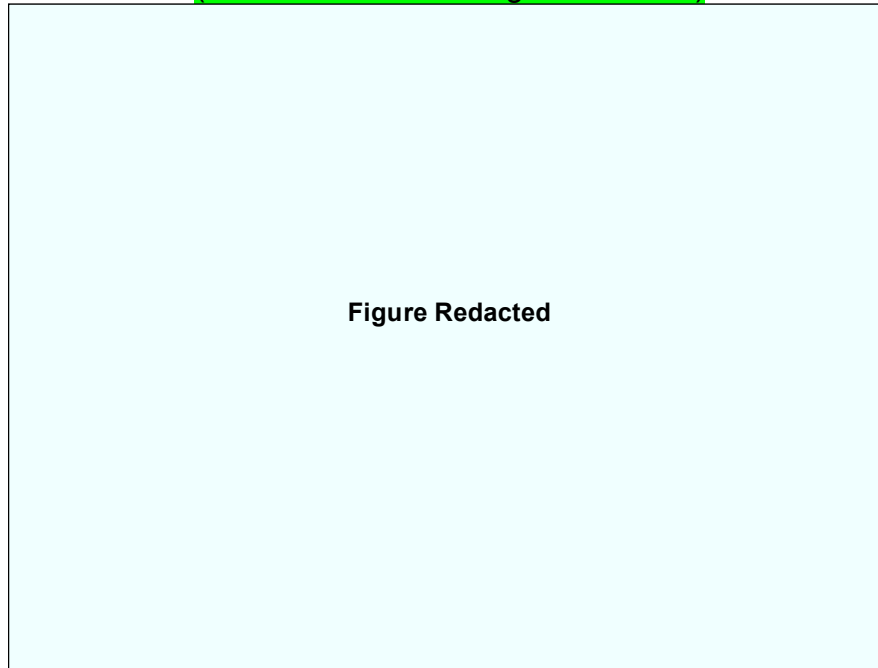


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Figure 17 Location of Preferred Portfolio Resources

(Public Version see Figure 2-Public)



Attributes of Preferred Portfolio

As described below, the Company's preferred portfolio meets or exceeds all objectives of the CRP in the lowest cost manner. The preferred portfolio:

- Meets projected capacity needs,
- Exceeds Medium Section 123 resources target,
- Exceeds 850 MW intermittent target cap,
- Exceeds 200 MW set aside for solar with storage,
- Meets the Company ownership targets,

Meets Projected Capacity Needs: Figures 18 and 19 illustrate how the resources of the preferred portfolio meet the projected capacity needs under the 100% DSM and 130% DSM assumptions.

Exceeds Medium Section 123 Resources Target: The plan contains [REDACTED] approximately 280 MW of solar with storage and [REDACTED] of highly concentrating solar PV for a total of 280 MW of Section 123 resources or 40% more than the 200 MW Medium Section 123 resources target.

Exceeds 850 MW Intermittent Target Cap: The [REDACTED] approximate 750 MW of wind and [REDACTED] solar PV in the preferred portfolio exceeds the 850 MW cap by [REDACTED] MW or [REDACTED] more than 10%. Public Service believes this level of intermittent resources represents an upper limit for what should be acquired at this time and that this [REDACTED] approximate 750 MW level can be reliably integrated into its system provided that a sufficient level of flexible generation resources such as CT's and CC's are also included in the resource portfolio to help manage the intermittency. In addition, these higher levels of intermittent resources may require increased use of curtailments as a management tool in order to maintain compliance with system reliability standards. Public Services' preliminary analyses to date suggest that curtailments could be in the neighborhood of 2-3% of the total wind energy on the system.

Exceeds 200 MW Set-Aside: The [REDACTED] approximate 280 MW of solar thermal with thermal energy storage exceeds the 200 MW set-aside target and does so in a least cost manner and with a dry-cooled facility which will result in significantly reduced water use as compared to a wet-cooled solar thermal facility.

Meets the Company Ownership Targets: The preferred portfolio includes Company ownership [REDACTED]

- [REDACTED]

Low Cost: The preferred portfolio costs are essentially the lowest of any plan that meets the various Phase II objectives. This low cost is achieved through a favorable alignment of several key factors:

- **Wind:** contains the lowest cost combination of wind that meets the ratable targets, captures the ITC for [REDACTED] nearly 70% of the total, and provides good geographic diversity;
- **Transmission:** minimizes overall transmission costs by maximizing utilization of existing transmission capabilities, minimizes the need for new transmission, and effectively utilizes new transmission proposed, *i.e.* uses up [REDACTED] nearly 500 MW of the proposed SLV-Comanche upgrades;