all would be respondents that²⁰:

This announcement constitutes a Request for Information ("RFI") notice soliciting current pricing, technical characteristics, and other relevant information for potential generating resources. **This is not a Request for Proposal ("RFP") or solicitation for formal proposals. This RFI does not constitute a commitment, implied or otherwise, that SPS will take action in this matter.** SPS will not be responsible for any costs incurred in furnishing SPS responsive information.

From the outset of SPS's 2020 RFI, SPS discloses to all would-be respondents that any information submitted in response to SPS's RFI is 1) not binding; and 2) does not constitute a commitment upon which SPS will take action.²¹ Common sense alone leads to the conclusion that the Company's 2020 RFI does not provide a reliable economic analysis upon which to base its economic justification for the Harrington Gas Conversion Project.

Without a binding bid serving as a reliable benchmark against which the ALJs or the Commission may compare the projected costs of replacing its Harrington units with CTGs versus the costs of the Harrington Conversion Project, the ALJs and the Commission are left guessing as to whether SPS's customers are receiving the best option. Thus, for SPS to assert that the

¹⁸ SPS Initial Brief at 12.

¹⁹ *Id.*

²⁰ AXM Exh. 2 – SPS Response to AXM 1-18 at 4 of 7; *see also* AXM Initial Brief at Section III. A.

²¹ *See* AXM Exh. 2 at 4.

Company's RFI process was "more thorough and produced a more robust response that provided SPS with necessary project and pricing information than SPS would have received if it had issued and RFP"²² is at best folly.

Below AXM addresses SPS's assertions that an RFI is as sound a basis as an RFP for gauging the better options for adding capacity:

- SPS falsely justifies the use of an RFI because an "RFP 'typically chills' responses when developers must provide a firm offer within the stated timeline."²³ The point of an RFP is to receive binding bids from bidders that actually want the job. What good is a response if it is: 1) not specific to a project, and 2) not a binding firm offer to conduct work within a stated timeline? Therefore, AXM urges the ALJs to reject SPS's proposition that more non-binding responses are better than fewer but more qualified and binding responses.
- SPS's assertion that an RFP would trigger significant costs for developers to provide firm bids is not doubted; however, if a firm is not willing to go through the expense of bidding out a project then that respondent is not going to provide reliable and accurate pricing information. Whoever ultimately carries out the work, regardless of how SPS replaces the capacity provided by the coal-powered units, will have to go through the time and expense of providing a firm pricing estimate for SPS. Therefore, AXM urges the ALJs to discount as immaterial SPS's misplaced concern over the cost the RFP could possibly trigger.
- SPS's assertion that an RFI sets a "low bar" and an RFP sets a "high bar," which would consequently limit the number of proposals that are qualified is an illogical proposition. If a bidder does not want to go through the effort of submitting an accurate bid, then why does SPS care to receive that respondent's pricing information? SPS should aim to gather reliable sources of pricing information, and not simply the most pricing information. Therefore, AXM urges the ALJs to reject SPS's assertion that the "low bar" set by an RFI is better than the "high bar" an RFP would set.

²² SPS Initial Brief at 14.

²³ *Id.* at 14.

SPS still has time to issue a new RFP.²⁴ SPS will have to do so expeditiously, however, SPS has wasted so much time trying to fit a square peg in a round hole by trying to use the 2020 RFI the Company issued for its *Tolk* analyses rather than issuing an RFP dedicated to gathering reliable pricing information for its *Harrington* analyses.

C. The Harrington Conversion Project is not Capable of Serving as a Peaking Resource

A converted Harrington unit will not serve as a reliable peaking resource. Harrington's three large gas-fired steam generating units that are already more than 40 years old are not ideally suited for daily-cycling operations as peaking resources.²⁵ Moreover, the three Harrington units will likely continue to experience lower operating availability over the remaining 10-15 years of their service lives.²⁶ In fact, SPS's production modeling for the Cost Benefit Analysis the Company conducted of the gas-conversion project indicates that the average annual-capacity factors of the converted Harrington units would be less than 0.07% during their first 12 years of service (2025-2036).²⁷ Even if SPS placed its proposed converted units in service for 12 years, the 0.07% average annual capacity factor is a serious cause for concern demonstrating that the converted units are not ideally suited for peaking services and will rarely operate.²⁸

Contrary to SPS's assertions,²⁹ the converted 40-year old Harrington units will not effectively supply SPS's needs for both voltage support and backup of renewable-energy resources.³⁰ SPS's own planning forecast shows that SPS will have a capacity requirement of 4,533 MW by 2030.³¹ As air quality requirements for both old and new generating resources will likely become increasingly stringent, SPS will be forced to increasingly rely on renewable-energy

²⁴ AXM Exh. 1 - Norwood Dir. at 9.

