BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF PUBLIC SERVICE COMPANY OF NEW MEXICO'S APPLICATION FOR APPROVAL OF PURCHASED POWER AGREEMENTS, ENERGY STORAGE AGREEMENTS, AND CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR 2029-2032 SYSTEM RESOURCES AND THE ABANDONMENT OF THE FOUR CORNERS POWER PLANT	)	**Docket No. 26-0000__**
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
Applicant.	)	

DIRECT TESTIMONY

OF

ROGER W. NAGEL

May 29, 2026

NMPRC DOCKET NO. 26-0000___
INDEX TO THE DIRECT TESTIMONY OF ROGER W. NAGEL

WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO

I. INTRODUCTION AND PURPOSE

Q. Please state your name, position, and business address.

A. My name is Roger W. Nagel. I am a Principal for Aion Energy LLC ("Aion"). My business address is 10524 Moss Park Rd. Ste 204-246, Orlando, Florida 32832.

Q. On whose behalf is your testimony being submitted?

A. My testimony is submitted in this proceeding before the New Mexico Public Regulation Commission ("NMPRC" or "Commission") on behalf of Public Service Company of New Mexico ("PNM" or "Company").

Q. Please summarize your educational background and professional qualifications.

A. I have over 33 years of experience in the national and international power generation industry serving as an engineer and consultant in the roles of a design engineer; engineering, procurement, and construction ("EPC") contractor; an original equipment manufacturer; Owner's engineer; and industry consultant. My experience spans renewable, energy storage, coal, petroleum coke, waste coal, natural gas, liquified natural gas, landfill gas, biogas, biomass, and geothermal technologies as well as other alternative energy technologies. I have supported the development and implementation of projects for investor-owned utilities and independent power producers as well as commercial, industrial, municipal, and university clients. As a co-owner, I helped establish Aion in 2019 to provide

consulting services to the energy industry. I graduated with distinction from Purdue University in May 1992, with a bachelor's degree in mechanical engineering. I am a Registered Professional Engineer in the State of Michigan. My experience and education are more fully described in PNM Exhibit RWN-1.

Q. Have you previously testified before the commission?

A. Yes, PNM Exhibit RWN-1 lists the cases in which I have testified before the Commission.

Q. What is the purpose of your direct testimony?

A. My testimony:

1. Describes Aion's relevant capabilities and experience.
2. Describes Aion's role and involvement in PNM's 2029 - 2032 generation all resource request for proposals ("RFP") process ("2029-2032 RFP").
3. Describes the goals of the RFP process.
4. Provides an overview of the RFP process.
5. Provides an overview of the new generation resource selection process.
6. States my opinion as to the fairness and effectiveness of the RFP process.
7. Sponsors the reports and findings offered by the Independent Monitor.

II. AION'S RELEVANT EXPERIENCE AND ROLE

Q. Please explain Aion's role and primary responsibility in this procurement process.

A. Aion participated in the 2029-2032 RFP process as an independent resource to PNM for administration and coordination of the RFP while providing industry experience, market-based knowledge and insights to the PNM team. The RFP bid evaluation process was structured as a three phase process as further detailed within this testimony (Phase 1 – Initial Screening, Phase 2 - Shortlisting, and Phase 3 – Final Selection). Aion was responsible for establishing the RFP process bid evaluation methodology through Phase 2 of the evaluation, summarizing the bid evaluation results and bid rankings and, in conjunction with the bid evaluation team, determining a shortlist of bids upon completion of the Phase 2 bid evaluation process. These shortlisted bids were then considered by the PNM resource planning team for a more thorough assessment via detailed system portfolio modeling to determine the portfolio of resources that most effectively achieved PNM's objectives of being the most economical, feasible, and reliable plan. The shortlist resulting from the RFP contained 23 bids to proceed into the Phase 3 evaluation. PNM Table RWN-1 below provides a summary of the projects shortlisted as a result of the Phase 2 evaluation.

PNM Table RWN-1. Shortlist Content Summary

Technology	Contracting Structure			Proposals	Generation Capacity	Storage Capacity
	PPA	ESA	BT	Quantity	MW	MWh
Wind	3	-	-	3	1,800	-
Energy Storage (Long Duration >6 hrs)	-	5	-	5	-	7,880
Energy Storage (6 and less hrs duration)	-	6	-	6	-	2,840
Solar + Energy Storage	6	-	-	6	839	4,196
Solar + Gas	1	-	-	1	49.5	-
RICE + Energy Storage	-	-	1	1	134	600
Gas – RICE	-	-	1	1	40	-
Total	**10**	**11**	**2**	**23**	**2,862.5**	**15,516**

Q. Has Aion's staff performed similar RFP services and responsibilities for other utilities in the past?

A. Yes. Aion's staff is and has been very active with RFP support and integrated resource planning for regulated utilities. PNM Exhibit RWN-2 provides a summary of Aion's representative recent experience.

Q. Please describe the scope of services that Aion performed in support of the RFP for the resources presented in this case.

A. Aion served as an external industry resource to PNM providing independent industry insights to inform the RFP process and RFP process decisions. Aion was

active from the initiation of RFP development through selection of the Phase 2 shortlist. PNM Exhibit RWN-3 is a summary of the Aion scope of services outlining specific tasks and deliverables through the completion of the Phase 2 evaluation for the 2029-2032 resource selections. In summary, Aion was responsible for:

- Support for RFP development including instructions to bidders, proposal forms, and bid evaluation methodology to facilitate a fair and equivalent bid evaluation process;
- Providing responses to and incorporating feedback from stakeholder and Independent Monitor reviews performed prior to issuance of the RFP for bids;
- Support for a pre-bid conference;
- Participation in the review and development of the commercial RFP documentation;
- Participation in the bid screening, bid clarifications, financial analysis, and technical analysis of bids;
- Preparation of proposal characteristics to be utilized for system portfolio modeling and analysis during the Phase 3 bid evaluation process;
- Independent evaluation and ranking of bids received from the RFP process with subsequent compilation of evaluation inputs from the bid evaluation team;
- Facilitation of Independent Monitor reviews through participation in discussions and providing bid evaluation materials for review;

- Participation in bid evaluation meetings;
- Preparation of NMPRC testimony; and
- Leading the “best-in-class" evaluation of proposed technology alternatives.

III. RFP PROCESS AND OBJECTIVES

Q. Please describe the RFP that was issued for the potential 2029-2032 resources.

A. The 2029-2032 RFP for potential resources was structured to source bulk transmission level and distribution level capacity resources to serve PNM’s forecasted system needs between 2029 and 2032 as outlined within PNM’s 2023 Integrated Resource Plan Supplemental Analysis. The 2029-2032 RFP was structured as an all-source RFP but did exclude coal-fired generation and stand-alone solar generation projects from consideration. Responses received from the RFP were intended to inform PNM’s planning decisions regarding the continued operation or retirement after 2030 of the nominal 154 MW, natural gas-fired Reeves Generating Station.

Q. Please provide a brief overview of the structure of the 2029-2032 RFP.

A. The 2029-2032 RFP was structured to allow for resource offerings with Guaranteed Start Dates of January 1, 2029; January 1, 2030; January 1, 2031; or January 1, 2032 with Guaranteed Start Dates between these discrete dates also accepted. Bidders could offer resources for a single or multiple proposed Guaranteed Start Dates.

Q. Please explain any aspects of this RFP that differed from previous PNM generation resource RFPs.

A. While the basic structure and intent of the 2029-2032 RFP remained an all-source RFP with an objective to obtain resources to serve PNM's load center, this RFP established over thirty Minimum Requirements that the submitted proposals were required to satisfy to pass the initial Phase 1 evaluation process.

These Minimum Requirements were established as a result of the challenges experienced regarding schedule delays and failure to achieve committed in-service dates with resources selected and contracted via prior RFPs. These requirements included, but were not limited to:

- Application into PNM's Generator Interconnection Queue in Cluster 17 or earlier (with others subject to an assessment by PNM's transmission planning team);
- Clear identification of electric transmission deliverability to PNM's load and incorporation of associated interconnection and network upgrade costs;
- Provision of a firm, fixed price including identification of assumed and associated tax incentives, tariff considerations, and other taxes;
- Confirmation of compliance with New Mexico Apprenticeship requirements as outlined in Section 62-13-16 of the Public Utility Act;
- Willingness to post the project Development Security within 90 days of execution of a definitive agreement;

- Proof of ownership of the required land or a negotiated contract for the leasing or purchase of the required land; and
- If applicable, proof that all National Environmental Policy Act ("NEPA") permitting, approval from the applicable federal agency, or approval from a tribal authority, is completed and in-hand or documentation regarding the status and ability to complete these activities within the proposed project schedule.

Proposals not complying with these requirements were not further considered in the RFP bid evaluation process.

Q. Please describe the objectives of the RFP process and the structure used.

A. The primary objectives of the 2029-2032 RFP process were to competitively bid and select necessary resources, in a manner consistent with the IRP Rule, to fulfill the needs outlined below as identified in PNM's 2023 Integrated Resource Plan Supplemental Analysis while also implementing a balanced and impartial bid and bid evaluation process. PNM Table RWN-2 provides a summary of PNM's resource needs that were to be addressed through the 2029-2032 RFP.

PNM Table RWN-2. RFP Resource Needs

	Resource Needs By 2030 (MW)	Total Resource Needs by 2032 (MW)
Wind resources	200 – 400	400 – 800
Non-Wind carbon-free energy resources	0	100 – 500
Dynamic balancing resources	200 – 700	300 – 900
Firm generating resources	100 – 400	100 - 700

The final quantity of selected bids would be subject to resource characteristics, resource modeling, regional economic development load growth, and PNM's most recent load and planning forecasts.

With the exception of stand-alone solar and coal-fired generation, the 2029-2032 RFP process was structured as an "All-Resource" RFP allowing bids utilizing any generation, storage, or demand-side technology, or combination of technologies and allowing bids under various ownership structures including power purchase agreements ("PPA"), energy storage agreements ("ESA"), asset purchase agreements ("APA"), and build-transfer ("BT") arrangements. Except as noted, no resource type or project ownership structure specifically requested, preferred, or excluded. Specific BT project types or structures were not specifically identified or requested other than identifying available sites controlled by PNM for BT projects and indicative capacities and technologies that could be applied to those sites. Under this all-source bid structure, objectives were to secure resources that support PNM's transition to a zero-carbon energy future while fulfilling PNM's obligation to serve its customers with reliable, low-cost energy, in an environmentally responsible manner. All generation was to be deliverable to PNM load with a guaranteed in-service date between January 1, 2029 and January 1, 2032. The RFP Instructions to Bidders document is included in PNM Exhibit RWN-4 for reference.

Q. Please identify the members of the RFP Bid Evaluation Team through Phase 2.

A. The RFP bid evaluation team consisted of representatives of Aion as an RFP administration consultant and the following groups from within PNM: Generation, Environmental Services, Resource Planning, Sourcing, and Transmission Planning. In accordance with the IRP Rule, an Independent Monitor was also selected by the NMPRC and engaged to monitor the RFP process and to conduct an independent review of the execution of the RFP process and the proposals received.

Q. Please explain your company's role in designing and issuing the RFP for the generation resources.

A. Aion drafted a significant portion of the RFP documentation including the instructions to bidders and proposal forms. For consistency throughout the RFP documentation, Aion also reviewed the initial commercial term sheets and form agreements that were prepared by PNM. All of the RFP documents were prepared and provided to the PNM team for review and comment prior to issuance. PNM issued the documentation via the Jaggaer Supplier Portal. Aion also prepared the bid evaluation methodology to be utilized for evaluation of the proposals received through the Phase 2 evaluation. Our role was to establish a fair and unbiased RFP process and documentation that was consistent with other utility industry RFP processes.

Q. Please explain the role of the Independent Monitor and its activities performed throughout the RFP process.

A. Merrimack Energy Group, Inc. ("Merrimack") was appointed by the NMPRC and engaged by PNM to serve as an Independent Monitor throughout the RFP process in accordance with the IRP Rule. Merrimack's responsibilities involved reviewing the draft RFP prior to issuance, preparing an initial RFP Design Report, monitoring the RFP process, reviewing the RFP communications and documentation, reviewing the bid evaluation methodology, reviewing the results of each phase of the bid evaluation process, and preparing a Final Report on the reasonableness, competitiveness, and fairness of the utility's solicitation, evaluation and procurement processes, including, but not limited to, bid screening, comparison, evaluation, and shortlisting criteria.

Q. How did Merrimack participate in the RFP process?

A. Merrimack was actively engaged in the RFP process via the following activities:

- Providing review and commentary on the draft RFP documents prior to issuance with issuance of the RFP Design Report;
- Reviewing the draft RFP bid evaluation methodology;
- Reviewing bidder proposals, communications, clarification questions, and interactions within the Jaggaer sourcing platform;
- Reviewing, providing commentary, and requesting clarifications regarding the RFP Administration Team's Phase 1, Phase 2, and Phase 3 bid evaluation results;
- Reviewing the bid evaluation documentation, process, and results;
- Participating in RFP process status and update conference calls;

- Providing general consultation and insights regarding the suitability of the RFP process and decisions made throughout the process; and
- Issuing a Final Report with their findings regarding the reasonableness, competitiveness, and fairness of the RFP process.

Q. Please describe the proposals received in response to the 2029-2032 RFP process.

A. PNM received 207 bids in response to the 2029-2032 RFP including wind, solar-hybrid, energy storage, and natural gas fueled technologies and combinations of the above. The bids received are summarized in PNM Table RWN-3.

PNM Table RWN-3. Summary of Proposals Received

Technology	Contracting Structure				Proposals	Generation Capacity	Storage Capacity
	PPA	ESA	BT	APA	Quantity	MW	MWh
Wind	23	-	-	-	23	11,986	-
ESS (Long Duration >6 hrs)	-	14	-	-	14	-	21,007
ESS (6 and less hrs duration)	-	56	4	3	63	-	47,504
Solar + ESS	87	-	-	8	95	17,410	94,932
Solar + Gas	3	-	-	-	3	614	-
RICE + ESS	-	-	1	-	1	134	600
Gas – Aero	3	-	-	-	3	612	-
Gas – Frame	3	-	-	-	3	1,834	-
Gas – RICE	1	-	-	1	2	354	-
Total	**120**	**70**	**5**	**12**	**207**	**32,943**	**164,043**

Q. Did PNM receive long-duration storage bids in this RFP?

A. Yes. While PNM has historically not received a notable quantity of long-duration energy storage proposals in response to RFPs, as noted above, fourteen proposals for stand-alone long-duration storage bids (> 6 hour duration) were received for a total of over 21,000 MWh of energy storage capacity. Of these proposals, thirteen were for a storage duration of 8 hours and one was for a 100 hour duration. In addition, fifteen proposals for hybrid solar and long-duration storage bids were received for a total of over 42,600 MWh of energy storage capacity. Of these proposals, fourteen were for a storage duration of 8 hours and one was for a 100 hour duration.

Q. Did PNM receive demand response or energy efficiency bids in this RFP?

A. No. Although Section B.5 of the RFP encouraged proposals for DSR capacity and energy products, PNM did not receive any proposals for demand-side resources.

IV. RFP BID EVALUATION AND SELECTION PROCESS

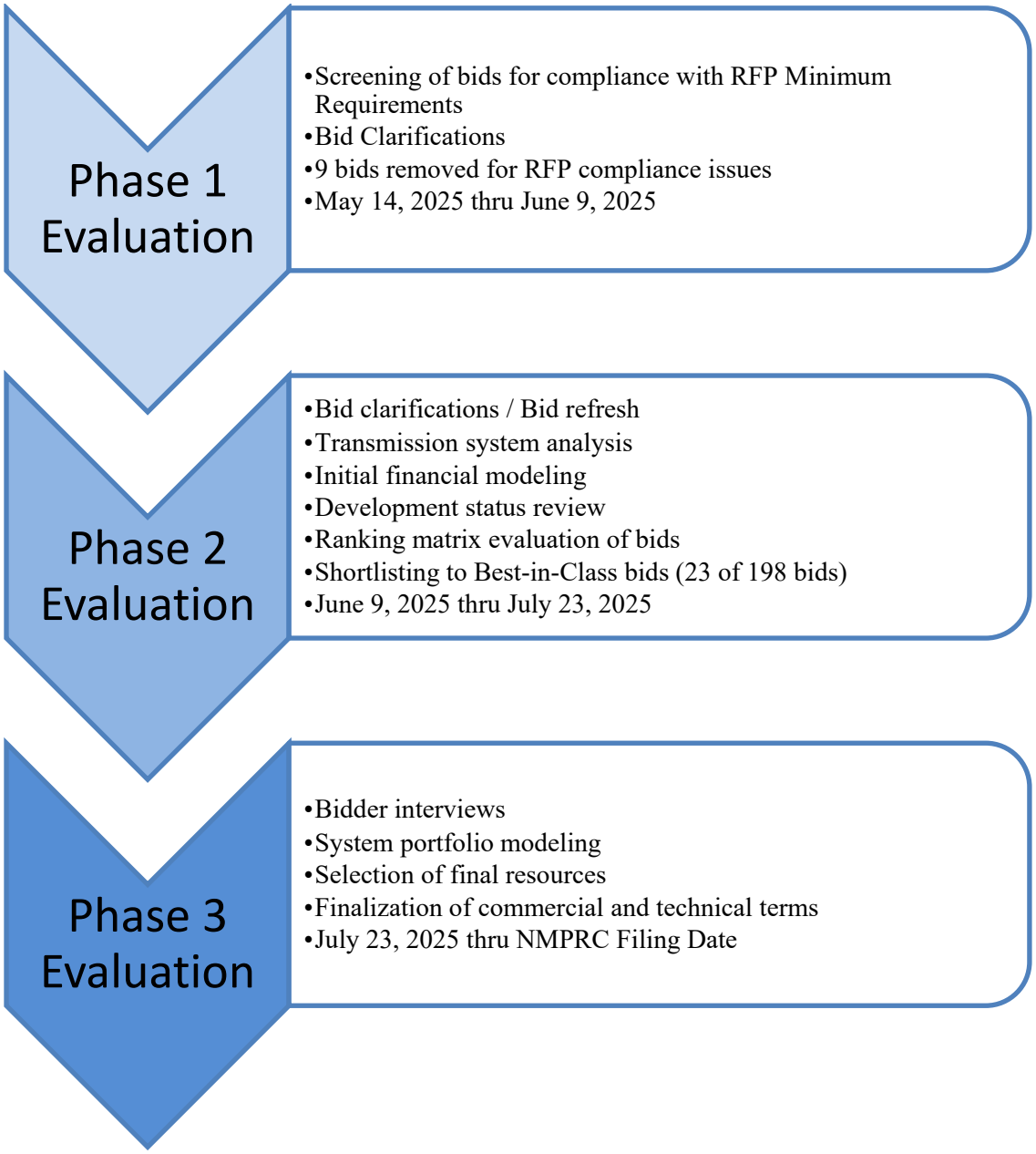
Q. Please explain the 2029-2032 RFP bid evaluation and selection process.

A. PNM Exhibit RWN-5 outlines the methodology utilized to evaluate the bids on a consistent and comparable basis. This document addresses the methodology and criteria for selection of the PPA and ESAs in accordance with 17.9.551.8(D)(10) NMAC and was prepared and issued prior to receipt of the RFP responses. As outlined therein, the bid evaluation was conducted in three phases:

- Phase 1 Evaluation: initial screening of bids for compliance with the RFP Minimum Requirements.
- Phase 2 Evaluation: detailed evaluation of screened bids to shortlisting of bids to the best-in-class within the technologies proposed with bids evaluated individually for both quality and likelihood of achieving successful commercial operation using both price and non-price criteria.
- Phase 3 Evaluation: further detailed evaluation of shortlisted bids including analysis of combinations of bids to support a proposed portfolio typically consisting of a combination of alternatives.

A flow diagram of the bid evaluation process is presented in PNM Figure RWN-1.

PNM Figure RWN-1. RFP Bid Evaluation Process Flow



Q. Please explain and summarize the results of the Phase 1 Evaluation Process for both 2029 and 2032 resources in more detail.

A. The Phase 1 bid screening process is further summarized in PNM Exhibit RWN-6. This Phase 1 process was structured to screen RFP responses for fatal flaws and compliance with the RFP Minimum Requirements. A single round of bid clarifications was issued during the Phase 1 evaluation. As a result of the Phase 1 evaluation, nine (9) bids were excluded from ongoing consideration for the following reasons:

- Incomplete proposal with insufficient detail provided to allow for evaluation (Quantity 1)
- Proposed Guaranteed Start Date later than those requested in the RFP (Quantity 1)
- Proposal was not offered in compliance with requested RFP energy storage pricing structure (Quantity 7)

All remaining bids were carried into the Phase 2 evaluation process for further clarification of the bid offerings, to make the evaluation as thorough and complete as possible and to more fully understand the potential value of each project to PNM and the stakeholders.

