

Public Service Company of New Mexico
NMPRC Case No. 26-0000 ___
Executive Summary

This Application presents an integrated package to ensure PNM can provide safe, reliable, and cost-effective electric service during 2029–2032 while continuing PNM’s transition to carbon-free electricity under New Mexico law.

The filing is supported by testimony describing PNM’s integrated planning approach and how the requested resources fit into a broader long-term strategy coordinating generation, energy storage, and transmission to support load growth, economic development, and the clean-energy transition.

This proposal continues PNM’s successful transition under the Energy Transition Act by adding significant new clean energy resources, including wind, solar and battery storage. It also eliminates coal as a generation resource for PNM customers through the requested exit from the Four Corners Power Plant.

The proposed resources will enable PNM to meet growing demand, including new large load customers. We have a duty to serve these new large loads while protecting existing customers by ensuring large-load customers pay their full share.

While each component of the resource Application is supported by specific testimony, PNM believes it is critical to view them as an integrated package developed through a rigorous, competitive, and independently monitored selection process designed to satisfy system and reliability requirements while balancing customer costs, risk, and new demand challenges.

The portfolio has been evaluated for how its components interact. Substituting or delaying components could undermine the overall performance and risk reduction it is designed to achieve.

Specifically, the Application, as detailed in the testimony of Kyle T. Sanders, Vice President, PNM Regulatory, seeks Commission approval of:

- 800 Megawatts of additional wind;
- 240 Megawatts of additional solar;
- 610 Megawatts of additional Battery storage;
- 40 Megawatts of natural gas generation at the La Luz II Project (PNM-owned);
- Abandonment and exit of PNM’s interest in the Four Corners Power Plant.

The wind and solar resources would be acquired through purchased power agreements and battery storage through energy storage agreements. The La Luz II Project would be built for PNM under a build-transfer structure and fully depreciated by the end of 2044. It would require Commission approval in the form of a certificate of convenience and necessity. The

Application also requests an accounting order under SB 170 for deferred regulatory-asset treatment of SB 170 resources.

These proposals must be evaluated against a projected resource shortfall beginning in 2029, driven by load growth and the need to replace capacity as PNM exits Four Corners. PNM will additionally extend operations of its existing Reeves Generating Station to provide additional resource assurance.

PNM anticipates a nearly 40 percent increase in electricity demand by 2032, driven by load growth and economic development. Like utilities nationwide, PNM is experiencing transformational demand growth while modernizing the grid and working to meet the ETA's clean-energy requirements.

Because the requested resources will be critical to meet demand beginning in 2029, PNM is asking the Commission to adhere to the six-month review timeline for the power purchase and energy storage agreements and to expedite review of the La Luz II Project so the integrated package can be decided on a coordinated timeline, notwithstanding the longer statutory review period applicable to the La Luz II Project.

As detailed in Laurie A. Williams's testimony, Senior Vice President of Integrated Planning and Transmission Development, the necessary transmission lines and additional generation capacity will be addressed in later filings and will be subject to regulatory scrutiny. Rate impacts would also be addressed in future regulatory proceedings.

As discussed in Mr. Sanders's testimony, delivery of the Palomas wind resources would require development and construction of a new 345 kV transmission line, which is not included in this Application pending final completion of remaining tasks needed to submit for Commission approval. The requested approval will be submitted in a separate future filing.

PNM is also requesting approval to abandon and exit its interest in the Four Corners Power Plant in 2031. Related issues, such as securitization and any transfer of interest involving Four Corners, would be submitted closer to the time of abandonment, when greater certainty regarding cost estimates is available.

Timely approval of this Application would allow customers to receive the benefit of currently available federal tax-credit-related pricing benefits. Additionally, the New Mexico economy would benefit from increased tax revenues and construction and ongoing jobs tied to economic development customers.

Finally, PNM recognizes concern that large users, including data centers, could raise rates for existing customers, including small businesses and homeowners. This filing makes clear that existing customers should not bear costs added to the system by new large-load customers. PNM's position is that new large-load customers must cover the incremental

costs they add to the system and pay a share of the existing system's costs. PNM is also working to provide electricity to new customers under economic development legislation approved by state lawmakers, who have recognized that an expanded customer base can help hold down rates by spreading costs across a larger group.

For the dedicated portions of the Palomas and Britton resources, PNM proposes to use the Rate 36B and Special Service Contract framework, so the participating customer is assigned the costs and benefits of those dedicated resources. This structure is intended to protect existing customers while supporting certified economic-development load.

PNM's requested approvals do not prejudge future Commission decisions on rates, prudence, cost allocation, securitization, abandonment financing, transmission, interconnection, or replacement-resource costs. Those issues remain subject to future Commission review.

PNM believes this Application carefully strikes the balance of reliability, affordability, risk, economic development, anticipated demand growth, and compliance with the Energy Transition Act. This Application and supporting testimonies show that this proposed resource plan is in the public interest.

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