²⁵ *Id.* at 7-8.

²⁶ *Id.* at 8.

²⁷ *Id.*

²⁸ *Id.*

²⁹ *See* SPS Initial Brief at 12.

³⁰ *See Id.*

³¹ AXM Exh. 1 - Norwood Dir. at 7.

resources. Consequently, the resources that SPS installs today must be able to backup SPS's renewable-generating resources of the future.

The Harrington Conversion Project will not be capable of effectively nor efficiently backing up renewable resources.³² As demonstrated in Mr. Norwood's testimony, the ramp rates for the converted Harrington units are slated to be only 2 MW per minute and the Company's own production modeling of the converted units did not consider the proposed Harrington gas-unit start-up times which are critical capabilities for reliable support of renewable-energy resources.³³ Therefore, AXM urges the ALJs to reject SPS's argument that Harrington is fully capable of serving as a cost-effective peaking resource.

D. SPS's Modeling Supports More Options than Conversion

SPS's modeling and the record evidence demonstrate that SPS has options other than conversion that will serve SPS customers up to 3 times longer and will only cost SPS customers approximately 1% more on an NPV basis, over a 20-year period.³⁴ Resource planning must evaluate generating resource options based on the resource's service life, not just the first two years of the resource's service life. Moreover, SPS's conversion option does not account for the inevitable cost of replacing the converted Harrington units whose costs SPS will seek to pass onto ratepayers in 10-15 years. Therefore, AXM urges the ALJs to reject SPS's assertion that SPS's modeling supports conversion.

III. AXM'S RESPONSE TO SPS'S ASSERTIONS CONCERNING MR. NORWOOD'S RECOMMENDATIONS

A. AXM Witness Scott Norwood's Mathematical Assessment of SPS's Modeling Results Is Unrefuted by SPS or the Record

SPS's claim that AXM witness Scott Norwood's representations concerning SPS's own modeling results are misleading is without merit and finds no support in the record.³⁵ SPS did not put forth one piece of evidence that contradicts or impeaches Mr. Norwood's analyses of SPS's

³² *Id.* at 8.

³³ *See* AXM Exh. 1 - Norwood Dir. at 8.

³⁴ *Id.* at 12.

³⁵ *See* SPS Initial Brief at 18.

own modeling results. Moreover, SPS does not contest the statistical conclusions that Mr. Norwood reached using the Company's own economic modeling. Rather, SPS takes issue with the size of its own approximated \$12 billion denominator that is the total system cost over the period of 2022-2041.³⁶

SPS's own modeling shows that the cost of Scenarios 1, 5, and 6 ranged from \$5 million less to \$123 million, on an NPV basis, more than conversion (Scenario 2) when examined over a 20-year period (2022-2041).³⁷ Further, SPS does not dispute the veracity of Mr. Norwood's conclusion that when considering the \$12 billion total-system costs, SPS's retire-and-replace Scenario 1 is only approximately 1% more than conversion. AXM therefore urges the ALJs to disregard SPS's unfounded assertions regarding Mr. Norwood's assessment of SPS's own modeling results.

Resource planning must analyze the cost and benefits of a generating resource over a period of time that is more aligned with the service life of the generating resource. Thus, SPS's focus on the short-term gain of the Harrington Conversion Project rather than on the long-term reliability, backup support for renewables, and the energy benefits provided by other options, such as Scenarios 1, 5, and 6,³⁸ is deeply puzzling.

Nevertheless, it is ironic for SPS to falsely assert that Mr. Norwood's representations are misleading when SPS continues to compare the cost of conversion with the approximated \$500 million to \$1 billion cost of replacing Harrington's 1,050 MW of capacity with new CTGs – a different proposition than adding new CTGs (Scenario 1) at the existing Harrington Station.³⁹

While AXM does not contest the validity of SPS's approximation of costs for new CTGs, AXM does point out that had SPS conducted an RFP for its Harrington analyses, SPS would likely be able to provide a cost range that does not vary by a factor of 100%. Harkening back to the analogy AXM used in its initial brief⁴⁰ – if a contractor estimated the cost to build an entirely new

³⁶ *See Id.*

³⁷ AXM Exh. 1 - Norwood Dir. at 12; SPS Initial Brief at 18.