Q. Please identify what metrics or evaluation factors were reviewed during the Bid Evaluation Processes.

A. As part of the Phase 1 and Phase 2 evaluations, the evaluation team initiated a side-by-side comparative analysis of the bids, via the bid comparison template discussed in PNM Exhibit RWN-5, that assessed several factors including, but not limited to, the following bidder and bid characteristics:

- Performance
- Development Status
- Environmental and Permitting Status
- Land Acquisition Status
- Credit Provider
- Safety Metrics
- Construction Contractor License Applicability
- Utilization of Apprentices and Local, New Mexico Staff
- Bid Quality / Completeness
- Point of Delivery / Deliverability of Energy
- Transmission Losses/Fees
- Achievable In-Service Dates
- Compliance with Commercial Terms
- Total Delivered Cost

Q. Please describe the objectives and methodology used in the Phase 2 Evaluation Process.

A. The Phase 2 bid evaluation process was structured to establish a shortlist of bids based upon the previously noted evaluation factors. The Phase 2 evaluation was focused on selecting the best-in-class bids for each generation technology to allow more in-depth analysis and system modeling of these projects during the Phase 3

evaluation process. The Phase 2 process involved, but was not limited to, the following activities:

- One round of bid clarifications.
- Assessment of electrical interconnection and transmission system network upgrade costs.
- Assessment of operations and maintenance costs.
- Assessment of technical compliance with the technical specifications.
- Determination of delivered fuel costs.
- Fuel flexibility assessment.
- Development of Owner's costs.
- Computation of revenue requirements for capital cost recovery.
- Accounting for transmission wheeling fees and losses.
- Development of total delivered cost of energy and total delivered cost of capacity.
- Evaluation of compliance with terms and conditions.
- Evaluation of bidder experience.

Additional detail regarding these bid evaluation activities is discussed below and can be found in the Phase 2 Bid Evaluation Summary Report included in PNM Exhibit RWN-7.

Q. What is meant by a "Best-In-Class" bid?

A. As previously noted, the purpose of the Phase 2 evaluation was to develop a shortlist of best-in-class bids for each resource technology. For this purpose, "best-in-class" is defined as bids providing both the lowest total evaluated delivered cost of energy or lowest evaluated delivered cost of capacity and presenting the lowest risk to the timely and successful execution of the project. Project characteristics and risks associated with technology, permitting, land acquisition, construction and ongoing staffing, as well as transmission interconnection and network upgrades were considered for this best-in-class characterization. As previously indicated, the shortlist included 23 best-in-class bids representing wind, energy storage, combustion turbine, reciprocating engine, and hybrid bids consisting of combined resource technologies (e.g. solar and energy storage, solar and gas, energy storage and gas). These bids were then provided to PNM's resource planning team for consideration in the Phase 3 detailed system modeling.

Q. Please explain the bid clarification process implemented during the evaluation of bids.

A. To get a thorough understanding of the characteristics of the bids offered and to promote a comparable bid evaluation process, the bid evaluation team implemented a thorough bid clarification process during Phases 1 and 2 of the bid evaluation process. Bidder-specific proposal clarifications were requested from individual bidders focusing on numerous topics, including, but not limited to electrical interconnection and network upgrades, application of federal tax credits and tariffs, technology characteristics, pricing structure details, project schedule challenges,

and status of environmental permitting and land acquisition. Furthermore, bid clarifications issued during the Phase 1 evaluation allowed bidders the opportunity cure any identified shortfalls in satisfaction of the RFP Minimum Requirements.

Q. Please describe the methodology for assessment of electrical interconnection and transmission system modifications for the bids offered.

A. Bidders were asked to include costs in their proposal for electrical transmission interconnection, system network upgrades required to support the export of generated electricity from each site, transmission system losses, and any required wheeling fees. This information was reviewed for completeness.

Where information was lacking, PNM solicited follow-up information and supporting data through the Jaggaer question and answer process to gain additional information from the bidders to validate supplied transmission cost information.

In addition, to provide an assessment of electrical interconnection and infrastructure upgrade viability and costs, the PNM Transmission Planning team reviewed the characteristics of each bid and provided information regarding the estimated scope, timeline, and cost for necessary electrical interconnection and transmission system upgrades to support the export of electricity from each project. Any costs not accounted for in the bidders' proposals were treated as a PNM capital cost and were incorporated into the estimates of the total delivered costs considered in the bid evaluation. The status of each bidder's electrical interconnection application and expected schedule for implementation of necessary upgrades were considered in the viability of each project. PNM witness Hakimian further

addresses the evaluations performed by PNM's Transmission Planning Department with respect to the responses to the RFP**.**

Q. Please describe the methodology for establishing operations and maintenance cost estimates for the bids.

A. Operations and maintenance costs for each of the PPA and ESA bids were included in the proposed PPA and ESA pricing. Operations and maintenance costs for BT bids carried into the Phase 2 evaluation were estimated by the RFP Administration Team. This included proposals for combustion turbines, reciprocating internal combustion engines, and energy storage BT offers.

Q. Please explain how the delivered cost of fuel for the natural gas bids was determined.

A. Commodity costs for natural gas were as provided by PNM's resource planning team to be consistent with the IRP development evaluation. Costs for gas transmission were provided by PNM's Wholesale Power Marketing team. Total natural gas costs included the commodity cost at the source with adders for fuel surcharges, transport charges, and taxes as well as costs for any required gas lateral or additional infrastructure costs to obtain gas pricing specific to individual project sites.

Q. Please describe how the Owner's costs associated with each of the bids were established.

A. Owner's costs for development, management, and oversight of the execution of the projects were estimated by the RFP Administration Team for the PPAs and ESAs. These costs for BT projects were estimated by the RFP Administration Team including costs, as applicable, for permitting, project management and operations personnel, information technology, land acquisition, startup fuel and consumables, permanent plant equipment and furnishings, an initial stock of spare parts, a credit for energy sold during the commissioning tests, legal and regulatory costs, and general and administrative costs. The RFP Administration Team also calculated an allowance for funds used during construction for the BT bids based upon the total project cost and indicated project cash flow. While the bidder is responsible for most of these activities under PPA and ESA structures, an allocation of Owner's costs to PNM was retained for oversight and management of these projects. Owner's costs for PPA and ESA projects were estimated at approximately one percent of the estimated project cost and BT projects were estimated at approximately 10 to 15 percent of the BT project cost.

Q. Please explain how costs for recovery of PNM's capital investments were determined in the bid evaluation process.

A. Capital cost recovery for BT offerings as well as for scope (e.g. transmission network upgrades) not included in the PPA and ESA offers was determined utilizing PNM's financial modeling parameters from their revenue requirements models. Aion developed an annual capital recovery fixed charge rate for all capital costs, including New Mexico Gross Receipts Taxes allocated to PNM. For the BT

energy storage projects carried into the Phase 2 evaluation, the capital recovery fixed charge rate accounted for a forty (40) percent stand-alone storage Investment Tax Credit ("ITC") as allowed by the Inflation Reduction Act of 2022 ("IRA"), including accounting for Energy Community and Domestic Content Bonus tax credits as applicable to each project. As there were no other BT renewable or storage projects carried into the Phase 2 evaluation, further consideration of Federal Production Tax Credits ("PTC") and ITC was not required with respect to PNM's capital investments.

Q. Please explain how any renewable generation tax credits and tariffs are considered in the evaluation process.

A. The PTC for wind and solar energy and the ITC for solar projects allow renewable energy providers to reduce the cost of energy on their bids due to government tax subsidies. In contrast, import and other tariffs may be placed on certain materials such as solar panels and steel that can drive increased costs for the projects. Individual bidders were responsible for incorporating or considering how renewable tax credits as well as applicable tariffs would impact their proposals.

Due to uncertainties and volatility in the application of tariffs for equipment and materials supply from international sources, PNM requested that initial bids offered in response to the RFP include and identify tariffs in place as of May 1, 2025. After identification of the Phase 2 shortlist, shortlisted bidders were requested to update their proposals by August 8, 2025, and to include accounting for tariffs in place at

that time. This information was used as a basis of the total evaluated delivered cost of energy and capacity from the proposed resources.

Q. Please explain how the provisions of the One Big Beautiful Bill influenced the proposals offered in response to the 2029-2032 RFP.

A. The One Big Beautiful Bill Act ("OBBBA") was signed on July 4, 2025, and significantly re-shapes the application of the federal ITCs and PTCs for solar and wind projects. The OBBBA expedites the phasing out of the ITCs and PTCs on solar and wind projects requiring that projects start construction by July 4, 2026, or be placed in service by December 31, 2027 to fully qualify. If a project initiates construction by July 4, 2026, and proves continuous construction, the project in-service date may be able to be extended to 4 years after the initial year of construction, suggesting an in-service date as late as 2030.

The OBBBA does not expedite the phasing out of ITCs for energy storage projects, thus retaining these incentives through 2032/2033. As such, there is little impact from the OBBBA for energy storage projects unless the resource is installed in a hybrid configuration with solar or wind generation.

The OBBBA also placed restrictions on goods and materials sourced from a Foreign Entity of Concern ("FEOC"), making these goods and materials ineligible for ITC or PTC consideration. FEOC entities include those controlled or directed by the governments of China, Russia, Iran, or North Korea, as well as designated terrorist organizations. As such, bidders under the RFP were required to assess and optimize their sourcing plan to best maximize the benefits of the ITCs and PTCs.

Q. How did the RFP process consider the uncertainties associated with the expiring tax credits resulting from the OBBBA?

A. As the OBBBA was signed after receipt of RFP responses, upon selection of the Phase 2 shortlist, the shortlisted bidders were requested to refresh their proposals for both a January 1, 2029, and a January 1, 2031 guaranteed start date to evaluate the potential impacts on resource pricing and deliverability associated with the OBBBA. This refresh was requested by August 8, 2025. In general, bidders indicated that they could qualify their project via starting construction prior to July 4, 2026, allowing for an in-service date as late as 2030 which could reasonably support a guaranteed start date as late as January 1, 2031. As such, based upon current interpretation and understanding of the OBBBA, there was no significant impact on these projects unless the requested in-service date was pushed later into 2031 or 2032.

As part of this refresh, the implications of the FEOC restrictions on their sourcing alternatives were discussed with the shortlisted bidders and their proposals were modified to address these restrictions.

Q. How were costs for electrical transmission fees and transmission line losses to PNM's load center considered in the evaluation?

A. If not included in the bidder's proposed pricing, electrical transmission wheeling fees were determined for projects remote from PNM's system requiring third party wheeling in accordance with Open Access Transmission Tariff ("OATT")

guidelines as defined by PNM's transmission planning team. For projects beyond counties surrounding Albuquerque, including Bernalillo, Valencia, McKinley, Sandoval, Santa Fe, and Cibola counties, an allocation for electrical losses from the facility to PNM's load center in Albuquerque was also considered.

Q. Please explain how comparable total delivered cost of electricity was determined for the comparison of technology bids.

A. Using all of the above discussed cost factors, Aion calculated a total delivered cost of energy for energy resources (e.g. solar, wind) and a total delivered cost of capacity for capacity resources (e.g. energy storage, combustion turbine, reciprocating engine) such that an equivalent comparison of bids could be presented. The total delivered cost information was presented as either a levelized cost of energy per delivered megawatt-hour or a levelized cost of capacity per delivered kW-year over the term of the proposed contract or project life. Determination of the levelized costs considered cost escalation as quoted by the PPA or ESA bidders and for BT bids was considered based upon PNM's planning assumptions. This approach provided a fair comparison of like technologies to assist in the selection of best-in-class bids for each technology that were subsequently more fully evaluated in the Phase 3 system modeling activities.

Q. Please explain the resource capacity basis utilized to establish the levelized cost of capacity.

A. Aion's development of the levelized cost of capacity was based upon determination of accredited capacity consistent with the effective load carrying capability ("ELCC") used in PNM's 2023 IRP for the next, new increment of generation of the associated technology type. Consideration of increasing concentrations of resources and the potential, resultant reduction of ELCC values was addressed in the Phase 3 system portfolio modeling activities.

Q. Please explain how both the levelized cost of energy and levelized cost of capacity were considered in the Phase 2 Shortlist Process.

A. As final selection of resources would be dependent upon the Phase 3 evaluation process utilizing thorough system modeling and portfolios of shortlisted resources, the Phase 2 shortlist development considered the top energy resource bids (solar and wind) when ranked on levelized cost of energy and the top capacity resource bids (energy storage, combustion turbine, reciprocating engine) when ranked on levelized cost of capacity. For hybrid project bids, a combined levelized cost of capacity considering both components of the project were evaluated in comparison to other hybrid resources. These levelized cost values were evaluated in conjunction with non-price evaluation factors in a weighted evaluation matrix for selection in the Phase 2 shortlist.

Q. How was the shortlist scoring matrix utilized within the Phase 2 evaluation?

A. In addition to the side-by-side comparison of bids, the shortlist scoring matrix was utilized during Phase 2 of the bid evaluation process to determine a weighted

scoring of proposal characteristics. The scoring matrix applied weighted rankings to the following evaluation categories:

- Commercial Conditions;
- Creditworthiness;
- Team Qualifications;
- Project Engineering;
- Social, Environmental & Siting; and
- Interconnection/Performance.

This scoring matrix, in conjunction with the selection of best-in-class bids, resulted in the selection of the Phase 2 shortlist.

Q. How were bidder exceptions to the proposed project terms and conditions considered in the evaluation process?

A. A side-by-side comparison of the exceptions and comments offered on the proposed terms and conditions was prepared to identify major discrepancies or cost factors between bids. Many of these exceptions revolved around liquidated damages, developer security provisions, and performance guarantees. This information was ultimately summarized and considered in the Phase 2 shortlist scoring matrix. Upon selection of the Phase 2 shortlist, shortlisted bidders were requested to provide a refreshed proposal in full compliance with the form agreements and associated terms and conditions included within the RFP. Final selection of bids during the Phase 3 evaluation relied upon this refreshed proposal information.

Q. Please describe how bidder experience with the technologies proposed was considered in the bid evaluation process.

A. Bidder experience with the type of project(s) proposed was summarized and considered in the Phase 2 shortlist scoring matrix and final selection of shortlisted bids during the Phase 3 evaluation.

Q. Please describe how the requirement to utilize apprentice labor during construction of the project and in compliance with NMSA 1978, Section 62-13-16 was considered in the bid evaluation process.

A. Indication of compliance with NMSA 1978, Section 62-13-16 was established as a Minimum Requirement for any proposal to proceed past the RFP Phase 1 evaluation. Bidders were required to confirm that, for projects commencing construction after January 1, 2026, they would comply with the requirement to utilize twenty-five percent (25%) apprentice labor during construction of the facility (to the extent such labor is available). Information regarding employment plans and approach to defining and utilizing apprentice labor was further evaluated as a qualitative bid evaluation factor in the Phase 2 shortlist scoring matrix.

Q. Please describe the shortlist of bids that resulted from the Phase 2 evaluation process.

A. The Phase 2 shortlist identified in PNM Table RWN-1 included all technologies offered in response to the RFP that passed the Phase 1 screening analysis and that

remained as a viable and cost-effective option upon further clarification during the Phase 2 evaluation. These technologies included options that provided both the lowest cost of delivered energy as well as the lowest cost of delivered capacity. The shortlist maintained the most favorable bids in each available generation technology category. When sufficient resources within a technology category were available, multiple projects were shortlisted from each technology to maintain redundancy of proposals for contract negotiation and competitiveness purposes. Furthermore, varying ratios of solar to storage capacities within hybrid project proposals and varying sizes of projects were also shortlisted. This approach was designed to facilitate a more detailed analysis in Phase 3 considering portfolios of resources through the system modeling activities.

The intent of considering the above in the selection of the shortlisted bidders was to provide sufficient information to allow PNM's resource planning team to perform and evaluate a wide range of generation portfolios in an effort to develop the generation resources for PNM going forward while maintaining system reliability objectives.

Q. Please explain the Phase 3 Bid Evaluation Process.

A. The Phase 3 bid evaluation process was focused upon evaluating alternative generation portfolios utilizing the selected shortlist bids and project characteristics to obtain the generation resources that satisfied the PNM system capacity, energy, and reliability objectives. On this basis, the shortlisted RFP bidders were invited to

meet with the RFP Administration Team to further discuss the details of their bids and to allow the PNM team to gather necessary data for further evaluation.

To support the Phase 3 evaluation, Aion prepared a summary of technology characteristics and pricing for each of the shortlisted bids for use in the PNM system modeling efforts. Further details of the Phase 3 evaluation is addressed by PNM witness Duane.

Q. Did the Independent Monitor provide feedback regarding the reasonableness, competitiveness, and fairness of the RFP process?

A. Yes. Merrimack provided a Final Report in accordance with the requirements of the IRP Rule detailing their review and input. This report is available in PNM Exhibit RWN-8. As noted in the report observations and conclusions, Merrimack "concludes that PNM's 2029–2032 Generation Resources RFP was conducted in a fair, competitive, and transparent manner and in compliance with applicable provisions of the New Mexico Administrative Code. The Independent Monitor did not identify any material deficiencies in the solicitation, evaluation, or selection processes and does not recommend Commission-directed corrective action with respect to this RFP."

Q. How were the final resources derived?

A. The final resources resulting from the RFP were derived as a result of the detailed system modeling and system optimization performed by PNM's resource planning team during Phase 3 with the objective of delivering low-cost, reliable energy to

PNM's customers. Please see the testimony of PNM witness Duane for further detail regarding the derivation of the final resources.

Q. Please explain your company's participation in the selection process and the negotiations with short-listed bidders.

A. During the bid selection process, Aion summarized and evaluated bid information in a consistent and controlled manner to facilitate PNM modeling and decision making. Aion served as an independent resource to review proposals, provide insights, and to provide support for the later phases of the evaluation and negotiation. Aion's primary responsibility was to deliver the Phase 2 shortlist of bids to be evaluated by PNM in Phase 3.

Other than participating in shortlist bidder meetings after selection of the shortlist, Aion's role was structured to provide the input for PNM's Phase 3 evaluation and to provide context from the bids, as required, for support of PNM's contract negotiations. Aion did not actively participate in the contract negotiations or the Phase 3 evaluation.

V. CONCLUSION

Q. Do you believe that the terms and conditions set forth in the RFP were reasonable?

A. Yes. From Aion's experience, the terms and conditions were typical of such RFPs and consistent with prior PNM agreements previously approved by the Commission with suitable modifications incorporated to address recent market volatility, and other federal tax benefit considerations. Upon receipt of the bids and throughout the bid clarification process, these terms and conditions were assessed by the RFP Administration Team relative to the OBBBA and typical market considerations.

Q. Do you believe the procurement process and procedures specified were reasonable and competitively fair?

A. Yes. The overall RFP and procurement approach was inclusive, thorough, and consistent with similar bidding of all-source generation or storage resources. The RFP process resulted in a robust list of viable and competitive bids that offered options and competitive opportunities for well-defined and low-cost generating and energy storage resource alternatives supporting the objectives of the RFP.

Q. Please summarize the findings of the Independent Monitor regarding the execution of the RFP Evaluation Process.

A. As can be found in the Independent Monitor's Final Report included in PNM Exhibit RWN-8, the Independent Monitor concluded that "The 2029-2032 Generation Resources RFP procedures and processes followed by PNM and the subsequent bid evaluation and selection process and methodologies were in substance consistent with or exceeded industry standards and represented a fair, consistent, and unbiased evaluation and selection process leading to final portfolio

selections. The solicitation process and its components were consistent with the procurement provisions and requirements identified in the NMAC." The Independent Monitor went on to indicate that "In the opinion of Merrimack Energy, PNM's solicitation process was a thorough, rigorous, and comprehensive bid evaluation and selection processes with every eligible proposal scrutinized thoroughly based on minimum requirements, quantitative and qualitative criteria. The implementation of the solicitation process was very effectively managed by the PNM team and should lead to economic benefits for customers." Additional feedback and conclusions from the Independent Monitor can be found in PNM Exhibit RWN-8.

Q. Does this conclude your testimony?

A. Yes, it does.

GCG#535326

Resume of Roger W. Nagel

PNM Exhibit RWN-1

Is contained in the following 2 pages.