³⁸ *See* AXM Exh. 1 - Norwood Dir. at 11-12.

³⁹ SPS Initial Brief at 17.

⁴⁰ *See* AXM Initial Brief at 5 (AXM analogizes SPS's proposal to convert the Harrington Units from coal to natural gas to a homeowner's decision between remodeling an existing older home with that of razing it and building a new one).

home to be in the range of \$500,000 to \$1 million, one would seriously question whether the contractor had engaged in a serious bidding process for a specific project.

Moreover, SPS's suggestion of costs ranging from \$500 million to \$1 billion represents the cost to replace Harrington coal capacity with new gas combustion units at some unidentified location on SPS's system. But, SPS's \$500 million to \$1 billion cost "estimate" for new CTGs is *not* the cost of adding new CTGs to the existing Harrington Station (Scenario 1). Under any of the alternative scenarios that AXM urges the ALJs to recommend that SPS pursue (Scenarios 1, 5, and 6), SPS would still be able to take advantage of the existing infrastructure, resources, and transmission available at the Harrington Station.⁴¹ Therefore, AXM urges the ALJs to reject SPS's assertion that Mr. Norwood's assessment of SPS's modeling results is misleading.

B. SPS Will Automatically Maintain Its Interconnection Rights for Three Years After It Ceases Coal Operations at Harrington

SPS's assertion that Mr. Norwood overlooked SPS's ability to maintain its interconnection rights lacks support in the record and therefore AXM urges the ALJs to disregard SPS's claims.⁴² SPS ignores that it has three years after the retirement of its coal-fired units to maintain the interconnection rights at Harrington.⁴³ Instead, SPS leaps to the conclusion that absent conversion SPS will lose its interconnection rights.⁴⁴

Nevertheless, assuming *arguendo*, that absent choosing conversion, SPS would face the potential risk of losing its interconnection rights, SPS appears to operate under the assumption that in the very near future (sometime before the year 2030) when SPS will need to add capacity to satisfy the Company's growing load forecast, rather than replace capacity with CTGs, the cost and time prohibitions SPS contends it faces regarding interconnection rights in this case will somehow not be an issue in a future proceeding.

Contrary to SPS's assertion that Mr. Norwood's focus on the modeling costs "misses important issues," Mr. Norwood applied the principles of resource planning and considered SPS's

⁴¹ See AXM Exh. 1 - Norwood Dir. at 16.

⁴² See SPS Initial Brief at 19.

⁴³ AXM Exh. 14 – SPS Response to AXM 5-18.

⁴⁴ SPS Initial Brief at 19.

future system needs in conjunction with the cost modeling in reaching his conclusion. Mr. Norwood considered the Company's the long-term system needs for more reliable CTGs when choosing to favor Scenarios 1, 5, and 6 over Scenario 2 (conversion). If Mr. Norwood had focused on cost modeling alone, he would have myopically selected conversion.

However, SPS's capacity requirement will grow to 4,533 MW by 2030, and the Company's 2021 IRP states that gas-fired combustion units are the preferred resource for meeting the Company's forecasted system-capacity requirements beginning in 2030.⁴⁵ Mr. Norwood drew on his decades-long expertise in recommending capacity-replacement options that cost 1% more on an NPV basis, over a 20-year period, than conversion, but will actually help SPS satisfy the Company's growing system-capacity requirements.

Without belaboring the point, AXM does not take lightly its opposition to this project. Moreover, it is not lost on AXM that its recommendation will come at an added expense to ratepayers. However, it is the long term qualitative issues that Mr. Norwood took into account in concluding that conversion simply fails to provide SPS's system with the long-term reliability, voltage support, and backup support for renewables that the increasing demands of SPS's capacity requirements will continue to place on the SPS system. Therefore, AXM urges the ALJs to reject SPS's assertion that AXM's proposal places the Company's Interconnection Rights at risk.

C. Regardless of Resource Mix, Mr. Norwood's Recommendation Remains Sound and Unchanged

Given that SPS did not conduct an RFI or RFP for the Harrington Conversion Project, AXM urges the ALJs to disregard as an unfounded proposition SPS's assertion that Mr. Norwood misunderstood what SPS modeled.⁴⁶ Crucially, the \$119 million cost difference between conversion and retire-and-replace with new CTGs, does not change Mr. Norwood's recommendations.

SPS seemingly continues to decide how it will satisfy its capacity requirements over the next few decades by arbitrarily and singularly focusing on the costs over the next two years. When costs are correctly examined over the service life of the generating resource, on an NPV basis,

⁴⁵ AXM Exh. 1 - Norwood Dir. at 9.