Roger W. Nagel
Principal / Consultant

Roger brings over 33 years of international energy industry design and consulting experience with a wealth of insights applicable to development, decision making and structuring of client programs. Roger has served in roles as a design engineer, consultant, owner's engineer, EPC contractor, original equipment manufacturer, strategic consulting lead, and power engineering practice lead. His areas of expertise involve feasibility studies, technology assessments, system resiliency, resource planning, system optimization, procurements, financial analysis, technical specification, bid evaluations, and contract negotiations.

EDUCATION

Purdue University
BSME – 1992

INDUSTRY TENURE

33 Years

LICENSURE

Professional Engineer, Michigan,
License No. 6201043339

OFFICE LOCATION

Orlando, FL

Relevant Experience

Roger's career has been focused on Owner's Engineering, resource planning, and front-end development services to the power industry. Responsibilities include:

- Consulting services for integrated resource planning, request for proposal (RFP) processes, and projects involving renewable energy, energy storage, demand-side management, and thermal energy resources.
- Development of numerous technical reports focusing on energy options and siting evaluations, including technology assessments and design activities for projects in the United States, South America, China, Europe and the Middle East.
- Front-end development, market and contracting strategy analysis, project budget cost and schedule development, design review, major equipment selection, EPC bid review, contractor selection and contract negotiations, as well as technology option analyses and regulatory support.
- Project Consultant for due diligence, benchmarking and evaluation of existing power facilities, assessing efficiency, cost effectiveness, and ownership and management alternatives including financial as well as sustainable return on investment analysis.
- Extensive experience with technology assessments including thermal cycle development and optimization, lifecycle financial evaluations and technology feasibility.

Roger has supported strategic consulting to Alliant Energy, NorthWestern Energy, Colorado Springs Utilities, New York City Economic Development Corporation, and LADWP, amongst others, and has been responsible for managing and organizing execution strategies that meet project and corporate objectives. Projects include technology assessments, contracting for third party developments, proxy analyses and development support for strategic contracting and execution plans for new renewable, energy storage, cogeneration, resiliency, and fossil-fueled projects at greenfield and brownfield sites for utility, industrial, and institutional clients.

Roger W. Nagel
Principal / Consultant

New Mexico Public Regulation Commission Testimony Experience

- Case No. 19-00195-UT – IN THE MATTER OF PUBLIC SERVICE COMPANY OF NEW MEXICO'S CONSOLIDATED APPLICATION FOR APPROVALS FOR THE ABANDONMENT, FINANCING, AND RESOURCE REPLACEMENT FOR SAN JUAN GENERATING STATION PURSUANT TO THE ENERGY TRANSITION ACT.

- Case No. 21-00083-UT – IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF NEW MEXICO FOR DECERTIFICATION AND ABANDONMENT OF 114MW OF LEASED PALO VERDE NUCLEAR GENERATING STATION CAPACITY AND SALE AND TRANSFER OF RELATED ASSETS AND FOR APPROVAL TO PROCURE NEW RESOURCES UNDER 17.9.551 NMAC.

- Case No. 23-00138-UT – IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF NEW MEXICO FOR APPROVAL OF ITS 2024 ELECTRIC ENERGY EFFICIENCY PROGRAM PLAN, PROFIT INCENTIVE AND REVISED RIDER NO. 16 PURSUANT TO THE NEW MEXICO PUBLIC UTILITY ACT, EFFICIENT USE OF ENERGY ACT AND ENERGY EFFICIENCY RULE.

- Case No. 23-00353-UT – IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF NEW MEXICO'S APPLICATION FOR APPROVAL OF PURCHASED POWER AGREEMENTS, ENERGY STORAGE AGREEMENTS, AND CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR SYSTEM RESOURCES IN 2026.

- Case No. 24-00271-UT – IN THE MATTER OF PUBLIC SERVICE COMPANY OF NEW MEXICO'S APPLICATION FOR APPROVAL OF PURCHASED POWER AGREEMENT, ENERGY STORAGE AGREEMENTS, AND CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR SYSTEM RESOURCES IN 2028.

Aion Energy RFP Support Experience

PNM Exhibit RWN-2

Is contained in the following 1 page.

Representative Aion Energy LLC RFP and Integrated Resource Plan Experience

- NorthWestern Energy – Wind Operations and Maintenance Services RFP
- NorthWestern Energy – Montana 2020 RFP for Capacity Resources
- NorthWestern Energy – South Dakota 2019 Capacity RFP
- NorthWestern Energy – Montana 2018 Capacity RFI
- NorthWestern Energy – Montana 2017 Capacity RFP
- NorthWestern Energy – South Dakota 2025 ERAS Resource RFP
- Alliant Energy – Dane County Solar RFP
- Alliant Energy – Iowa Marshalltown Solar RFP
- Alliant Energy – Wisconsin 2018 Wind RFP
- Alliant Energy – Wisconsin Rock River Solar PPA RFP
- Alliant Energy – Wisconsin 2014 Non-Intermittent RFP
- Alliant Energy – Wisconsin / Iowa 2025 Build Transfer Resource RFP
- Public Service Company of New Mexico – San Juan Generating Station Replacement Resource RFP
- Public Service Company of New Mexico – Palo Verde Generating Station Replacement Resource RFP
- Public Service Company of New Mexico – 2026-2028 System Resource RFP

Furthermore, Aion staff has prepared and submitted new generation resource technology characteristics to be used for Integrated Resource Plan ("IRP") system modeling purposes for utility clients including, but not limited to, NV Energy, Puget Sound Energy, Portland General Electric, Consumers Energy, and Holland Board of Public Works.

Aion Energy Scope of Services

PNM Exhibit RWN-3

Is contained in the following 5 pages.

Summary of Aion Energy RFP Development/Implementation Scope of Services

RFP Development Phase

During the RFP Development Phase, Aion will work and coordinate closely with the PNM Team to coordinate the development and compilation of applicable RFP components. Aion will perform the following services leading to the issuance of the RFP for bid.

1) Review of the RFP Notification (Press Release) to the market and/or any Bidder prequalification materials prior to issuance of the RFP
2) Drafting, development, and coordination of the RFP documentation
3) Review, comment, and update to the Form Agreements and Terms & Conditions that have been previously utilized for prior RFPs
4) Development of RFP minimum requirements for the initial screening and acceptability of proposals
5) Assistance in compilation of RFP documents in a format most suitable for PNM's Procurement Team and for issuance to the Bidders (issuance and administration by PNM's Procurement Team)
6) Development of RFP process documentation in accordance with the IRP Rule, as required including the bid evaluation methodology accounting for BT and Market Bid evaluations
7) Development of a scoring matrix template and scoring basis
8) Development and management of the RFP implementation schedule
9) Initial development of a lifecycle financial model to support directional conclusions within the bid evaluation (used for initial shortlisting and as a supplement to portfolio modeling performed by others)
10) Assistance in the Independent Monitor and stakeholder review of the draft RFP documents
11) Assistance in the review of the bid evaluation methodology and process with the Independent Monitor and stakeholders
12) Incorporation of Independent Monitor and stakeholder comments into the RFP documentation

It is assumed that a draft RFP and bid evaluation methodology will be issued in early March for internal PNM review and finalization. A "For Review" version of the RFP will be prepared by mid-March 2024 for issuance to the Independent Monitor and the expectation of an Independent Monitor design report within 28 days of issuance. Subsequently, stakeholders will

have a 14 day comment period, after which PNM will be able to issue the RFP. During this phase of the project, Aion has included two trips to Albuquerque for face-to-face meetings but is willing to quote and support any additional on-site meetings, as required.

RFP Implementation Phase

From the time the RFP is issued for bid until proposals are received, Aion will perform the following activities.

1) Participation in a pre-bid meeting for all Bidders
2) Coordination of bidder Requests for Information (RFIs) and associated responses including development of responses to commercial RFIs and review and incorporation of responses to technical RFIs based on coordination with PNM's engineering teams and/or PNM subject matter experts ("SMEs"), as applicable (questions to be received and responses issued by PNM's Procurement Team)
3) Development of a lifecycle financial model to support directional conclusions within the bid evaluation (used for initial shortlisting and as a supplement to portfolio modeling performed by others)
4) Development of a bid evaluation methodology accounting for BT and Market Bid evaluations as well as the IRP Rule evaluation criteria
5) Development of a scoring matrix template and scoring basis
6) Assistance in the review of the bid evaluation methodology and process with the Independent Monitor
7) Development of RFP process documentation in accordance with NMPRC guidance
8) Management and compilation of all communications and clarifications with bidders
9) Development and compilation of RFP Addenda documentation

During this phase of the project, Aion has assumed that there will be no travel or face-to-face meetings but is willing to quote and support any on-site meetings, as required. It is assumed that this phase of the project will be of a duration of 135 calendar days.

Bid Evaluation Phase

Starting with the receipt of bids, Aion will evaluate the bids in a phased manner consistent with that defined in the bid evaluation methodology. Upon receipt of bids, Aion will support the following activities:

1) Phase 1 Bid Evaluation including the following:

a. Preparation of an initial bid screening to evaluate each proposal for completeness and compliance with the RFP Minimum Requirements established in the RFP.

b. Developing a comparative assessment of bid characteristics, costs, performance, guarantees, project feasibility, and an initial economic analysis to develop a first year delivered cost for each proposal.

c. Preparation of clarification questions for each bidder with incorporation of the responses into a bid summary template.

d. Participation in conference calls and web conferences with PNM staff to review the initial findings and to discuss bid shortlisting and the path forward for the more detailed evaluation.

e. For those proposals screened out of the process, Aion will document the associated reasons for exclusion.

f. In support of the bid screening and evaluation, Aion will summarize data provided by the bidders regarding transmission interconnection and network upgrade costs as well as environmental and permitting considerations associated with each proposal for review and input from PNM's SMEs.

g. Preparation and submittal of the bid summary template and a Phase 1 Bid Evaluation report to PNM and the Independent Monitor as documentation of the findings of the Phase 1 effort.

h. Participation in discussions with the selected Independent Monitor regarding the Phase 1 conclusions and responding to the Independent Monitor's questions and comments regarding the bid evaluation process.

2) Upon conclusion of the Phase 1 bid screening assessment and definition of potentially viable proposals, Aion, in conjunction with the RFP Administration Team, will initiate a detailed bid evaluation process. The intent of the Phase 2 Bid evaluation will be to determine a shortlist of candidate bids for detailed evaluation and contract negotiation. The shortlist development will be primarily based on the evaluated cost of delivered energy, the evaluated cost of delivered capacity, and the overall viability of the projects to achieve the quoted project in-service dates. Aion's Phase 2 Bid Evaluation activities will include the following:

    a. Continued development of a more detailed comparison of the screened proposals that will focus on the compliance of each bid to the RFP requirements and technical specifications, as applicable, and will summarize project pricing, performance, exceptions to commercial terms, development status,

interconnection viability, and overall project structure.

b. Preparation of estimates of Owner's Costs, natural gas lateral/delivered fuel cost estimates, operations and maintenance costs, and other cost factors to support the development of normalized, conformed evaluated costs for each of the various proposal types and structures.

c. Preparation of a levelized cost of delivered energy and levelized cost of delivered capacity for each proposal for comparison.

d. Participation in internal coordination and evaluation discussions with PNM staff, the Independent Monitor, and/or the evaluation team.

e. Preparation of additional bidder clarifications incorporating questions from PNM's SMEs as well as compilation of responses from these clarifications.

f. Incorporation of evaluation input from PNM's Transmission Planning, Resource Planning, and Environmental teams in an effort to develop a shortlist of candidate projects.

g. Preparation of a Phase 2 Bid Evaluation Report to document the selected shortlist of projects and the reasons for excluding those proposals not selected for further evaluation.

h. Review of the shortlisted projects and the process used to select the shortlisted projects with the Independent Monitor and responding to questions and concerns identified by the Independent Monitor.

It is assumed that all resources will be evaluated in a single evaluation phase regardless of the quoted Guaranteed Start Dates which may range from January 1, 2029 through January 1, 2032.

3) The Phase 3 Bid Evaluation will be focused on selection of the final project candidates, contract negotiation, and preparation of filing documents. Aion's services will include the following:

   a. Preparation and submittal of inputs for the shortlisted projects for system modeling and financial modeling by PNM's staff and consultants.

   b. Participation in shortlisted bidder proposal review and clarification web-conferences.

   c. Final bid clarifications with the shortlisted bidders.

4) Upon selection of the RFP finalists, Aion will support the following activities.

   a. Preparation of written testimony.

b. Support of responses during the regulatory discovery process.

c. In-person testimony.

Aion Project Management and Administration

Aion will provide general project management, quality control, and administrative support for the Aion activities outlined herein. Project management activities include proper documentation, accounting, and archiving of pertinent communications.

PNM 2029-2032 Generation Resources RFP

PNM Exhibit RWN-4

Is contained in the following 68 pages.

PUBLIC SERVICE COMPANY OF NEW MEXICO

2029-2032 GENERATION RESOURCES RFP

FOR BID

Revision 0

December 30, 2024

INSTRUCTIONS TO BIDDERS

Table of Contents

Appendices

Market Bid Forms

BT Bid Forms

BT Attachment D-1 – Price Breakdown Table
BT Attachment E-1 – Commercial Clarifications and Exceptions
BT Attachment E-2 – Technical Clarifications and Exceptions
BT Attachment F – Conflict of Interest Form
BT Attachment G – Contracting/Employment Plan
BT Attachment H – Milestone Payment Schedule
BT Attachment I – Cancellation Schedule
BT Attachment J – Proposal Data Forms
BT Attachment K – Technical Submittal Checklist

DSR Bid Forms

Attachment A – Bid Profile
Attachment B – Minimum Requirements Checklist
Attachment C – Bid Certification Form
Attachment D-5 – DSR Proposal Data Forms
Attachment J – Contracting/Employment Plan
Attachment K – Conflict of Interest Form

PART 1 – INTRODUCTION

1.1 COMPANY BACKGROUND

Public Service Company of New Mexico ("PNM") is a wholly owned subsidiary of TXNM Energy (NYSE: TXNM) based in Albuquerque, N.M. PNM is an electric utility that provides generation, transmission, and distribution service. In total, PNM serves more than 550,000 New Mexico residential and business customers in greater Albuquerque, Rio Rancho, Los Lunas and Belen, Santa Fe, Las Vegas, Alamogordo, Ruidoso, Silver City, Deming, Bayard, Lordsburg and Clayton. PNM also serves the New Mexico tribal communities of the Tesuque, Cochiti, Santo Domingo, San Felipe, Santa Ana, Sandia, Isleta and Laguna Pueblos. As shown in Figure 1, PNM's electric service territory covers geographically diverse areas. Electric demand and energy usage varies based upon geography, customer mix, and climate.

PNM strives to create enduring value for customers, communities and shareholders built on a foundation of environmental, social and governance principles. PNM currently serves retail customers through supply-side resources and demand side management programs reliably, safely, and cost-effectively and currently produces over 50 percent carbon free energy. PNM has committed to being in compliance with the Renewable Energy Act, New Mexico Statutes Annotated 1978 ("NMSA 1978"), §§ 62-16-1 to -10 ("REA") involving PNM's implementation of a combination of energy generation, storage, demand-side and energy efficiency resources over the next 20 years.

Figure 1. PNM's Electric Service Territory Map

1.2 PURPOSE OF RFP

In accordance with New Mexico Administrative Code ("NMAC") Title 17, Chapter 7, Part 3 ("17.7.3 NMAC" or "IRP Rule") PNM is progressing with the pursuit of new energy resources and programs identified within the statement of need resulting from the acceptance of the 2023 Integrated Resource Plan ("2023 IRP"). The 2023 IRP can be found at the following link:

https://www.pnm.com/2023-IRP

PNM's resource plan is focused on balancing three primary objectives, namely: maintaining affordability, ensuring reliability, and mitigating impacts upon the environment. This focus is consistent with the IRP Rule's objectives of prioritizing cost-effective resources that reduce greenhouse gas emissions, foster equitable clean energy development, and facilitate grid modernization.

PNM is taking significant measures with plans to satisfy these objectives and we are issuing this request for proposals ("RFP") to solicit proposals (each a "Bid" or "Proposal") from capable providers to deliver energy and capacity resources in support of these objectives.

This RFP is part of a solicitation process for the purpose of acquiring bulk transmission level and distribution level capacity resources to serve PNM's forecasted system needs between 2029 and 2032. Specifically, this RFP is requesting resources that are guaranteed by the Respondent to achieve commercial operation and delivery of new, incremental capacity to PNM's system by or before January 1, 2029, January 1, 2030, January 1, 2031 or January 1, 2032 (each a "Guaranteed Start Date"). The requested resources are required to serve forecast load growth and plant retirements while also acquiring reliable, cost-effective, long-term resources consistent with the direction set forth in PNM's 2023 IRP to serve known, existing, and future customers. Long-term resources with a minimum duration of ten (10) years will be considered in response to this RFP.

The evaluation of Proposals received in response to this RFP will be utilized to inform PNM's planning decisions regarding the continued operation or retirement after 2030 of the nominal 154 MW, natural gas-fired Reeves Generating Station located in Albuquerque, New Mexico.

Respondents to this RFP (each a "Respondent" or "Bidder") are required to propose resource options capable of achieving commercial operation and delivery of new, incremental capacity to PNM's system by one or more of the Guaranteed Start Dates identified above. Respondents must identify the date for which their Proposal is valid and may offer Proposals for multiple Guaranteed Start Dates; however, a separate Proposal submittal will be required in each case. As will be further discussed in subsequent sections of this RFP, **all resources proposed in response to this RFP must satisfy the RFP Minimum Requirements included in Section 1.4 of this Instructions to Bidders or be excluded from further consideration.** Compliance with these Minimum Requirements (as verified by the Respondent in the Minimum Requirements Checklist included as Attachment B or BT Attachment B) is a firm and non-negotiable requirement and is required to facilitate the RFP evaluation process within a timeline established by the IRP Rule and as represented in the RFP schedule identified in Section 5.2 of this Instructions to Bidders.

1.3 RESOURCES SOUGHT THROUGH THIS RFP

PNM's 2023 IRP has identified the need for the types of resources identified in Table 1 for its New Mexico portfolio over the RFP time span, as further detailed in the 2023 IRP Supplemental Analysis.

Table 1. PNM Resource Needs

	Resource Needs By 2030 (MW)	Total Resource Needs by 2032 (MW)
Wind resources	200 – 400	400 – 800
Non-Wind carbon-free energy resources	0	100 – 500
Dynamic balancing resources	200 – 700	300 – 900
Firm generating resources	100 - 400	100 - 700

Resources offered for a January 1, 2029 and January 1, 2030 Guaranteed Start Date, or earlier, will contribute to satisfying the Resource Needs by 2030. All resources offered under this RFP with a Guaranteed Start Date by or before January 1, 2032 will contribute to satisfying the Resource Needs by 2032.

Resource additions to meet the system requirements in 2028 that are currently under development through an active solicitation or to serve Rate 36B customer needs are included in the ranges above. If all or some of the resources proposed under these future filings are approved by the NMPRC, the ranges above will be reduced by the appropriate technology types.

***Non-wind carbon free energy resources** produce clean energy to meet a majority of customers' energy needs throughout the year. Example resources include solar PV and energy efficiency.*

***Dynamic balancing resources** provide PNM with tools to balance the supply and demand for electricity on an instantaneous basis, recognizing that the generation profiles of many of the carbon-free resources will not coincide naturally with electricity demand. Examples include shorter-duration energy storage and demand response.*

***Firm generating resources** operate at or near full capacity for extended periods of time that will allow PNM to maintain reliability even under the most constrained conditions in the system, which may include both periods of high demand as well as periods of low output from renewable resources. Today, these needs are met with nuclear and fossil resources; in the future, various emerging technologies including hydrogen and long-duration storage would also be options.*

For dynamic balancing and firm generating resources, the amount in each category affects the accredited capacity provided to the system which impacts expected system costs and benefits. The best combination of these categories of resources will be determined in the Phase Three evaluation using industry proven capacity expansion planning software and production cost simulations. Using such software allows for the optimization of a vast amount of resource combinations.

The exact quantity of resources selected and the timing of implementation of the resources will be dependent upon resource characteristics, resource modeling, regional economic development load growth, and PNM's most recent load and planning forecasts. Increased procurement of resources in the earlier years may reduce needs in the later years.

For Respondents' use in the selection of resources and determination of capacities to be offered, Appendix A – Resource Capacity Accreditation to this RFP includes a summary of the accredited capacity, or effective load carrying capability ("ELCC"), of resource technologies as presented in Appendix M of the 2020 IRP.

Respondents shall propose resources consistent with the requirements outlined in the Public Utility Act, §§ 62-13-1 to -16 NMSA 1978 ("PUA") and the REA, including but not limited to those that maximize the use of New Mexico work force including minority and woman-owned New Mexico businesses, employ apprentices for the construction of the facilities, and advance a zero-carbon future.

This RFP is structured as an all-source RFP. Other than as excluded within this RFP, any resource type or project ownership structure that guarantees the ability to contribute new, incremental capacity to PNM's system prior to one of the Guaranteed Start Dates identified above will be considered and evaluated under this RFP. For clarity, per the form Agreements included in Appendices H through K of this RFP, the new, incremental capacity will be expected

to be available for delivery to PNM by an Expected Commercial Operation Date (or Substantial Completion Guaranteed Date in the case of a Build-Transfer ("BT") offer) that falls prior to September 30 of the year prior to the year of the Guaranteed Start Date. Failure to place such capacity into service by the Expected Commercial Operation Date will result in liquidated damages for delay and failure to place such capacity into service by the Guaranteed Start Date (or within 160 days of the Substantial Completion Guaranteed Date in the case of a BT offer) will represent a contractual default condition. For the purpose of this RFP, the term "Guaranteed Start Date" will have the same meaning as the day that falls 160 days after the Substantial Completion Guaranteed Date for BT Proposals.

The following types of resources are of specific interest to PNM under this RFP:

- Stand-alone short-duration and long-duration energy storage and hybrid renewable-storage projects that maximize benefits to PNM ratepayers by capitalizing upon the Inflation Reduction Act ("IRA") provisions for extension and expansion of renewable energy Investment Tax Credits and Production Tax Credits, maximization of domestically sourced materials, compliance with prevailing wage and apprenticeship requirement thresholds, project placement in an "energy community," and other provisions all as defined in the IRA;
- PNM requests proposals that are located within the Navajo Nation ("NN") or Central Consolidated School District ("CCSD"). Projects with this locational preference will be evaluated separately through Phase Two of the evaluation process. Consistent with previous RFP practices, PNM will perform a "best-in-class" bid evaluation separately for these projects of which a shortlist will be created for both locations. Shortlisted projects for NN and CCSD will be evaluated in Phase Three modeling to determine the best mix of resources that include resources within NN or CCSD. PNM will identify portfolios including projects within NN and CCSD targeting up to 150 MW of the total RFP needs. The targeted amount will be contingent upon PNM's potential prior satisfaction of this objective, including consideration of projects that will be proposed as procurements from PNM's 2026-2028 Generation Resources RFP. Therefore, the targeted amount may be less than 150 MW. PNM will include this targeted amount in the resource filing PNM intends to make to meet the RFP needs that align with the revised 2023 IRP Statement of Need and Action Plan. Notwithstanding the above, to the extent that projects within the NN or CCSD represent the most cost competitive resources evaluated in response to the RFP, more resources within the NN and CCSD may be pursued;
- Wind generation projects for which the energy generation can be reliably delivered to PNM's load center with reasonable deliverability and curtailment risk;
- Resources located near PNM's load center or load-side resources that avoid transmission curtailment risks and/or the need for significant transmission upgrades;
- Proposals that have committed financing partners and a willingness to post contractual development security upon execution of the contract; and
- Proposals that afford increased assurance and oversight over the development and implementation of the Project via early commitments for the provision of the form agreement Development Security, agreement with the form agreement schedule and performance damages and penalties, frequent reporting, compliance with the applicable form agreement commissioning and testing requirements, and accessibility to the project to allow PNM proper diligence to ensure a successful and timely implementation schedule for PNM's customers.

Additional resource characteristics that will be evaluated within this RFP are presented in Appendix B – Resource Characteristics.

PNM participates in the California Independent System Operator ("CAISO") Energy Imbalance Market ("EIM") and is committing to join the Western Resource Adequacy Program ("WRAP") in the Summer of 2027. While PNM cannot lean on potentially speculative wholesale market transactions, PNM does recognize the potential benefits of all available resource participation in these markets. As identified in Appendix C – Bid Evaluation Process, PNM will factor its ability to offer proposed projects in any regional market that PNM participates in into the evaluation as appropriate based upon the suitability of proposed generation unit performance parameters and proposed operational costs being within typical ranges that are reimbursable through market participation. Consideration and evaluation of Proposals with respect to these markets is further discussed in Appendix C – Bid Evaluation Process.

1.4 RFP MINIMUM REQUIREMENTS

In order for a Proposal to pass the initial screening phase ("Phase One") of the RFP evaluation, the Respondent and Proposal must satisfy the following requirements ("Minimum Requirements"). Proposals not satisfying or complying with these criteria will be excluded from further consideration.

Respondents are required to complete the Minimum Requirements checklist (RFP Attachment B or BT Attachment B) and submit it with the Proposal to declare and certify compliance with the Minimum Requirements. Respondents will be afforded one opportunity during Phase One of the bid evaluation process to correct any shortfalls in compliance with the Minimum Requirements within five (5) business days of notification of a shortfall in the form of a request for clarification from PNM. Should any Minimum Requirement not be satisfied after the opportunity to address any noted shortfall or if it is subsequently determined that any Proposal falsely claimed to satisfy any Minimum Requirement, such proposal will be excluded from further consideration under this RFP.

The RFP Minimum Requirements are identified as follows:

1.4.1 Minimum Requirements Applicable to all Proposals

1) Proposal Due Date: Proposals shall be submitted by the RFP proposal due date or otherwise be excluded;
2) Fully Functional Resource: Proposals must offer a complete and fully functional electric generation, storage, or demand-side resource that provides new, incremental capacity that is additional to resources currently available within PNM's resource portfolio or that is an extension to an existing and expiring PNM supply contract. Proposals for supply of equipment or services only will not be considered;
3) Supplier Code of Conduct: Respondents must read and acknowledge the Supplier Code of Conduct via the mandatory "Pre-requisites" section of the applicable RFP module;
4) Non-Disclosure Agreement: Respondents must acknowledge and electronically execute a non-negotiable, non-disclosure agreement ("NDA") with PNM via the mandatory "Pre-requisites" section of the applicable RFP module, as further detailed in Section 1.5.1 of this Instructions to Bidders;

5) Supplier Risk Security: Respondents shall satisfactorily comply with the Supplier Risk Security Screening Questions included in the mandatory "Questions" section of the applicable RFP module;

6) Guaranteed Start Date: Proposals must comply with one or more of the requested Guaranteed Start Dates;

7) New Mexico Apprenticeship: Proposals must identify compliance with the hiring of apprentices per Section 62-13-16 of the PUA;

8) Bid Certification: Proposals must include a completed Bid Certification Bid Form (Attachment C or BT Attachment C) stating that Respondent has obtained all necessary internal approvals and is authorized to submit the Proposal;

9) Applicable Law: Proposals must comply with all applicable federal, state and local laws;

10) Bid Currency: All prices in the Proposal and pricing forms must be quoted in nominal U.S. dollars in the year to be incurred;

11) Commercially Proven Technology: Technologies proposed must be commercially available and commercially operating at the size and scale proposed;

12) New Mexico Contractor's License: Respondents offering projects under a Build-Transfer contracting structure must have and must include in the proposal, a valid New Mexico Construction Industries Division contractor's license, in the name of the Respondent submitting the proposal. The license must be valid as of the time that the Proposal was submitted in response to this RFP;

13) Investment Grade Qualification: Respondents must either have an investment grade rating (S&P BBB- or above; Moody's Baa3 or above) or have sufficient equity security to cover Respondent's anticipated delivery obligations under any agreement entered into as a result of this RFP process. Respondents that are unable to balance sheet finance the proposed project must provide evidence of a good faith commitment from a credit support provider or guarantor in the form of a financial institution or lender;

14) Complete Proposal: Proposals shall include completed (or reasonably completed) bid forms and supplemental information that allow the RFP evaluation team to fully evaluate the Proposal;

15) Fixed Priced Bids / Bid Validity: Proposals must be firm, fixed price and not subject to escalation or change for a period of 24 months after submittal (through May 14, 2027). Should the price change within this time period, the Proposal will be excluded from further consideration within this RFP. Within the 24 month time period, for the Proposals selected, it is expected that a contract would be executed within 10 months after Proposal submittal and a full notice to proceed would be expected within 24 months after Proposal submittal. The firm, fixed pricing shall remain valid if the full notice to proceed is received within 24 months after Proposal submittal. To the extent that a contract is executed and a full notice to proceed is not received within this time period, the validity of the Proposal pricing will be addressed in accordance with the terms of the applicable form agreement. Respondents must provide a confirmation that the Respondent is willing to guarantee that the resource will be able to achieve the quoted Guaranteed Start Date assuming the receipt of both a full notice to proceed

from PNM and a final, non-appealable, approval of the Project from the New Mexico Public Regulation Commission ("Commission" or "NMPRC") within the 24 month period previously identified. For clarity, a full notice to proceed from PNM will require that the Commission has issued a final, non-appealable approval of the Project. If a later date is possible with the same firm, fixed price, Respondent shall identify the latest date by which the Respondent must have a full notice to proceed from PNM and a final, non-appealable approval from the NMPRC to initiate project procurement, project construction, and ongoing electrical interconnection activities;

16) Commercial Terms: Proposals must include a completed version of the Commercial Term Summary Bid Form (included for applicable Proposals in Attachments D-1, D-2, and D-4 or BT Attachment J), Minimum Requirements Checklist (Attachment B or BT Attachment B), and redline to the applicable form agreement(s) included with the RFP (Appendices H through K, as applicable);

17) LGIA Status

- *PNM Interconnect*: Projects interconnecting directly to PNM's transmission system must be active within PNM's Generator Interconnection Queue in or before Cluster 17[1]. Projects in any interconnection cluster after Cluster 17 will be subject to an assessment by PNM of the viability of the quoted Guaranteed Start Date on a case-by-case basis. Respondents may propose resources constructed behind an existing transmission interconnection such that new interconnection facilities are not required and the existing interconnection capacity can be more fully utilized and firmed;
- *Third Party Interconnect*: Projects interconnecting to transmission systems external to PNM's transmission system shall provide justification or documentation from the entity owning, controlling, or operating the facilities used by the proposed project for the transmission of electric energy and providing transmission service under the Open Access Transmission Tariff ("Transmission Provider") validating that all required work to incorporate resources, such as required outages, can be completed in time to support the identified Guaranteed Start Date on a firm transmission basis;

18) Transmission Deliverability: To the extent applicable to the Proposal offered, provide proof that the quoted capacity can be delivered via the electric transmission system to PNM's load (including documentation demonstrating that either (i) firm transmission service is available or (ii) a viable plan for firm transmission service to enable the delivery of energy to PNM's load is in place) with a copy of any associated agreements included in the Proposal. Proposals must account for delivery to PNM's system at one of the following locations:

- Albuquerque and Rio Rancho Load Center;
- South of the Albuquerque Load Center (Los Lunas/Belen);
- San Juan;
- Four Corners;
- West Mesa;

[1] FERC Docket ER24-1393 was filed by PNM to incorporate changes required by FERC Order 2023 into PNM's OATT. The filing addresses interconnection request processing and timing and is pending FERC approval.

- Clines Corners;
- Zia; or
- Norton.

For example,

- Options in eastern New Mexico and in SPP shall be deliverable to one of the above;
- Options in southern New Mexico shall be deliverable to West Mesa, San Juan, or Four Corners; and
- Options in northeastern New Mexico shall de deliverable to Zia or Norton.

Wheeling capacity for power on other transmission provider(s) system shall be demonstrated as available and wheeling costs shall be the responsibility of the Respondent. Costs for wheeling shall be included in the Proposal;

19) Inclusion of Interconnection / Network Upgrade Costs:

- Proposals for resources by the Respondent must identify all costs PNM will incur as a Transmission Provider for Network Upgrades to interconnect or transfer the output of the resources beyond the point of interconnection to load. The Network Upgrade costs PNM will incur should separately identify Station Network Upgrades for interconnection from all other Network Upgrade costs. These costs must be identified regardless of whether these are initially funded by the Interconnection Customer (likely the Respondent) and later reimbursed by PNM.

- Proposals must include a clear statement that all Interconnection Facility costs whether owned by the Interconnection Customer or PNM are embedded in the proposal pricing. This is to ensure that the Respondent clearly understands the difference between Network Upgrade costs borne by PNM and Interconnection Facility Costs borne by the Interconnection Customer. PNM Large Generator Interconnection Agreements define Interconnection Facility costs as Interconnection Customer Interconnection Facilities ("ICIF") and Transmission Provider Interconnection Facilities ("TPIF"). The portion of Interconnection Costs owned by PNM (TPIF) must be specified.

- If Respondent is interconnecting to PNM's system and does not have an interconnection study that identifies the required Network Upgrade costs, this must be clearly stated in the Proposal. Any Interconnection Facility costs or Network Upgrade costs on a non-PNM transmission system must include a clear statement that such costs are accounted for in the Proposal pricing and a description of the improvements must be provided.

- Respondent's Proposal must include an estimate of capital costs for Network Upgrade costs incurred by PNM. Respondents offering Purchase Power Agreement ("PPA"), Energy Storage Agreement ("ESA"), or Asset Purchase Agreement ("APA") offers will be responsible for identifying and obtaining all transmission arrangements, the implementation schedule, and all costs to deliver to PNM's system at the locations specified by Item 18 of this Section 1.4.1 and shall assume that PNM has no available long-term, firm transmission rights that may be re-directed or used for delivery of this project to load. Costs

proposed for all PPA and ESA resources must include electrical interconnection costs, third-party wheeling fees, fuel, and other utility costs if applicable. Interconnection Facility and Network Upgrade costs must be identified as indicated in the previous paragraph. Respondent's Proposal must include estimated costs.

20) No Stand-alone Solar or Coal-Fired Generation: Stand-alone solar projects and projects fueled with coal will not be considered. Solar generation must be offered with a capacity-firming component;

21) United States Experience: Respondents must have successful and completed experience within the United States with projects of the same technology at a total installed capacity of all projects of at least twice the capacity proposed in response to the RFP. If the Respondent is a special purpose entity established solely for the proposed resource, this requirement may be satisfied by the special purpose entity's parent company and its subsidiaries;

22) Respondent Technology Experience: Respondents must have completed at least one successful project with the technology and in the project structure/role proposed under this RFP at a scale that is at least 75% of the size and scale proposed;

23) Prior Contract Default: Respondent shall not have defaulted on an executed contract with PNM within the past 5 years;

24) Timeline for Posting of Development Security: Respondents must be willing to post Development Security, at the amount identified in the applicable form agreement (See Section 4.3 and Appendices H through K), within 90 days of execution of a final definitive agreement resulting from the RFP process ("Agreement") or within 10 business days of an LNTP for the LNTP value and upon FNTP for the Contract Value for BT Proposals;

25) Project Schedule: Proposals must include a credible critical path, Gantt chart, implementation schedule with a minimum of 25 activities (including permitting, electrical interconnection, and land control measures) fully representing the sequence of events and key project implementation milestones required to deliver new capacity by the Guaranteed Start Date proposed;

26) Identification of Tax Incentive Reliance: Proposals must identify all federal, state, tribal, and local tax incentives (PTCs, ITCs, PILOT, IRBs, etc.) relied upon for the firm price Proposal and Proposals shall not be based upon assumptions of potential future tax incentives, financing approaches, tariffs, or other cost or schedule influencing factors not defined or in-place at the time of submitting the Proposal unless the Respondent is willing to accept the risk of not receiving these incentives. Proposals considering PPA and ESA structures must be based on the Respondent retaining all risk associated with federal tax credit qualification including any associated price and schedule impacts;

27) Technology Tariff Considerations: Proposals must identify the applicable governmental tariffs and duties accounted for in the proposed pricing. Proposals shall also identify any known and pending tariffs and duties that are not accounted for in the proposed pricing. If such tariffs and duties are not accounted for, the Respondent shall identify

alternative pricing that addresses these extra costs or shall identify the proposed methodology for accounting for these costs within this RFP process;

28) Taxes: Proposals must include all taxes and contributions for unemployment insurance, old age retirement benefits, pensions, annuities, and similar benefits, which may now or hereafter be imposed on Respondent by law or collective bargaining agreements with respect to persons employed by Respondent for performance of the Services. Respondent is responsible for all New Mexico Gross Receipts taxes incurred in the performance of the project. If performance of services by Respondent takes place on tribal land, Respondent will comply with applicable state and tribal laws governing the reporting and payment of New Mexico Gross Receipts Tax on those transactions. Respondent must provide a clear description and break-out of these taxes in the Proposal. See Section 4.3 for PNM's interpretation of the applicability of New Mexico Gross Receipts Tax (NMGRT) to proposed projects;

29) Automatic Generation Control: Except when maximum dispatch may be limited by the availability of a renewable energy source, Projects shall be fully dispatchable by PNM, including intra-hour dispatch changes, and be able to operate under automatic generation control (AGC) with the ability to respond to dispatch and disconnection signals that originate remotely from PNM operations centers;

30) Use of PNM Sites: Due to the associated risk of liabilities (e.g. health, safety, environmental), North American Electric Reliability Corporation ("NERC") and Western Electricity Coordinating Council ("WECC") security requirements, and the associated complications with having a third-party owner/operator on a PNM-controlled site, Respondents shall not offer PPA or ESA Proposals on existing PNM controlled locations;

31) Proof of Site Control: The Proposal must provide proof of site control of the required land for the project and off-site infrastructure via (i) a title to the site, (ii) an executed lease agreement, (iii) an executed easement, or (iv) an executed option agreement applicable to at least 75 percent of the necessary land;

32) NEPA Permitting: If applicable, the Proposal must provide proof that all National Environmental Policy Act ("NEPA") permitting, approval from the applicable federal agency, or approval from a tribal authority is completed and in-hand or must provide documentation regarding the current status and ability to complete these activities per the proposed project schedule;

33) Ambient Conditions: Proposed projects must be designed for and capable of both full load and idle operation over an ambient temperature range of -20°F to 110°F with the full range of relative humidity; and

34) Technical Specifications: All Respondents must provide a comprehensive Proposal that complies with the Technical Specifications included in Appendix L as applicable to the technology proposed. No alterations to these Technical Specifications will be accepted.

1.4.2 Minimum Requirements Applicable to APA Proposals

1) Tax Treatment: All APA Proposals must provide a description of the proposed transaction from a tax perspective, including whether the Respondent plans to sell a

limited liability company ("LLC") or assets, which could have tax implications for PNM; and

2) Interconnection Costs: Costs proposed for all APA resources must include all electrical interconnection, fuel, and other utility costs, as applicable. Respondent's Proposal must include firm, not to exceed, interconnection costs.

1.5 RFP PROCESS OVERVIEW

1.5.1 Announcement and Release

The RFP was released on December 30, 2024, followed by a press release. This Instructions to Bidders document is provided as a non-confidential document on the PNM websites identified below:

- https://bids.sciquest.com/apps/Router/PublicEvent?CustomerOrg=PNMResources
- https://www.pnm.com/rfp

Interested parties are required to execute a non-negotiable, non-disclosure agreement ("NDA") in order to receive additional Bid Documents. As used in this RFP, "Bid Documents" include all documents comprising this RFP, including but not limited to all design documents, technical specifications, and other appended or related data, all as may be amended or supplemented from time-to-time.

In order to efficiently administer this RFP for 2029 to 2032 Resources, the RFP is structured within the on-line Jaggaer procurement platform which can be accessed at the PNM websites identified above. By logging in and clicking the "Accept" button in the NDA section of the applicable Jaggaer RFP module, Respondent understands, acknowledges, and agrees to be bound by the NDA. Access to the Bid Documents will be granted upon acceptance of the NDA. All non-public and proprietary information communicated by PNM, including but not limited to information related to existing PNM site infrastructure and system security shall be considered as confidential information under the NDA unless it is specifically designated as non-proprietary and non-confidential.

1.5.2 Supplier Code of Conduct

PNM seeks to engage suppliers that conduct their business in compliance with all laws, rules and regulations and share like-minded core values. PNM recognizes and understands that suppliers are independent entities; however, the business practices and actions of a vendor may impact or reflect upon PNM. To help you understand the expectations for our business relationship, the Supplier Code of Conduct ("Code") has been established to provide guidance on what is expected from your team. Respondents are required to acknowledge and must agree to comply with PNM's Supplier Code of Conduct. Suppliers are expected to fully review this code via our website[2] prior to responding to this RFP.