⁴⁶ See SPS Initial Brief at 20.

SPS's updated retire-and-replace-with-CTGs scenario is still approximately 1% more expensive than conversion. Crucially, the retire-and-replace options will serve customers approximately three times as long as converted units while simultaneously providing SPS's system with the necessary long-term reliability, voltage support, and backup support for renewables.

Similarly, SPS's assertion that it modeled costs for new CTGs using conservative assumptions⁴⁷ that "if adjusted to reflect legitimate market risk, would add even more" costs to new CTGs is a perfect example of why SPS should have conducted an RFP for its Harrington analyses. Not only is the record devoid of any supporting evidence placing a value on the "legitimate market risks"⁴⁸ SPS raises in its initial brief, but more importantly, by failing to conduct an RFP for the Harrington Conversion Project, SPS has left itself unable to accurately articulate or assign a value to the very market risks it raises concerns over.

Therefore, because SPS failed to provide supporting evidence for any of its above assertions, AXM urges the ALJs to reject SPS's assertion that AXM witness Scott Norwood misunderstood SPS's modeling.

D. AXM's Proposal Increases SPS's Long-Term System Reliability

SPS's assertion that AXM witness Scott Norwood's proposal places SPS in a reliability-risk position⁴⁹ is not supported in the record, and therefore, AXM urges the ALJs to disregard the Company's assertion. To be clear, AXM's proposal is for SPS to expeditiously pursue a retire-and-replace scenario that will allow SPS to replace its retired coal-fired capacity with long-lasting and reliable CTG-powered capacity.⁵⁰

However, in the event that SPS should need slightly more time to expeditiously conduct a bidding process of new replacement-capacity alternatives for the Harrington units, the evidence demonstrates that SPS could potentially defer the need for replacement of the Harrington coal units in 2025 for several years by deferring its current plans to retire approximately 650 MW of capacity supplied from other SPS gas-fired units over the next several years and/or SPS could use short-

⁴⁷ See *Id.* at 21.

⁴⁸ See SPS Initial Brief at 21.

⁴⁹ *Id.* at 22.

⁵⁰ AXM Exh. 1 - Norwood Dir. at 17.

term capacity purchases as it has done in the past.⁵¹ SPS's characterization of AXM's proposal is misleading in that it implies that AXM's proposal to delay the retirement of other SPS gas-powered units along with utilizing short-term capacity purchases are Mr. Norwood's primary recommendation.

SPS has already put ratepayers in a difficult bind by wasting valuable time in attempting to use the Company's 2020 RFI concerning SPS's *Tolk* Station, to justify the Company's proposed conversion of its *Harrington* Station from coal to natural gas. AXM acknowledges that regardless of what option the ALJs recommend, the efficient use of time will be of the utmost importance. AXM's proposed alternative solution for interim sources of capacity is simply an acknowledgment that should SPS need more time to pursue a more reliable and long-lasting solution than conversion, SPS has the aforementioned options at its disposal.

IV. AXM'S ALTERNATIVE RECOMMENDATION

If the ALJs recommend approval of SPS's proposed Harrington gas-conversion project, AXM urges the ALJs to place certain conditions on approval of the project including that: 1) the total recoverable capital cost of the Project and required pipeline will be subject to a cost cap of \$70 million (Total Company) which represents the midpoint of SPS's estimated range of capital costs for the Project; and 2) the Commission direct SPS to issue an RFP within 45 days of the Final Order in this case for binding bids to provide replacement-generating resources (including required interconnection costs) that are capable of supplying the capacity and reliability needs arising from SPS's decision to cease operating the Harrington units on coal by the end of 2024 and that SPS present its evaluation of any proposals received when the Company seeks final approval and cost recovery for the Harrington gas-conversion project.

V. CONCLUSION AND PRAYER

Therefore, AXM urges the ALJs to reject SPS's assertions critical of Mr. Norwood's analyses and recommendations, and to reject SPS's proposed Harrington gas-conversion project. If the ALJs recommend approval of SPS's application, AXM urges the ALJs to require SPS to conduct a competitive-bidding process before moving forward with replacement capacity.

⁵¹ *Id.* at 9.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that I have served a copy of *AXM's Reply Post-Hearing Brief* on the 25th day of May, 2022 upon all parties of record via electronic mail, in accordance with the Order Suspending Rules, issued in Project No. 50664.

By: /s/ Leslie Lindsey
Leslie Lindsey