By logging in and clicking the "Accept" button in the Code of Conduct Pre-requisites section of the applicable Jaggaer RFP module, Respondent understands, acknowledges, and agrees to be bound by the Supplier Code of Conduct and is acknowledging that it is Respondent's responsibility to ensure that your workforce, agents, and subcontractors understand and

[2] https://www.pnmresources.com/esg-commitment/esg-reporting-and-disclosures/data-and-policy-download.aspx

comply with the standards established in this code. Access to the Bid Documents will be withheld until the Respondent's acceptance of the Code of Conduct.

1.5.3 RFP Sourcing Platform

The RFP event is structured as two different modules within the on-line Jaggaer procurement platform including the "2029-2032 Generation Resources RFP-Market" module for market Proposals and the "2029-2032 Generation Resources RFP-BT" module for BT Proposals. For the purpose of this RFP, "Market" Proposals are considered to be Proposals for resources offered under PPA, ESA, Asset Purchase, or Demand-Side program structures. The RFP event includes a description of the request, an outline of the solicitation process, relevant dates, contact information, and Proposal submission requirements. All Proposals submitted in response to this RFP must be submitted by accessing the pertinent RFP module.

Respondent interface with the Jaggaer system is briefly summarized as follows:

- Respondent must access the RFP module that it is interested in providing a response for and acknowledge the NDA and the Supplier Code of Conduct prior to obtaining access to all of the Bid Documents.
    - All Respondents offering market Proposals must request access to and communicate via the "2029-2032 Generation Resources RFP-Market" module.
    - BT Respondents must request access to and communicate via the "2029-2032 Generation Resources RFP-BT" module.
- Once access is granted to the RFP event, all Bid Documents provided by PNM can be found under "Settings and Content" in the "Buyer Attachments" folder.
- All Respondent communications and notifications must be submitted to PNM as a private message utilizing the option "Ask a Question" under "Submit Question" of the applicable RFP module's Q&A Board unless otherwise indicated by PNM's Supply Chain Sourcing Team.
- PNM will respond to all Respondent questions and notifications in accordance with Section 5.1.2.
- Respondents must submit their full Proposal by the Proposal Due Date (defined in Section 5.2) under "Settings and Content" and in the "Vendor Attachments" folder. Respondent must click on "Submit" to fully transfer the Proposal's documents and make them retrievable by PNM. **Not being in "Submitted status" on or prior to the event closure date (Proposal Due Date), will prevent PNM from communicating via the Q&A Board.** If Respondent is mistakenly in submitted status, Respondent can withdraw their status and resubmit when ready to proceed prior to the event closure date.

Respondents must comply with the above and follow the additional instructions provided herein in the preparation and submittal of their Proposals.

1.5.4 Proposal Development

The Proposal development cycle ("Proposal Development Cycle") is the one-hundred thirty-five (135) day time-period from when the RFP is released until the Proposal Due Date.

Respondents are invited to submit Proposals for multiple Guaranteed Start Dates. A separate Proposal document with pricing specific to each quoted Guaranteed Start Date will be required to be submitted. Note that Proposals submitted for an early Guaranteed Start Date will not automatically be considered for a later Guaranteed Start Date unless a Proposal document is separately submitted for such later date.

While assembling Proposals, Respondents are allowed to ask questions in accordance with the communications protocols in Section 5.1 and participate in a virtual pre-bid conference.

1.5.5 Regulatory Compliance

This RFP is being conducted in compliance with New Mexico statutory and regulatory supply resource procurement requirements and guidelines, including compliance with the IRP Rule, PUA, and REA.

Furthermore, PNM has established a Governance for Competitive Bid Processes document to which PNM employees and consultants involved with the RFP process are signatory. This governance document included in Appendix M establishes strict guidelines under which communications and access to information are restricted. As further discussed in Appendix D – RFP Roles and Responsibilities, there is a strict division in PNM's RFP team in that the technical evaluation team will be separated into one team supporting the assessment and evaluation of the BT Proposals and the other team being dedicated to all other Proposals submitted under the RFP "Market" event module. These teams will not be involved in or be aware of any other Proposals not submitted under their respective RFP event module.

Additional regulatory considerations are discussed throughout this RFP.

PART 2 – COMPLIANCE WITH LAW

PNM will only evaluate resources that meet applicable local, state, and federal rules and regulations. PNM's selection of resources will specifically consider the ability of those resources to allow PNM to comply with the provisions of the PUA and the REA in a reliable and cost-effective manner. Amongst other requirements identified herein, selection of resources from this RFP will consider the following, as outlined below.

2.1 IRP RULE

In 2022, the NMPRC adopted an updated version of Rule 17.7.3 NMAC, the IRP Rule, that establishes requirements for the resource planning process of investor-owned utilities in New Mexico. This amended rule has resulted in several material changes to the IRP planning process and the subsequent RFP procurement process. This RFP is being implemented in compliance with the IRP Rule as well as the NMPRC monitoring provisions and the timelines set forth therein. The IRP Rule can be found at the following link:

https://www.srca.nm.gov/parts/title17/17.007.0003.html

2.2 LICENSING

Each Respondent must ensure that its Proposal is in full compliance with all applicable Federal, State and local laws, rules, regulations or other requirements. It is the obligation of Respondent to determine whether a contractor's license is required to submit a Proposal and/or to complete any part of the work in connection with the project ("Work"). If a license is required to submit a Proposal, Respondent must ensure that the license is issued in Respondent's name and that Respondent is in possession of such license at the time it submits its Proposal. Proposals for build-transfer ("BT") projects must include copies of required license(s) in the Proposal submittal. Additional information regarding contractor's licensing requirements for construction of the project may be obtained from the New Mexico Construction Industries Division - http://www.rld.state.nm.us/construction/.

It is the obligation of Respondent to determine whether a professional engineering license in one or more disciplines is required to perform the Work and to ensure that Respondent is in

possession of such license at the time it submits its Proposal. See NMAC Rule 16.39.3.12. See also, generally, NMSA 1978, Sections 61-23-1 through 61-23-24 and NMAC Title 16, Chapter 39, Part 3. Additional information may be obtained directly from the New Mexico Board of Licensure for Professional Engineers and Professional Surveyors - http://www.sblpes.state.nm.us.

2.3 HIRING OF APPRENTICES

Section 62-13-16 of the PUA requires that, subject to the availability of qualified applicants, the construction of facilities that generate electricity for New Mexico retail customers shall employ apprentices from an apprenticeship program during the construction phase of the project. Successful Respondents must comply with this requirement at a minimum level of seventeen and one-half percent (17.5%) for projects for which on-site construction commences between January 1, 2024 and January 1, 2026 and twenty-five percent (25%) for projects for which on-site construction commences on or after January 1, 2026. Any apprenticeship program relied upon for sourcing the apprentices shall be registered pursuant to the Apprenticeship Assistance Act. Respondents shall identify in Attachment J or BT Attachment G, as applicable, the extent to which they advertised or investigated the availability of qualified apprentices and the extent to which they shall be employed.

2.4 PREFERENCE FOR NEW MEXICO WORKERS

PNM promotes and encourages the use of workers residing in New Mexico to the greatest extent practicable and PNM will take the use of New Mexico workers into consideration in evaluating Proposals. Respondents shall identify the extent to which they anticipate use of New Mexico workers, shall submit with their Proposal the percentage of New Mexico workers anticipated to be used, and shall identify what assurances are being provided to maximize this percentage during the actual construction period. Respondents shall identify the extent to which they advertised or investigated the availability of qualified local labor resources and services as well as the extent to which they shall be applied to the proposed project in Attachment J or BT Attachment G, as applicable.

2.5 PREFERENCE FOR NEW MEXICO MINORITY AND WOMAN-OWNED BUSINESSES

To the greatest extent practicable, PNM promotes and encourages the use of minority and woman-owned businesses located in New Mexico in all efforts to procure goods and services. PNM will take the use of minority and woman-owned New Mexico businesses into consideration in evaluating Proposals. Respondents shall identify in Attachment J or BT Attachment G, as applicable, the extent to which they anticipate use of minority and woman-owned New Mexico businesses and shall submit with their Proposal the percentage of the contract value that will be contracted to minority and woman-owned New Mexico businesses.

2.6 SUPPLIER RISK SECURITY SCREENING

Respondents are required to ensure that equipment, firmware, software, or any component thereof, including the associated country of origin, quoted or proposed to PNM under this RFP is not prohibited by State or Federal law, regulation, or order. The Supplier Risk Security Screening Questions included in the mandatory "Questions" section of the RFP modules "2029-2032 Generation Resources RFP-Market" and "2029-2032 Generation Resources RFP-BT" will serve to eliminate high risk vendors from consideration in the RFP process. If Respondent answers 'YES' to questions 1 or 2, no further consideration will be given. If Respondent answers 'YES' to question 3, risk will be assessed and may result in disqualification of consideration. If Respondent answers 'NO' to questions 4-9, no further consideration will be given unless Respondent provides evidence or attestation of plans to remediate such deficiencies.

PART 3 - ELIGIBLE PROPOSALS

The following types of Proposals are eligible for consideration under this RFP:

- Proposals to sell energy, capacity, and/or ancillary services, under a power purchase agreement ("PPA") or under an energy storage agreement ("ESA") without an option to purchase the facility. PPA and ESA Proposals must utilize facilities located on a site controlled by the Respondent;
- Proposals to sell all or a portion of a generating asset under an asset purchase agreement ("APA") with rights to all capacity, energy, renewable energy certificates ("RECs"), and all other physical, financial, environmental, or other attributes associated with the asset;
- Proposals for build-transfer ("BT") projects on a site controlled by PNM, as described in Section 4.5. For a BT Proposal to be considered, the Respondent must submit proof of having a valid contractor's license in accordance with the New Mexico Construction Industries Division. Such license must be in the name of the Respondent and must be valid as of the time that the Proposal was submitted in response to this RFP (see Section 2.2 Licensing for further detail); and
- Proposals for demand-side resources ("DSR") sourced from PNM retail customer load as long as the offering meets the dispatchability, savings and other requirements identified herein. Appendix F – PNM Customers and DSM Program Participants provides an overview of PNM's customer profile as well as those customers already participating in PNM's existing DSR programs.

PART 4 – PROPOSAL CONTENT REQUIREMENTS AND SUBMISSION PROCEDURE

4.1 GENERAL

All Proposals must satisfy eligibility requirements set forth in the RFP and be submitted in accordance with this Instructions to Bidders to be considered for evaluation.

4.2 "BID DOCUMENTS"

The Bid Documents are complementary, and the Respondent must consider anything specified by one and not by the others as binding as though specified by all. In the case of a conflict between the various specification sections and/or the drawings and any supplemental information, the stricter interpretation as determined by PNM will govern.

4.3 REQUIREMENTS APPLICABLE TO ALL PROPOSALS

The following requirements apply to all Proposals. Additional requirements applicable to Proposals for specific project types are included in subsequent sections of this Part 4.

- Proposals must be submitted in a form consistent with Appendix E – Proposal Format and Contents of this Instructions to Bidders.
- Respondents are requested to identify the earliest achievable Guaranteed Start Date for the project(s) offered.
- Respondents are required to submit a base bid for a contract term duration ranging from a minimum of ten (10) years to a maximum of twenty (20) years at the Respondent's discretion. After submittal of a base bid, Respondents may also offer alternative bid(s) with a contract term of up to thirty (30) years. For hybrid project

Proposals, the quoted contract term for both components of the hybrid resource shall be of an equivalent duration.

- Proposals must include all applicable taxes (i.e. New Mexico Gross Receipts Tax), licenses, fees, etc. Respondent must provide a clear description and break-out of these taxes, licenses, fees, etc. in the Proposal. For clarity, the following is PNM's interpretation of the applicability of New Mexico Gross Receipts Tax ("NMGRT") to proposed projects. Respondents should confirm the applicability of NMGRT with their tax counsel prior to submitting a Proposal.

  (i) NMGRT is generally applicable to the tangible project property as well as the labor and services to construct and operate the project.

  (ii) If the Respondent is financing the proposed project via an Industrial Revenue Bond ("IRB") or similar arrangement, the IRB could avoid NMGRT on the procurement of tangible facility assets. However, NMGRT would still be applicable to the labor and services to construct and operate the project.

  (iii) PNM will pursue a Non-Taxable Transaction Certificate ("NTTC") for all PPA Proposals offering renewable energy (solar or wind) for re-sale. In this instance, NMGRT will not be applicable to the energy sales from the project but will still apply to the tangible project property as well as the labor and services to construct and operate the project. Note that NTTCs will not be applicable to ESAs or the energy storage component of a hybrid renewable and energy storage project.

  (iv) PNM will apply NMGRT to the energy sales from all projects except for those renewable projects for which PNM will obtain an NTTC. As PNM will account for these NMGRT costs, Respondents are requested to not include NMGRT on the energy sales in the pricing quoted.

- A Respondent must provide its base Proposal and pricing based upon the applicable contract terms and conditions identified in Appendices H through K. If Respondent identifies any changes to the standard contract that would result in savings for its Proposal, Respondent may issue an alternative Proposal and pricing based upon Respondent's suggested modifications. For this alternative Proposal, Respondent shall be required to provide its comments to the standard terms and conditions with the RFP response in the form of redlines to the applicable form agreement or term sheet. Table 2 summarizes the form agreement(s) applicable to varying Proposal types:

Table 2. Form Agreement Directory

Proposal Type	Applicable Form Agreement(s)
Wind PPA	Appendix H-2 – Wind PPA Form Agreement
Hybrid Wind and Energy Storage Project PPA/ESA	Appendix H-2 – Wind PPA Form Agreement and Appendix I-2 – Hybrid ESA Form Agreement
Hybrid Solar and Energy Storage Project PPA/ESA	Appendix H-1 – Solar PPA Form Agreement and Appendix I-2 – Hybrid ESA Form Agreement
Stand-Alone Energy Storage Agreement	Appendix I-1 – Stand-Alone ESA Form Agreement
Natural Gas / Thermal PPA	Appendix H-3 – Natural Gas Facility PPA Term Sheet
Hybrid Solar and Energy Storage Build-Transfer Project	Appendix J-1 – Solar / ESS BT Form Agreement

Natural Gas or Thermal Build-Transfer Project	Appendix J-2 – Gas / Thermal BT Form Agreement
Asset Purchase	Appendix K-1 – APA Term Sheet
Demand-Side Resource Program	Appendix K-2 – DSR Form Services Agreement to be supplemented with Respondent's additional commercial terms

- If a Respondent is offering a Proposal for a technology for which a form agreement or term sheet is not included in Appendices H through K, such Respondent should contact PNM via the applicable RFP module Q&A board to obtain guidance on either (i) which form agreement / contract structure to assume for the Proposal or (ii) how to proceed with the presentation of applicable terms and conditions.
- Respondents offering a DSR Proposal shall submit supplemental terms and conditions (including but not limited to necessary definitions, milestones, deliverables, performance, guarantees, penalties, and conditions of default) as required to supplement PNM's standard Services Agreement included in Appendix K-2.
- Respondents must identify their willingness to provide the amounts of Development Security and Delivery Term Security for PPA, ESA, and DSR offers, or Performance Bond for BT offers identified within the applicable form agreement from Appendices H through K and as summarized as follows:

  PPAs and ESAs:

  Development Security: $100,000 per MW of Guaranteed Capacity

  Delivery Term Security: $125,000 per MW of Guaranteed Capacity

  DSR Agreements:

  Performance Security: 16% of Contractor's gross revenue expected over the term of the Agreement

  BT Agreements:

  Performance Bond: 100% of the Contract Price

  Warranty Bond: 10% of the Contract Price

  Compliance with these security requirements shall be indicated via submittal of the redline to the applicable form agreement or term sheet as well as indication of such amount of security in the Commercial Terms tab of the applicable Attachment D or BT Attachment J Bid Form. The amount of security requested in the form agreements is consistent with previously executed agreements, is required to ensure the commitment of the Respondent in its intent to deliver the project and is required to protect PNM and its ratepayers in the case that the Respondent fails to deliver or fails to perform under the executed Agreement. It provides a dedicated allocation of funds to cover damages due under the agreement and/or to procure replacement energy or capacity for an interim period of time in the case that the Respondent defaults or is delayed in its performance.
- Proposals must comply with the requirements of Appendix G to this RFP regarding the design of the Supervisory Control and Data Acquisition ("SCADA") system, with scope adjustments as applicable to the type of resource and contracting structure

proposed. This Appendix will be incorporated as an Exhibit to the executed contract and Respondents must provide proposed redlines to the requirements outlined therein.

- Proposals must include all costs of shipping and related expenses associated with the Respondent's work scope.
- Proposals must identify assumed insurance types and levels.
- Proposals that culminate in a successful project will be required to obtain appropriate registration for all applicable NERC functions and must operate equipment within applicable NERC Standards.
- Proposals must clearly identify the environmental characteristics of the project including emissions rates, land quantities and landowner status (public, private, native, or otherwise protected), right-of-way and site acquisition status, environmental assessments and studies completed or anticipated and potential impacts on biological, geological and archeological resources, environmental permits acquired or anticipated, and other environmental-related factors. For solar and wind proposals: identify how construction and ongoing site/vegetation management will limit impacts to topsoil and native vegetation including any plans to ensure pollinator habitat and biodiversity, and avian protection plans.
- Proposals must include a United States Environmental Protection Agency ("EPA") EJScreen report with accompanying plan for stakeholder engagement and must identify how the Proposal will address any environmental justice considerations regarding the proposed project, specifically regarding the fair treatment and meaningful involvement of all people, regardless of race, color, national origin or income and with respect to environmental laws, regulations, and policies.

4.4 ADDITIONAL REQUIREMENTS FOR PPA AND ESA PROPOSALS

- Proposals must demonstrate credit support as defined in Section 4.7 or collateral value sufficient to provide surety of contract performance over the full Agreement term. Acceptable methods of surety, in the reasonable discretion of PNM, include (a) cash, (b) a letter of credit in a form reasonably acceptable to PNM issued by a U.S. bank or a U.S. branch of a foreign bank with credit ratings by both Standard & Poor's Ratings Group ("S&P") and Moody's Investor Services, Inc. ("Moody's") of at least A- and A3, respectively and at least Ten Billion Dollars ($10,000,000,000) in U.S.-based assets, (c) a Respondent guaranty from a Respondent guarantor, (d) a Surety Bond in a form reasonably acceptable to PNM, or (e) other security as may be reasonably acceptable to PNM.
- PNM has a preference for PPA and ESA Proposals that do not subject PNM to any accounting or tax treatment that results from imputed debt, minimum payment commitments, or lease treatment. However, PNM understands that some contracting structures will result in the consideration of the Agreement as a lease under the Financial Accounting Standards Board ("FASB") ASC 842 lease accounting standard, which may result in imputed debt in the calculation of PNM's credit metrics by the rating agencies. As such, Respondents are requested to take the following measures when responding to this RFP:

    - Respondents are requested to provide pricing for renewable energy resources on an energy pricing basis (i.e. $/MWh) for energy delivered to PNM;

- Respondents offering energy storage projects are requested to offer pricing on a variable, available hour basis. With this structure, PNM will pay a monthly payment determined as the energy storage system capacity (in MW) multiplied by an energy storage payment rate (i.e. $/MWh) further multiplied by the energy storage system available hours during that month. With this structure, the monthly payment will vary with the actual energy storage system availability in each month. The pricing structure is further detailed in RFP Appendices I-1 and I-2. This variable pricing structure shall not be tied to a "minimum take" or fixed quantity of energy.

4.5 ADDITIONAL REQUIREMENTS FOR BT PROPOSALS

Respondents offering BT Proposals and requesting access via a private Vendor "question" in the Q&A Board to the "2029-2032 Generation Resources RFP-BT" RFP module will be granted access to data regarding site characteristics for PNM controlled sites. BT Respondents are encouraged to provide Proposals at these sites for the resource types as noted below in Table 3. BT Respondents shall assume that natural gas interconnection and delivery to the project site, as applicable, electrical interconnection, and other required utilities will be provided by PNM at its cost. Respondents must clearly state natural gas, electrical interconnection, and other utility requirements in their Proposal.

BT Proposal information including site infrastructure information, site electrical and fuel interconnection capabilities, and PNM's list of Approved Vendors are included in Appendix N to this RFP. All BT Respondent communications, including additional technical clarifications requested prior to Proposal submittal shall be submitted via the Q&A Board in the "2029-2032 Generation Resources RFP-BT" RFP module. All such communications will then be addressed and responded to by the RFP Administration Team within that same RFP module, as required, for details and inquiries regarding available sites and technical requirements.

Proposals received from BT Respondents will be evaluated on equal footing with other Proposals. BT Respondents will be required to provide detailed information regarding the specifics of engineering and constructing an addition to an existing PNM plant or location. For a BT Proposal at a PNM-controlled site, Respondent will be responsible for ensuring that the Proposal will satisfy the existing site permits and electrical interconnection limitations.

Table 3 provides the acceptable technology applications at each of the available PNM controlled sites based upon existing site characteristics and infrastructure.

Table 3. Available BT Sites and Indicative Capacities

BT Site Options with Available Capacity	
- San Juan Generating Station	95.6 MW – Solar / Energy Storage
- San Juan Generating Station	236 MW – Thermal and/or Energy Storage
- La Luz Generating Station	40 MW – Thermal and/or Energy Storage
- Reeves Generating Station	240 MW – Thermal and/or Energy Storage
- Reeves Generating Station	100 MW – Energy Storage
- Algodones Generating Station	50 MW – Energy Storage

4.6 REQUIRED APPROVALS

Each Proposal must state that Respondent has obtained all necessary internal approvals prior to the submission of the Proposal. All Proposals must be signed as follows:

- Corporations: Signature of officer must be accompanied by a certified copy of the resolution of the board of directors authorizing the individual signing to bind the corporation.
- Partnerships: Signature of one partner must be accompanied by a certified copy of the power of attorney authorizing the individual signing to bind all partners. If a certified copy of the partnership's certificate submitted with the Proposal indicates that all partners have signed, no authorization is required.
- Joint Ventures: Signature by one of the joint venture parties accompanied by a certified copy of the power of attorney authorizing the individual signing to bind all the joint venture parties. If a certified copy of the joint venture party's certificate submitted with the Proposal indicates that all joint venture parties have signed, no authorization is required.

4.7 CREDIT REQUIREMENTS

The Respondent must be able to satisfy PNM's credit standards to ensure the Respondent has adequate financial capability. PNM requires qualified Respondents to either have an investment grade rating (S&P BBB- or above; Moody's Baa3 or above) or have sufficient equity security to cover Respondent's anticipated delivery obligations under any agreement entered into as a result of this RFP process. PNM will utilize the lower of the published credit ratings from S&P or Moody's for long-term senior unsecured debt to determine a Respondent's credit rating. PNM may also consider credit rating by other credit rating agencies serving the U.S. market. If Respondent is unable to satisfy the foregoing credit standards, Respondent may designate a credit support provider / guarantor, and if the credit support provider / guarantor is satisfactory to PNM, the Respondent will be deemed to have satisfied PNM's credit standards. The quality of credit of the proposed credit support provider / guarantor will be evaluated under the same standards as that of the Respondent.

Execution of a final, definitive agreement under this RFP will be conditional upon full satisfaction of PNM's credit support requirements. PNM reserves the right to impose additional credit standards and to review and evaluate the quality of credit of each Respondent and credit support provider/guarantor and to make adjustments, as necessary, in the application of the foregoing standards.

4.8 COST OF BIDDING

Respondent will bear all costs associated with the preparation and submission of its Proposal. Neither PNM, nor its parent company or affiliates, nor any agent of PNM will be responsible or liable for any costs, regardless of the cost or outcome of the bidding process.

4.9 BID SUBMISSION FEE

A non-refundable bid submission fee must accompany each Proposal in order to qualify the Proposal for consideration. The bid submission fee will be $10,000 for each Proposal in response to the RFP.

The quantity of Proposals and associated bid fees will be determined based upon the following, each of which will be considered as a separate Proposal:

- Proposals for projects at different locations;

- Proposals for projects of different technology types or technology combinations;
- Proposals for projects with different contracting structures (e.g. PPA, ESA, DSR, APA, BT).

Proposals for projects with variations in the following factors will not be considered to be separate Proposals and will not require an additional bid submission fee. However, Respondents shall be limited to no more than eight (8) proposal variations for each bid submission fee paid;

- Guaranteed Start Dates
- Pricing structures
- Project capacity/sizing

Bid submission fee examples are as follows:

1) An RFP response that offers a solar/battery energy storage hybrid solution, a stand-alone wind, and a stand-alone battery energy storage offer under a PPA contracting structure will require a bid submission fee of $30,000 based upon three individual technology offers being proposed.
2) An RFP response that offers a DSR solution with varying capacities and availability will incur a single bid submission fee of $10,000.
3) An RFP response that offers a single Proposal for a combined hybrid wind, solar, and storage solution will incur a single bid submission fee of $10,000.
4) An RFP response offering an energy storage BT project at three different sites and two different capacities at each site will incur a bid submission fee of $30,000 based upon projects being offered at three different sites.
5) An RFP response offering energy storage solutions of varying capacities, storage durations, and pricing structures, under an ESA contracting structure at a single site with two proposed Guaranteed Start Dates will incur a bid submission fee of $10,000.

The bid submission fee may be paid by certified check made out to "Public Service Company of New Mexico". Payment via Automated Clearing House ("ACH") is also accepted.

Mail bid fees to: Public Service Company of New Mexico
Attn: Division Accounting MS-ES01
2021 Gen Resources RFP
4201 Edith Blvd.
Albuquerque, NM 87107

ACH Remittance Instructions:

To be provided upon vendor registration to the RFP event.

4.10 DISCLAIMER

Respondent is responsible for examining the complete Bid Documents and any subsequently issued RFP addenda and is responsible for analyzing all RFP requirements that might in any

way affect the cost of the project or performance of any part of the Work. Failure to do so will be at the sole risk of the Respondent, and no relief will be given for errors or omissions resulting therefrom.

4.11 RESPONDENT'S REPRESENTATION

Each Respondent, by submitting a Proposal, represents that the Respondent has read and understands the Bid Documents and is familiar with the local conditions under which the Work is to be performed. Respondent further represents that it holds all licenses and permits required by applicable law to submit its Proposal and that all such licenses and permits are issued in its name.

4.12 PROPOSAL SUBMITTAL

Respondents must submit Proposals via the PNM Supply Chain Sourcing Team's RFP event as explained in Section 1.5.3. Complete Proposals, including all exhibits, forms, and fee, must be received on or before 8:00 p.m. (Mountain) on the RFP Proposal Due Date via the RFP event. All Proposals will become the property of PNM and will not be returned to the Respondent. Upon uploading the Proposal(s) to the applicable RFP module, Respondents must click the "Submitted" button, which changes the Proposal status to "Submitted," to fully transmit all of the Proposal's uploaded files and allow for its proper retrieval.

4.13 WITHDRAWAL OF PROPOSALS

Beginning at 8:00 PM on the Proposal Due Date, if a Respondent withdraws a Proposal after submitting the Proposal in response to this RFP, it will be excluded from further consideration and the Respondent shall forfeit the associated bid submission fee.

4.14 CONFIDENTIALITY AND COMPLIANCE

PNM will take reasonable precautions and use commercially reasonable efforts to protect any claimed proprietary and confidential information contained in a Proposal, provided that such information is clearly identified by the Respondent as "PROPRIETARY AND CONFIDENTIAL MATERIAL". Notwithstanding the foregoing, PNM in its sole discretion may release such information: (1) to any external contractors for the purpose of evaluating Proposals, but such contractors will be required to observe the same care with respect to disclosure as PNM; (2) to others who have a need for such information for purposes of evaluating the RFP and the Proposals, the RFP process or a final definitive Agreement, including but not limited to the Commission, its employees, staff, consultants and/or agents, and other parties, their consultants and/or agents, or in any Commission proceedings relating thereto; or (3) if PNM is requested or compelled to disclose such information (or portions thereof) (i) pursuant to subpoena or other court or administrative process, (ii) at the direction of any governmental authority with jurisdiction over PNM or the subject matter of this RFP, or (iii) as otherwise required by law. If PNM determines that the release of such information will be made under one of the circumstances set out above, PNM will provide Respondent with written notice. PNM is under no duty or requirement to Respondent to withhold such information or take legal steps to protect the information from disclosure if, in PNM's judgment, there is a need to provide it under the circumstances described above. Under no circumstances will PNM, its parent corporation or affiliates, or any of their directors, officers, management, employees, agents or contractors be liable for any damages resulting from the disclosure of Respondent's claimed proprietary and confidential information during or after the RFP process. By submitting a Proposal in response to this RFP, Respondent acknowledges and agrees to the requirements in this provision concerning confidentiality. In the event PNM uses internal, proprietary projections in its evaluation process, the resulting projections will not be shared with Respondents.

All successful parties will be required to register as necessary for all appropriate NERC registration functions commensurate with the functional role(s) played on the grid, as outlined in the NERC Rules of Procedure. Successful parties shall also comply with all applicable NERC requirements.

4.15 COLLUSION

By submitting a Proposal to PNM in response to this RFP, the Respondent represents and certifies that the prices presented in its Proposal were arrived at independently and that the Respondent has not divulged, discussed, or compared its Proposal with other Respondents or colluded in any manner whatsoever with any other Respondent or parties with respect to its Proposal or other Proposals; provided, however, that this provision is not intended to prevent multiple parties from making a joint Proposal in which the roles and responsibilities of each party are clearly delineated in the Proposal.

PART 5 – RFP PROCESS

5.1 COMMUNICATION

5.1.1 PNM Supply Chain Sourcing Team's RFP Site

All inquiries and other communications relating in any manner to this RFP will be hosted on the Q&A Board of the corresponding RFP module "2029-2032 Generation Resources RFP-Market" and/or "2029-2032 Generation Resources RFP-BT". To send a private message, inquiry, or communication to PNM's RFP team, please utilize the option "Ask a Question."

PNM makes no commitment to respond to other communications received via telephone, FAX, text messaging or other media. Additionally, Respondents may not rely on any oral representation or oral modification made by any PNM employee or agent of PNM. In order to preserve transparency in the process and to assure that all Respondents receive equal consideration, **Respondents may not contact any PNM employees or agents of PNM in regard to this RFP. Failure to comply with this requirement could result in disqualification of the corresponding Proposal. All communications are to be conducted through the RFP event.**

5.1.2 Responses to Inquiries

PNM will prepare written responses to questions received and will post the responses (without identification of the party asking the questions) in the applicable RFP module for all Respondents who accept the NDA terms and agree to comply with the Supplier Code of Conduct within the respective RFP module. Questions that are applicable to both the Market and BT modules will be shared with all Respondents. All questions must be submitted via the RFP module Q&A Board.

Questions must be formatted as follows:

- Clearly identify the specific document reference to which the question pertains, and date; and
- Clearly identify the document language or section in question.

Questions must be timely submitted in groups to allow for proper consideration and response. Questions that Respondent believes to be commercially sensitive or confidential must be

individually marked as "Confidential". Questions marked "Confidential" will not be shared with other Respondents unless PNM determines that the question is a general, non-sensitive technical or commercial question.

5.1.3 Clarification of Proposals

PNM may request clarification or additional information during the RFP evaluation process about one or more items in a Respondent's Proposal. Such requests will be sent via the respective RFP module Q&A Board to Respondents, who will be required to provide an electronic response within five (5) business days, or PNM will deem the Respondent to be non-responsive and either suspend or terminate evaluation of the Proposal. Respondents may provide an alternate point of contact to ensure a timely response to clarification questions.

5.2 SCHEDULE

The RFP process will proceed in accordance with the following schedule:

RFP SCHEDULE – ACTIVITY	DATE
RFP Released	December 30, 2024
Non-Disclosure Agreement, Supplier Code of Conduct, and RFP/Bid Documents available	(RFP/Bid Documents available after acceptance of NDA terms and Supplier Code of Conduct)
Virtual Pre-Bid Conference Registration Deadline	January 16, 2025
Pre-Bid Virtual Conference	January 22, 2025
Deadline for Questions from Respondents	April 24, 2025
Proposal Due Date & Bid Submission Fee Due *	May 14, 2025 (8:00 PM Mountain Time)
Estimated Successful Phase Two Short-List Respondents Notification	July 20, 2025
Recommended Resource Portfolio Established	September 11, 2025 (120 Days After Proposal Due Date)
Estimated Successful Respondent Notification	September 15, 2025
Estimated Agreement Execution Date	January 8, 2026
Estimated Filing for Regulatory Approval	January 12, 2026
Required Power Supply / Guaranteed Start Date	January 1 of Proposed In-Service Year or before

*** Respondents must note that the RFP Proposal Due Date is firm. No extensions to the bid process duration as noted above will be offered.**

PNM reserves the right to revise, suspend, or terminate this RFP process and any schedule related thereto at its sole discretion without liability to Respondents or any other person or entity.

Communications regarding the status of this RFP process, including any and all changes and addenda to this RFP or attendant schedules, will be made via the applicable RFP module.

5.3 PRE-BID CONFERENCE

5.3.1 Schedule

PNM will host a pre-bid conference further detailing information requested in the RFP. The pre-bid conference webinar information will be provided to Respondents participating in this RFP. Respondents are encouraged to bring any questions requiring clarification.

Date: **January 22, 2025**

Time: **1:00 PM – 2:00 PM, Mountain Time**

5.3.2 BT SITE INSPECTION

PNM will host site visits to the potential BT project sites upon request from a Respondent provided that such Respondent has acknowledged and accepted the NDA terms and conditions within the "2029-2032 Generation Resources RFP-BT" module. Such request shall be submitted to PNM's Supply Chain Sourcing Team via the "Ask a Question" option in the Q&A Board of the RFP module.

In addition to these site visits, any supplemental information provided as part of this RFP process, and examination of the Bid Documents, each BT Respondent will be solely responsible for conducting such due diligence as it deems necessary or desirable to be fully informed as to the existing and expected job site and off-site conditions and matters that might in any way affect the cost and/or the performance and completion of the Work. Any failure by Respondent to fully investigate the job site and complete its due diligence as to job site conditions will not relieve Respondent from responsibility for estimating properly the difficulty or cost of successfully performing and completing the Work.

In addition, prior to submitting its Proposal, Respondent must familiarize itself with local conditions that could affect or impact the Work in any manner whatsoever, and all requirements of applicable permits, licenses, laws, codes, rules, regulations, ordinances, statutes, labor policies, zoning, and local transportation issues. All communications with any local authorities must be coordinated through PNM.

5.4 OWNERSHIP OF BID DOCUMENTS

The Bid Documents are confidential, are the property of PNM, and are only for the purpose of Respondents' preparing and submitting a Proposal in response to this RFP. Per the RFP event NDA between Respondent and PNM, no information contained or referred to in the Bid Documents may be disclosed or released except as agreed to by PNM.

5.5 PNM RESERVATION OF RIGHTS AND DISCLAIMERS

Nothing in this RFP constitutes an offer or acceptance by PNM, and PNM hereby disclaims any intent for this RFP to constitute a binding contract between PNM and any Respondent. PNM may, and expressly reserves the right to, at any time, and from time-to-time, without prior notice and without providing an explanation or reason therefor:

- Modify, suspend, or withdraw this RFP;
- Establish a minimum and/or maximum amount of energy or capacity to be acquired under any Proposal or combination of Proposals;
- Accept or reject any or all Proposals;
- Reject incomplete or unclear Proposals or contact Respondents for purposes of Proposal clarification;
- Request changes to any Proposal, scope or general offering as may be desired by PNM or as may be necessary based on regulatory requirements;
- Determine, in its sole discretion, the value to PNM and its customers of any or all Proposals;
- Negotiate with a Respondent or Respondents after submission of a Proposal;
- Negotiate with only those Respondents whose Proposals, as PNM determines in its sole discretion, have a reasonable likelihood of being executed;
- Enter into an Agreement at any time with a Respondent who, in the opinion of PNM, will provide the most value to PNM customers;
- Contract with Respondent(s) other than the lowest price Respondent or with other than the Respondent evidencing the greatest technical ability, if PNM determines that to do so would result in the greatest value to PNM customers;
- Decline to enter into an Agreement with any Respondent and terminate negotiations with any Respondent, at any time during the process; and
- Pursue any and all other resource options available to it in the event negotiations with a Respondent or Respondents do not produce a final and fully executed Agreement satisfactory to PNM and authorized by the Commission, without material changes, for inclusion in PNM’s resource portfolio.

By way of example and not limitation, PNM may reject any Proposal that it determines, in its sole discretion:

- Does not meet the Minimum Requirements; or
- Does not include all required elements under 17.9.572 NMAC; or
- Does not provide required information in a manner that allows effective evaluation; or
- Is not economically competitive with other Proposals or, when evaluated in combination with other selected Proposals, does not meet PNM’s requirements for energy, capacity and reliable generation by the proposed Guaranteed Start Date.

Those Respondents who submit Proposals do so without legal recourse against PNM, PNM’s parent company or affiliates, and the directors, management, employees, agents or contractors of any of them, due to (1) PNM's rejection, in whole or in part, of the Respondent’s Proposal; (2) PNM’s rejection, modification, delay or withdrawal, in whole or in part, of this RFP; (3) failure to execute any Agreement; and (4) any other reason arising out of this RFP. PNM will not be liable to any Respondent or to any other party, in law or equity, for any reason whatsoever relating to PNM's acts or omissions arising out of or in connection with the RFP process.

Respondent will be liable for all of its costs, and PNM will not be responsible for any of Respondent's costs, incurred to prepare, submit, or negotiate its Proposal, a definitive Agreement or any other activity related thereto.

PART 6 – CONTRACTUAL CONSIDERATIONS

6.1 SMALL BUSINESS PLANS

PNM promotes and encourages diversity in project sourcing and encourages all Respondent's to maximize the use of small businesses, veteran-owned small businesses, service-disabled veteran-owned small businesses, HUBZone small businesses, small, disadvantaged businesses, and women-owned small business concerns to the greatest extent practical.

6.2 CONTRACTOR SAFETY PREQUALIFICATION PROGRAM

PNM has implemented a contractor prequalification process as part of its effort to continuously improve in the areas of health, safety, risk, and finance. BT Respondents who are finalists of this RFP will be required to register with ISNetworld (ISN) auditing at:

https://www.isnetworld.com

and obtain a passing safety grade prior to final award of an Agreement. PNM will notify all finalists and allow reasonable time for the registration process. Respondent is responsible for any costs associated with registration.

6.3 INSURANCE

The successful Respondent will be required to maintain, at a minimum, standard insurance coverages for Workers' Compensation; Commercial General, Employer's and Automobile liability; an Umbrella excess liability; and Cyber insurance coverage. Respondents are requested to provide evidence and level of coverage of such insurance for bidding purposes in the Proposal. Specific insurance requirements of PNM and lender's will be addressed as part of the evaluation and negotiation of the Agreement.

6.4 COMMERCIAL TERMS AND CONDITIONS

All Proposals will represent a firm offer to contract on the terms and conditions included as Appendices to this RFP. Each representation of fact and promise of future performance within a Proposal will be incorporated into the Agreement as a warranty or covenant. Any statement of fact or promise of future performance that is not intended by the Respondent as a warranty or covenant should be clearly identified.

6.5 AWARD

PNM reserves the right to reject any and all Proposals and will inform unsuccessful Respondents upon rejection of their Proposals. Prior to PNM's bid award, PNM may have discussions with Respondents whose Proposals are under consideration. Respondents may be required to travel to PNM's office or other locations for further discussions.

Negotiations arising out of the Proposals may be conducted with any or all Respondents, at PNM's sole discretion. Following the award of the Proposal, winning Respondents will be expected to enter into an Agreement addressing commercial terms and conditions. PNM will have no obligation to accept any Proposal submitted pursuant to this RFP. Whether, and on what terms, any Proposal is accepted is within PNM's sole discretion.

A Proposal will be deemed formally accepted only if and when the Agreement has been executed by a Respondent and delivered to PNM, and PNM has signed it. The effectiveness of any Agreement will be subject to certain conditions precedent, including Commission authorization. Until such conditions precedent are satisfied, none of PNM, its parent company, its subsidiaries or its other affiliates will have any obligation to any Respondent with respect to a proposed project, and following such time, the only obligations of PNM will be those set forth in the Agreement. By submitting a Proposal, each Respondent agrees that PNM (i) is under no obligation to consider or accept any Proposals made, (ii) will not be liable to any

Respondent for the selection of one Proposal in lieu of another Proposal or combination of Proposals and (iii) will not be liable for any costs incurred by any Respondent in connection with this RFP process. By submitting a Proposal, each Respondent agrees to the terms of these Instructions to Bidders and acknowledges that Respondent is relying solely upon its own independent investigation and evaluation of its proposed project.

APPENDIX A – RESOURCE CAPACITY ACCREDITATION

The ELCCs that will be used to model RFP responses in PNM's system to determine the proposals that will be awarded consider the interactive effects of solar and battery technologies on PNM's system. The graphic in Figure A-1 represents the interplay between both technologies within PNM's portfolio. For the starting level of storage, the resulting solar ELCC values are shown on the left. Conversely, the starting level for storage ELCCs based upon four-hour duration storage are shown on the right given the solar generation on the system. These ELCCs are modeled dynamically with the capacity expansion software EnCompass.

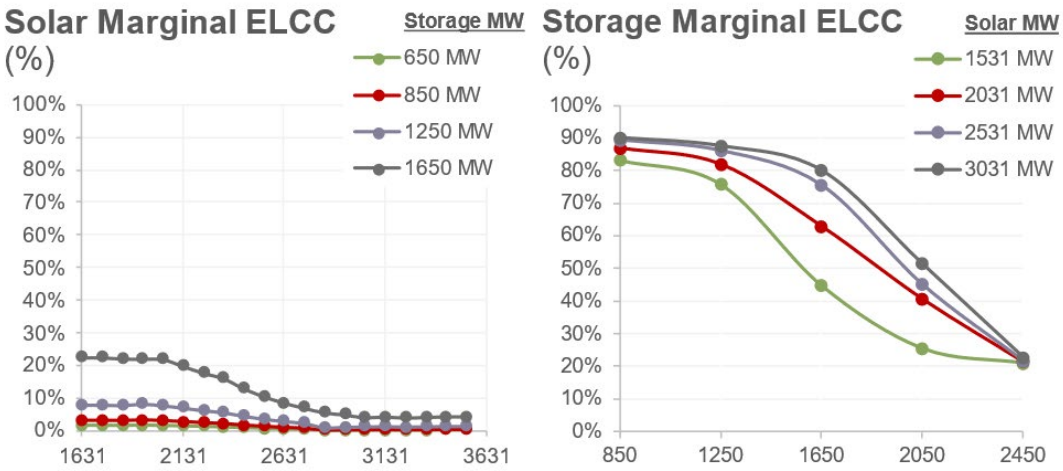


Figure A-1. Marginal ELCC Values* for Solar and Battery Energy Storage Capacity (*PNM 2023 IRP; Page 165)

For storage facilities with durations longer than four hours, for example 8-hour storage, the ELCCs for this type of resource will be sustained at higher levels as more of that resource is added to the system. See the Table A-1 below for estimated ELCC values for 8-hour storage additions as discussed in PNM's 2023 Public Advisory Group meeting. For storage durations greater than 8 hours, PNM will need to evaluate the specific technology to determine its ELCC value used in the system modeling phase of the RFP evaluation.

Table A-1. 4-hr and 8-hr ELCCs (PNM Public Advisory Meeting, January 17, 2023, Page 61)

4-hr and 8-hr Battery ELCC Comparison		
Initial 4-hr Storage Capacity (MW)	200 MW Incremental 4-hr ELCC (%)	200 MW Incremental 8-hr ELCC (%)
650	86%	88%
850	85%	87%
1,050	82%	85%
1,250	81%	82%
1,450	65%	79%
1,650	Not simulated	69%

Wind generation capacity in PNM's resource portfolio does not (at this time) appear to have an interactive effect with solar and storage technologies. The marginal ELCC values based upon the currently installed amount of wind generation are provided in Table A-2. All modeled ELCC values are based on the analysis of PNM's 2023 IRP. For more detailed information, please consult the 2023 IRP, posted at www.pnmforwardtogether.com/IRP.

Table A-2. – Marginal ELCC Values* for Wind Technology (*PNM 2023 IRP page 167)

Wind Capacity (MW)	ELCC (%)
	2023-2042
600	20%
800	19%
1,000	12%
1,200	7%
1,400	1%

APPENDIX B – RESOURCE CHARACTERISTICS

B.1 ALL RESOURCES

The following considerations will be applicable to the evaluation of all resource types:

- It is preferred that Proposals utilize the latest version of the selected technology available at the time of bidding, however, grey market equipment will be considered if provided with warranties and guarantees equivalent to those provided by the original equipment manufacturer;
- All geographical locations proposed for projects will be considered provided the necessary transmission system improvement costs and/or transmission service arrangements and costs are accounted for to ensure resources can deliver to PNM load and evidence is provided that such transmission can reasonably be acquired and/or built and operational to support the proposed Guaranteed Start Date; and
- Proposals involving a combination of resources will be evaluated considering the combined benefits of all resources proposed.

B.2 RENEWABLE RESOURCES

B.2.1 Wind & Solar Resources

PNM will evaluate new wind resource Proposals with respect to their capabilities for operational flexibility and system reliability capability such as automatic generation control, fast frequency response, curtailment optionality, capacity firming optionality, or other reliability technologies and tools. Wind resources with these operational/reliability advantages assist in meeting the reliability requirements of the PNM system.

Solar resources will be considered solely in conjunction with a hybrid or capacity-firming configuration.

B.2.2 WREGIS Registration and Certification

For all renewable Proposals, the generating facility must be registered or will have to be registered by the asset owner in the Western Renewable Energy Generation Information System ("WREGIS") and its monthly generation reported to WREGIS, with RECs certified by WREGIS and transferable via WREGIS. All costs and fees associated with WREGIS registration and certification will be borne by the Respondent.

B.3 ENERGY STORAGE RESOURCES

All energy storage system Proposals will be evaluated considering the requirements of Section 62-9-1 of the PUA as applicable to the project, including but not limited to their ability to:

- Reduce costs to ratepayers by avoiding or deferring the need for investment in new generation and for upgrade to systems for the transmission and distribution of energy;
- Reduce the use of fossil fuels for meeting demand during peak load periods and for providing ancillary services;
- Assist with ensuring grid reliability, including transmission and distribution system stability, while integrating variable energy resources ("VERs") into the grid;

- Support diversification of energy resources and enhance grid security;
- Reduce greenhouse gases and other air pollutants resulting from power generation;
- Provide the public utility with the discretion, subject to applicable laws and rules to operate, maintain, and control energy storage systems to ensure reliable and efficient service to customers; and
- Serve as the most cost-effective resource among feasible alternatives.

Additionally, the evaluation of Projects involving energy storage will consider the following:

- Resources that are dispatchable from zero (or nearly zero) to full output add additional benefit in meeting a loss of load expectation ("LOLE") requirement consistent with the 2023 IRP. Resources that have a minimum output greater than zero will be considered as long as they meet the dispatchability requirements across their operating ranges;
- Increased operational flexibility including reduced system latency durations and increased charge and discharge ramp rate capability; and
- The degree to which grid-forming capabilities are incorporated into the design of the project, including the ability to provide services such as artificial inertia, black start capability, island operation, voltage regulation, or other system services. To the extent that these services are not enabled, Bidders are requested to identify the costs and measures required to enable these capabilities in the future.

B.4 NATURAL GAS FLEXIBLE RESOURCES

The evaluation of flexible natural gas resources, including flexible combustion turbine technologies (aero-derivatives) and reciprocating engines will consider the following:

- Resources that are dispatchable from zero (or nearly zero) to full output add additional benefit in meeting LOLE expectations consistent with the 2023 IRP. Resources that have a minimum output greater than zero will be considered as long as they meet the dispatchability requirements across their operating ranges;
- The initial evaluation of Proposals and the associated operations and maintenance costs will be based upon an assumed dispatch of 400 starts and 1,500 hours of equivalent full load operation per year;
- PNM, as a Balancing Area Authority ("BAA"), requires a minimum frequency response capability consistent with North American Electric Reliability Corporation ("NERC") Standard BAL-003 to maintain interconnection frequency within predefined boundaries. PNM requires that Respondents provide actual frequency response via operating governors. This would require that PNM receive the allocated share of frequency response from the proposed unit(s), based on generation capacities; and
- The Respondent's identified plan and associated costs to comply with the Greenhouse Gas Standards and Guidelines (GHG Rule).

B.5 DEMAND-SIDE RESOURCES

PNM encourages and will evaluate Proposals for DSR capacity and energy products as part of this RFP. Such Proposals must consider the levels of DSR currently in-place and/or planned in PNM's DSR programs and must be incremental and separate from existing DSR programs. Appendix F – PNM Customers and DSM Program Participants provides an overview of PNM's

customer profile as well as those customers already participating in PNM's existing DSR programs.

Information regarding rates and past energy efficiency filings, load management programs, as well as annual measurement and verification reports may be found at https://www.pnm.com/regulatory or through the NMPRC website at https://edocket.nmprc.state.nm.us. Pursuant to energy efficiency Case No. 23-00138-UT, PNM is interested in evaluating the following types of DSR capacity or energy products and applications that can deliver services to retail load within PNM's BA.

- Load reduction from individual customers;
- Load reduction from multiple entities (i.e. aggregation); and
- General program management associated with any of the above.

The proposed structure, availability, pricing, and commercial terms for such DSR products shall be clearly detailed in the body of the Respondent's Proposal.

Respondents shall identify the firm capacity that can be delivered in the DSR Bid Forms for each hour of the day and each month of the year.

Delivery of services to PNM's BA will be considered as a PPA if services are deliverable to customers – DSR services must be deliverable to retail customer load.

For this RFP, DSR capacity proposals will be considered a system resource and will therefore be expected to compete in the same manner as all other resource proposals. Approval (if awarded) would be sought consistent with other resource approvals.

B.6 OTHER RESOURCES

Resources and combinations of resources other than those identified in Sections B.2 through B.5, will be considered and are welcomed in response to this RFP. These resources may include but are not limited to those such as combined technology green energy complexes, hydrogen fueled resources with hydrogen generation, heavy frame combustion turbines, combined cycles, and hybridization of existing resources. The following will be considered in the evaluation of these resources:

- Resources that have a lower minimum output provide additional benefit in meeting LOLE requirements consistent with the 2023 IRP;
- Their capability to either initially assist PNM in complying with the emissions concentration requirements of Section 62-18-10(D) of the ETA or be able to convert to a non-carbon emitting or otherwise renewable fuel with the costs and performance associated with such compliance methodology clearly identified in the Proposal;
- PNM, as a BAA, requires a minimum frequency response capability consistent with NERC Standard BAL-003 to maintain interconnection frequency within predefined boundaries. PNM requires that Respondents provide actual frequency response via operating governors. This would require that PNM receive the allocated share of frequency response from the proposed unit(s), based on generation capacities;
- The Respondent's identified plan and associated costs to comply with the Greenhouse Gas Standards and Guidelines (GHG Rule); and
- Respondents shall identify the following Proposal characteristics in the Bid Forms defined in Appendix E – Proposal Format and Contents:
  (i) Minimum load capability;
  (ii) Quantity of allowable starts and hours of operation per year;

(iii) Minimum down time after a unit shut down;
(iv) Minimum run time after a unit start;
(v) Allowable quantity of starts per day; and
(vi) Minimum ramp rate per minute both increasing and decreasing load.

APPENDIX C – BID EVALUATION PROCESS

C.1 EVALUATION OF PROPOSALS

The objective of this RFP is to identify and procure resources that can provide new, incremental energy and capacity, comply with the required Guaranteed Start Dates and, when combined with the existing PNM generation portfolio, support overall reliability of system service and result in a portfolio of generating resources capable of meeting capacity and energy needs of PNM's customers at a low cost. The objective of the evaluation is to fairly and competitively select those projects that bring the most value to PNM's customers while, consistent with the objectives of the PUA, ETA, REA, and the IRP Rule, preferring resources with the least environmental impacts, those that maximize employment of New Mexico work force including minority and woman-owned businesses, and those that utilize apprentices for the project construction. In addition to the evaluation of individual Proposals as described below, PNM will conduct an evaluation of the overall portfolio of resources.

C.1.1 Phase One Evaluation

The evaluation will be conducted in three phases with "Phase One" being an initial screening of the Proposals for compliance with the RFP Minimum Requirements (See RFP Section 1.4), including for compliance with the Supplier Risk Security Screening Questions (See RFP Section 2.6), and for proof of an executable plan supporting the proposed Guaranteed Start Date. The Phase One screening process will be performed for each Proposal to determine if all required information has been provided and Minimum Requirements satisfied. Deficiencies in meeting the Minimum Requirements after being provided an opportunity to correct any such deficiency (See RFP Section 1.4) will disqualify a Proposal from further consideration, and the Respondent will be notified in such event. PNM may reject incomplete or unclear Proposals from further consideration or contact Respondents for clarification, pursuant to Section 5.1 of this RFP.

C.1.2 Phase Two Evaluation

Proposals that have provided the required data and satisfied the Minimum Requirements will be passed to "Phase Two" of the evaluation. Phase Two of the evaluation will focus primarily on price and deliverability, including consideration of pricing factors associated with each Proposal, the overall viability of the Proposal with respect to its ability to achieve commercial operation by the required Guaranteed Start Date, and overall compliance with the objectives of Section 62-13-16 of the PUA, the REA, and the IRP Rule. Both price and non-price bid evaluation criteria for each Proposal will be summarized and evaluated. Proposals will be ranked on a total evaluated delivered cost of energy and total evaluated delivered cost of capacity basis with non-price evaluation factors considered in establishing a "short-list" of Proposals. All factors will be ranked in a Proposal ranking matrix to assist in the shortlisting of Proposals. The results of the ranking matrix will be considered in conjunction with individual resource economics. Respondents must include sufficient detail for PNM to be able to evaluate all costs associated with the Proposal(s). Price and non-price bid evaluation criteria considered in the establishment of a short-list are summarized below.

If available in response to the RFP and consistent with previous practices, a sufficient quantity of "best-in-class" Proposals of each proposed technology will be carried into the selected short-list for each of the requested Guaranteed Start Dates to fulfill the RFP needs identified

herein. These short-listed projects will be carried into more detailed system portfolio modeling in "Phase Three" of the evaluation.

C.1.2.1 Price Evaluation Process

PNM will rank all Proposals from a cost standpoint. The price screening consists of measuring each Proposal's total delivered cost of energy and capacity, including:

A. Capital costs and/or capacity costs;

B. Fixed operation and maintenance costs;

C. Variable production costs;

D. Fuel and water costs;

E. Transmission costs, including third party wheeling;

F. Operational costs, including system regulation requirements as a result of the project;

G. Other system benefits (including accounting for availability of RECs) or costs (including impact to system losses);

H. Opportunities for marketing of excess energy;

I. Any additional costs that are required, but not provided for in the Proposal; and

J. Financial implications of accounting and tax treatment.

In Phase Two, Proposals will be ranked on the basis of minimizing the total evaluated delivered cost of energy and capacity (i.e. total cost impact) from the resource. Proposals with a low total cost impact on the PNM system will receive a higher score than Proposals with a high total cost impact. For the price evaluation process, the RFP Administration Team will utilize a discount rate of 6.47% which is equal to PNM's latest, after tax, weighted average cost of capital. The Proposal price ranking will be directly proportional to each Proposal's price relative to the pricing of the other Proposals received in response to the RFP. The ranking of energy resources (e.g. solar and wind) will be based on the levelized cost of energy and capacity resources (e.g. batteries and thermal resources) will be based on the levelized cost of capacity. Price rankings will be between 50 and 100.

C.1.2.2 Non-Price Evaluation Process.

The following non-price factors will be given consideration in the Phase Two evaluation process via a weighted ranking matrix with rankings between 0 and 100 for each category. These factors are established as a measure of the viability of the project and the Respondent's ability to deliver the project, as proposed.

A. Commercial / contract compliance including:

a) Degree of acceptance of PNM's commercial terms presented in the form agreements; and

b) Product and equipment performance guarantees and warranty protections.

Evaluation of this category will be a relative ranking of compliance with the contractual requirements presented in the applicable RFP form

agreement(s) with those Bidders requesting a greater quantity of exceptions to the form agreement(s) receiving a reduced ranking.

B. Respondent characteristics including:

a) Creditworthiness;

b) Ownership structure and operating history; and

c) Financing plan/structure.

Those Proposals presenting an offer with strong financial backing and support will receive higher rankings in this category. Proposals offered by an organization with an investment grade rating or other form of credit support from an investment grade rated entity under a letter of credit or parental guarantee will be marked favorably. Additionally, Proposals offered by entities that intend to self-finance the project or that have a defined and reasonable financing plan and intend to develop, own, and operate the project will receive highest rankings. Entities that have a poor or previously unproven financing plan or that intend to flip the project or a controlling interest in the project to a different developer will receive lower rankings.

C. Respondent qualifications and experience

a) Respondent's past experience with technology and contract structure proposed;

b) Respondent team experience (local and prior working relationship); and

c) Health and safety history (see RFP Section 6.2).

Bidders that have implemented three or more comparable projects of the technology and size proposed under the same or similar contracting approach, that have proven industry and local experience with a successful project history, and a documented safety plan with a favorable safety record (e.g. an Experience Modification Rate, if applicable, of 0.25 to 0.50) over the past three years, will receive the highest rankings in this category. Others will be comparatively ranked across all Bidders.

D. Project engineering and development status including:

a) Planned operations and maintenance structure;

b) Level of system design and engineering identified and presented in the Proposal as being completed;

c) Detailed project critical path schedule identifying all important development elements, environmental permit milestones and their timing;

d) Commercial viability, maintainability, and maturity of technology proposed at the scale quoted; and

e) For BT Proposals, planned warranties and maintenance agreement structure.

Proposals offering a detailed and self-managed operations and maintenance plan with prior credible experience, that have offered a

thorough and detailed project layout along with detailed equipment and component design information which is compliant with Appendix L and the RFP Requirements, that have provided a viable and detailed project schedule that readily supports the quoted Guaranteed Start Date and that incorporate reasonable permitting and interconnection timelines, and that utilize mature, commercial, and proven technology(ies) will be ranked most highly in this category.

E. Social, environmental, and siting considerations including:

a) Project development and permitting status, including any potential for delay as the result of a Respondent's need for regulatory actions or approvals or for permitting, land acquisition, licensing, transmission interconnection, or transmission service;

b) An assessment of the emissions profile, environmental footprint, and overall environmental feasibility for each project, site, access, permits, and all necessary right of ways;

c) A Respondent's environmental management system, (i.e., how the Respondent handles the environmental risk and recycling of project materials associated with its operations and the extent Respondent has developed and implemented an environmental management system);

d) Compliance with IRP Rule objectives for reducing greenhouse gas emissions and fostering equitable clean energy development; and

e) Community / stakeholder considerations including:

(i) Assessment of community and stakeholder engagement implemented by the Respondent;

(ii) Compliance with environmental justice objectives including consideration of;

- Placement of projects that may benefit under-served communities with employment opportunities,
- Project financial and tax benefits afforded to under-served communities,
- Aspects of project placement and design that adversely and disproportionately impact local communities and those with high concentrations of disadvantaged demographics; and

(iii) Evaluation of Respondent's intention for employment of local, New Mexico work force, minority and woman-owned businesses, and apprentices for the construction of the facilities.

Proposals that have all land secured and acquired for both the project and all necessary easements/right-of-ways, that have completed all necessary environmental site assessments (including for the easements/right-of-ways) with a finding of no significant impact, that present no-to-low environmental emissions or associated environmental footprint, that presents a well established environmental management plan that complies with IRP Rule objectives, and that document their

intended involvement with New Mexico local labor and apprenticeship objectives and requirements as well as the RFP-identified environmental justice objectives will rank most highly in this category.

F. Electrical interconnection plan / transmission system benefits and project performance viability / operational flexibility including:

a) Status of interconnection studies and agreement;

b) Assessment of Respondent's transmission capability/deliverability analysis to deliver power to PNM's load center and how Respondent proposes to address potential transmission constraints;

c) Benefits to PNM's electrical transmission system (locational, capital deferral, reliability, etc.);

d) Operational flexibility characteristics of the proposed resource. A more detailed assessment of a resource's ability to support market participation (start times, ramp rates, frequency response, minimum down-times / up-times, allowable start frequency, etc.) will be performed in the Phase Three evaluation as discussed in Section C.1.3 below; and

e) Viability of performance and capacity quoted.

Proposals that have an executed LGIA with a defined scope and readily achieved interconnection and network upgrade timeline, that is connected directly to PNM's system and does not require delivery investment or cost-increasing wheeling fees due to the location of the project, that offer a fully dispatchable resource with strong capability of providing system ancillary services, and that present viable and reasonable performance metrics, including but not limited to, capacity factor, efficiency, and availability will rank most highly in this category.

Weighting of scores resulting from this Phase Two evaluation process using the ranking matrix will be:

A. 45% - Combined Price and Commercial/Contract Compliance; and

B. 55% - All Remaining Non-Price Factors (B. through F. above).

At the end of Phase Two, a short-list of projects will be determined based upon the above criteria. At this time, Respondents offering the short-listed projects may be requested to supply additional information. It is noted that the short-listed projects may be altered as a result of factors such as the withdrawal of bids from the RFP process by Respondents as well as updates to bids, Respondent information, and market conditions that impact the viability of the short-listed projects. Unsuccessful Respondents will be notified at the end of the Phase Two assessment that their Proposals will not be considered further. Successful Respondents will be notified via the Q&A of the RFP event that they have passed to Phase Three of the process, whereupon additional evaluation will be conducted, and the preferred resources identified.

C.1.3 Phase Three Evaluation

Proposals short-listed from the Phase Two evaluation process will undergo further assessment in the Phase Three evaluation. The Phase Three evaluation will involve system modeling of the shortlist projects to determine the best performing portfolios. Top portfolios will undergo both quantitative and qualitative assessments. Portfolios will be determined via capacity

expansion modeling and portfolio costs will be determined in hourly production cost modeling. The lowest cost portfolios that also meet reliability requirements, ETA emission requirements, RPS requirements or other requirements will be identified. Additional transmission evaluation will include nodal modeling or other methods and techniques to ensure the best portfolio that meets all needs is pursued. Provided the parties successfully negotiate an Agreement for each project, PNM will then make appropriate filings seeking approval from the Commission based on the negotiated terms of the Agreement(s).

C.1.3.1 System Modeling

Proposals that have been shortlisted will be included in system modeling to determine the best mix of resources. PNM continues to use modeling software as the foundation for resource planning analysis. The portfolio modeling relies primarily on two complementary commercial modeling tools:

1. **EnCompass**, an optimal capacity expansion and production simulation model created by Anchor Power Solutions, which is used to identify and simulate portfolios of least-cost resources to meet future needs; and

2. **SERVM**, a loss-of-load probability model developed by Astrapé Consulting, which is used to establish system reliability needs and to conduct detailed reliability analysis of portfolios produced by EnCompass.

Both tools are necessary to obtain a robust result that balances the planning objectives. To produce optimized portfolios, EnCompass incorporates a representation of how the system will operate across a sampling of representative days over the course of the study horizon. At the same time, PNM's reliability standard dictates that the portfolios should yield no more than one day of lost load in ten years; a loss-of-load expectation ("LOLE") of 0.1 or lower. and concurrently meet PNM's environmental goals. As mentioned in section C.1.2, shortlisted projects may change due to various circumstances, which will require iterations of capacity expansion, production cost and loss-of-load simulations.

For the Phase Three evaluation, EnCompass' capacity expansion module is configured to identify least-cost portfolios of resources over a 20-year study horizon while meeting a number of constraints. The model's objective function – the sum of all costs included in the optimization – reflects the net present value of PNM's revenue requirement, including all costs related to the generation portfolio (existing and new resources) and new transmission investments needed to deliver future resources to loads. EnCompass minimizes this objective function subject to constraints – certain requirements that the portfolio must meet in order to be qualify as a valid solution, such as the planning reserve margin ("PRM") requirement and CO2 emission targets. Target PRM and associated Effective Load Carrying Capability ("ELCC") for all energy limited resources identified in PNM's most recent Integrated Resource Plan will be used as inputs for Phase Three modeling constraints. Estimates for emission constraints and renewable portfolio standard ("RPS") requirements will be based on the annual energy requirements modeled for PNM's system. Lastly, optimal capacity expansion simulations will be performed for various scenarios and sensitivities to understand any trade-offs between portfolio costs, capacity and energy additions and policy driven considerations to name a few. Consideration of various risk factors such as uncertainty of commodity prices, technology costs, load increases and potential CO2 taxes will also be evaluated using scenario analysis.

EnCompass will also be utilized to perform production cost simulations of portfolios determined in the capacity expansions. These simulations will represent the hourly system dispatch of the portfolio to meet system energy and demand requirements over the study

horizon. As such, all existing and new resources and their operating characteristics and costs will be simulated under hourly economic dispatch to determine detailed system operating costs. Portfolio capital costs along with detailed operating costs are then aggregated into annual costs from which a net-present value of revenue requirements ("NPVRR") is calculated for each portfolio using PNM's most recently approved weighted average cost of capital ("WACC"). These portfolio costs will be compared and used to determine which are best performing at the lowest cost. In other words, projects will be evaluated for their ability to satisfy capacity and energy requirements on a portfolio basis.

PNM will assess resource requirements for serving its retail customers safely and reliably at lowest reasonable costs. If warranted, PNM may evaluate the potential impacts for wholesale market benefits and may use this information to distinguish between portfolios that perform similarly. Top performing portfolios of projects will then be qualitatively evaluated within PNM to determine if there are any operational, deliverability, transmission, interconnection, financial or other issues expected to arise from the combinations of projects were they to be added to PNM's system.

Additional detailed reliability analysis is conducted using SERVM for top performing portfolios in Phase Three. This analysis serves as a check to ensure portfolios are sufficiently close to the desired LOLE standard of 0.1 days per year. In circumstances where this is not true, additional considerations and or portfolio adjustments will be made to satisfy the reliability.

Once portfolios of projects are validated in terms of costs, reliability and deliverability, projects will be subject to PNM management approval processes and external stakeholder feedback. Thereafter, respondents will be notified that their projects have been chosen and will be notified to begin contract negotiations to secure those resources.

APPENDIX D – RFP ROLES AND RESPONSIBILITIES

D.1 ROLE OF RFP ADMINISTRATION TEAM

PNM and its RFP consultants including Aion Energy LLC for RFP administration support and other consultants for portfolio system modeling (together, the "RFP Administration Team") will be responsible for the development and management of the RFP process including supporting the initial RFP release by PNM's Supply Chain Sourcing Team, the Proposal Development Cycle and the evaluation of Proposals. The RFP Administration Team will be responsible for Proposal clarifications, Phase One through Phase Three Bid evaluation activities including modeling, short-list and awarded options selection. PNM's Supply Chain Sourcing Team, via the Q&A Board in the "2029-2032 Generation Resources RFP-Market" and "2029-2032 Generation Resources RFP-BT" RFP event modules will be the main point of contact for Respondents during the RFP process and all correspondence must be directed as a private message utilizing the option "Ask a Question" under the Q&A Board in the RFP event unless otherwise directed.

D.2 ROLE OF PROJECT MANAGER

PNM has assigned a Project Manager that will remain responsible for leading the RFP and the Bid evaluation process. The Project Manager ("PM") will coordinate the implementation and administration of awarded projects, from "cradle to grave." The PM will have oversight and be responsible for regulatory filings beginning with RFP approval, bid evaluation, and selection of winning bids. For bid evaluation, the PM will work with the RFP Administration team to aid in selection of winning bids. It will be the PM's responsibility to ensure the Independent Monitor has adequate information to report to the NMPRC. After bid evaluation, the PM will lead and oversee the contract negotiation of the awarded proposals, obtain Board approval for the execution of the final agreements for regulatory filing, and will administer the projects once regulatory approval has been obtained. The PM will be responsible for preparing and providing the executed contracts and associated documents for submittal in the filing of the selected resources.

D.3 ROLE OF PNM'S SOURCING TEAM

PNM's Sourcing Team will be responsible for coordinating the RFP issuance and development efforts which include bidder and stakeholder communications, distribution of complete information to all bidders, successful and unsuccessful vendors notifications, and ultimately proper storage of documentation in PNM's document repository or RFx Tool. Sourcing will facilitate the evaluation of proposals but will not have a vote in the evaluation and award determination.

D.4 ROLE OF PNM STAFF

PNM has subject matter experts ("SMEs") in resource planning, electric transmission planning, natural gas fuel supply planning, portfolio modeling, finance, environmental, and other functions who will be engaged throughout the process.

PNM SMEs will provide input to the RFP Administration Team to support the Proposal Development Cycle and Proposal evaluation throughout the RFP Process.

D.5 ROLE OF TECHNICAL EVALUATION TEAM

PNM will establish two separate and independent engineering teams to verify and provide RFP technical requirements and feedback to the RFP Administration Team regarding the degree to

which each bid complies with the specified technical requirements. One engineering team will be dedicated to the assessment and evaluation of build-transfer ("BT") proposals submitted under the RFP "BT" event module and the other team will be dedicated to the assessment and evaluation of all other proposals submitted under the RFP "Market" event module. These teams will not have access to those bids that are not submitted under their respective RFP event module and will otherwise not participate in the overall bid evaluation and final proposal selection process performed by the RFP Administration Team.

D.6 ROLE OF THE INDEPENDENT MONITOR

An independent monitor ("Independent Monitor") has been appointed by the NMPRC to monitor the conduct of the competitive RFP process as addressed in the IRP Rule. The Independent Monitor will report to the NMPRC on PNM's conformance with PNM's statement of need and action plan as well as the sufficiency, reasonableness, competitive fairness, transparency, and completeness of the RFP process. The role of the Independent Monitor is to ensure that the RFP process is designed and executed in a fair, competitive, and transparent manner. The IM shall not make or participate in PNM's decisions regarding the procurement process or the selection of resources. In accordance with the IRP Rule, Respondents are restricted from initiating contact with the Independent Monitor. The IM may monitor PNM's interactions and meetings with the Respondents.

APPENDIX E – PROPOSAL FORMAT AND CONTENTS

E.1 PROPOSAL FORMAT AND CONTENTS

This Appendix outlines the content and format requirements for all Proposals submitted in response to this RFP. Unless PNM in its sole discretion elects otherwise, Proposals that do not include the information requested in this section will be ineligible for further evaluation, unless PNM determines that the information requested is not applicable or not relevant to a given Proposal. PNM reserves the right to conduct any further due diligence it considers necessary to fully understand and evaluate Proposals prior to entering into any Agreement.

A complete Proposal will include the following components:

- Executive summary;
- Complete set of applicable Bid Forms (Forms identified below);
- Form attachments (as necessary to elaborate on Bid Form information); and
- Any additional electronic data or narrative discussion.

E.1.1 Executive Summary

The executive summary should briefly describe the Respondent, the project(s) or resource(s) that are part of the Proposal, the capacity amount, timing and term of the Proposal, and key highlights of the pricing and terms of the Proposal, including whether it will be considered a lease liability or be subject to VIE treatment.

E.1.2 Bid Forms

Required Bid Forms will vary between BT Proposals, DSR Proposals and all other Proposals. The required forms for each type of Proposal are identified in the Table of Contents of the RFP Instructions to Bidders. To the extent the full completion of any form requires additional information or clarification, please provide that information as an attachment to the form. Information provided in these forms will be a basis for determining compliance with the RFP Minimum Requirements as well as performance guarantees associated with a potential Agreement. Electronic submissions shall include the completed Bid Forms in the native file format provided within the RFP event.

Separate Bid Forms shall be submitted for each Proposal alternative offered by the Respondent. Additionally, Respondents shall submit separate Bid Forms and include additional supplemental information, as necessary, to fully describe a project's characteristics on any proposed alternative fuels or following any fuel conversion, including but not limited to performance, emissions, fuel sourcing, pricing, required equipment modifications, and proposed timing of the equipment modifications.

E.1.2.1 Market Bid Supplemental Bid Information. In addition to the Bid Forms noted in the RFP Table of Contents, supplemental information for Proposals, at a minimum, must include the following, in the order and format identified, with each topic beginning on a separate page.

A. Description of the Respondent
B. Financial Information / Credit Quality
C. Contract Accounting / Project Financing Plan
D. Identification of all Pricing Terms
E. Project Description

F. Power Delivery Plan
G. Transmission Plan
H. Interconnection Plan
I. Cybersecurity Provisions and Specifications
J. Fuel Contracting Plan
K. Project Environmental Overview
L. Operations and Maintenance Plan
M. Contracting and Employment Plan – addressing New Mexico minority and woman-owned businesses, New Mexico contractors, and apprentice labor sourcing
N. Environmental Permitting and Compliance Plan (considering current federal and local regulations)
    1. Respondents offering fueled resources must describe the intended methodology, costs, and any operational restrictions associated with compliance with the Greenhouse Gas Standards and Guidelines (GHG Rule)
O. EJScreen report with accompanying plan as to how the Proposal will address environmental justice considerations
P. Corporate Environmental, Health, and OSHA Safety Records for the last three years
Q. Exceptions / Red-Line Markup to the applicable form Contract or Term Sheet (provide in original, native file formats with tracked changes)
R. Exceptions / Red-Line Markup to Appendix G
S. Exceptions / Red-Line Markup to the applicable Appendix L
T. Projects to-be-built (inclusive of all Proposals except those that are already in operation)
    1. Equipment Description
    2. Development Experience
    3. Development Schedule
    4. Real Property Acquisition Description and Plan
    5. Permitting Plan
    6. Community/State Reaction Assessment
U. Other Attributes

E.1.2.2 BT Supplemental Information. In addition to the BT Bid Forms noted in the RFP Table of Contents, Respondents must include supplemental information to clearly identify the scope of the Proposal. The supplemental information for BT Proposals, at a minimum, must include the following, in the order identified, with each topic beginning on a separate page.

A. Description of the Respondent
B. Financial Information / Credit Quality
C. Exceptions / Red-Line Markup to Appendix J – BT Form Agreement (provide in original, native file formats with tracked changes)
D. Identification of all Pricing Terms
E. Required Licenses as referenced in RFP Section 2.2 and Part 3
F. Project Description
G. Equipment Description
H. Respondents offering fueled resources must describe the intended methodology, costs, and any operational restrictions associated with compliance with the Greenhouse Gas Standards and Guidelines (GHG Rule)
I. Cybersecurity Provisions and Specifications
J. BT Experience / Similar Projects

K. Project Team Organization and Resumes
L. Contracting and Employment Plan– addressing New Mexico minority and woman-owned businesses, New Mexico contractors, and apprentice labor sourcing
M. Corporate Environmental, Health, and OSHA Safety Records for the last three years
N. Project Implementation Schedule
O. Project and Construction Execution Plan
P. Exceptions / Red-Line Markup to Appendix G
Q. Other Attributes

E.1.2.3 DSR Bid Supplemental Information. In addition to the DSR Bid Forms noted in the Table of Contents, supplemental information for DSR Proposals, at a minimum, must include the following, in the order identified, with each topic beginning on a separate page.

A. Description of the Respondent
B. Financial Information / Credit Quality
C. Contract Accounting / Project Financing Plan
D. Identification of all Pricing Terms
E. Project Description
F. Marketing and Customer Recruitment Plan
G. Summary of Customer Outreach / Marketing Completed
H. System Diagram (specific to Proposal and not generic)
I. Generic System Information (marketing / qualification material – optional)
J. Software System Overview and Specifications
K. Technology Overview and Specifications
L. Cybersecurity Provisions and Specifications
M. Communications System Diagram
N. Preferred Vendor and Contractor List
O. Implementation Plan and Schedule
P. Metering Schematic and Plan
Q. Operations and Maintenance Plan
R. Customer Service Plan
S. End-of-Term Customer Requirements (Equipment Ownership)
T. Detailed List of Requirements from PNM
U. Billing Program Structure Overview
V. Draft Form Agreement between Respondent and Customer(s)
W. Draft Form Program Agreement between Respondent and PNM
X. Other Attributes

APPENDIX F – PNM CUSTOMERS AND DSM PROGRAM PARTICIPANTS

To better understand PNM's Commercial and Industrial ("C&I") customer base, the table below shows the total peak load and number of C&I customers by industry type in PNM's service territory. This table also shows the number of participants in PNM's existing C&I curtailment program in 2024 and the load reduction those customers have committed to the program by industry type.

Table 1. PNM's C&I Customers by Industry Type

Industry Type	Peak Load (All Customers) kW	2024 Committed Load Reduction (DR participants Only) kW	% of kW Participating	Number of Customers	Number of DR Participants in 2024	% of Customers Participating
Agribusiness	6,498			684		
Arts/Entertainment	17,479			1,033		
Basic Industry - Lrg	39,318	500		2,964	6	0.2%
Communications	3,455			240		
Communications - Lrg	6,868			471		
Construction	12,836	370	2.9%	999	1	0.1%
Education	2,667			248		
Education - Lrg	64,541	1,740	2.7%	2,811	50	1.8%
Financial/Legal	16,618			1,335		
Food sales	58,048	450	0.8%	6,346	5	0.1%
Food Service	1,147			24		
Food/Alcohol Distributors	884			47		
Government - Lrg	7,412	950	12.8%	282	1	0.4%
Government/Utilities	21,365	11,200	52.4%	1,227	55	4.5%
Health Care	35,352			2,714		
Health Care - Lrg	22,031			607		
Lodging	31,049			2,361		
Manufacturing	35,824	5,100	14.2%	1,378	7	0.5%
Manufacturing - Lrg	38,317	920	2.4%	391	8	2.0%
Motion Picture & Video Production	1,055			81		
Property Management	35,931	70	0.2%	3,043	1	0.0%
Publishing/Advertising	4,524			140		
Religious/Social	15,218			1,480		
Residential Private	3,109			258		
Retail	67,193	1,200	1.8%	5,162	62	1.2%
Services	40,416			3,322		
Transportation	11,654	750		1,161	7	0.6%
Tribal - Lrg	1,851	3,000	162.1%	104	1	1.0%
Unknown	121,397			10,342		
Total	724,056	26,250	3.6%	51,255	204	0.4%

APPENDIX G –

INSTRUMENTATION AND CONTROL FOR ELECTRICAL POWER GENERATION

SECTION 48 09 00 – INSTRUMENTATION AND CONTROL FOR ELECTRICAL POWER GENERATION

PART 1 - GENERAL

1.01 SUMMARY:

A. This section specifies the Supervisory Control and Data Acquisition (SCADA) system and accessories to be provided as specified herein. This includes the design, fabrication, factory testing, delivery, startup and commissioning of the SCADA system for a solar photovoltaic plant with battery storage.

B. The specification covers the hardware, software and services requirements.

C. The Site will have [x] independent inverter skids with a total DC capacity of [x] MW_{DC} and AC Capacity of [x] MW_{AC}.

D. The Site will have [x] Battery Energy Storage System (BESS) skids with associated inverter skids with a total AC capacity of [x] MW_{AC}.

E. The [Contractor] will provide a Communications Building on site for the Supplier's SCADA system servers, communications hardware, and accessories.

1.02 REFERENCE STANDARDS:

A. Publication Dates: Comply with standards in effect as of date of the Contract Documents unless otherwise indicated.

B. Applicable Codes and Standards: Design, fabricate, assemble, and test equipment so that upon installation and operation in accordance with Supplier's recommended procedures for this application the equipment will conform with all applicable codes and standards including, but not limited to, the following:

1. American National Standards Institute (ANSI)
2. Federal Communications Commission (FCC):
   a. Rules and Regulations Part 15 – radio frequency devices.
3. National Fire Protection Association (NFPA):
   a. NFPA 70 - National Electric Code (NEC).
4. National Electrical Suppliers Association (NEMA):
   a. NEMA ICS 4 – Application Guideline for Terminal Blocks.
   b. NEMA ICS 6 –Industrial Control and Systems: Enclosures.
5. The Instrumentation, Systems, and Automation Society (ISA):
   a. ISA 5.1 – Instrumentation Symbols and Identification.
   b. ISA 5.3 – Graphic Symbols for Distributed Control/Shared Display Instrumentation, Logic, and Computer Systems.
6. International Organization for Standardization (ISO):
   a. ISO 9060 - Solar Energy - Specification and Classification of Instruments for Measuring Hemispherical Solar and Direct Solar Radiation First Edition.
7. Underwriters' Laboratories (UL):
   a. UL 60950-1 – UL Standard for Safety Information Technology Equipment – Safety – Part 1: General Requirements.
8. CSA Group:
   a. CSA CAN/CSA C22.2 No. 60950-1 – Information Technology Equipment – Safety – Part 1: General Requirements.
9. DNP Application Note AN2018-001
   a. DNP3 Profile for Communications with Distributed Energy Resources (DERs)
10. CAISO Business Practice Manual for Direct Telemetry

1.03 SUBMITTALS:

A. With Bid:
   1. Supplier's catalog information indicating the type of SCADA system, configuration software, network configuration drawing, and HMI system being offered.
   2. Supplier shall state in the proposal the quantity of HMI graphics being offered. The proposal shall include a description of the types of graphics being furnished. The proposal shall include samples of the types of graphics being offered.
   3. A description of the alarm and trending capabilities of the SCADA system being offered.
   4. Bills of material of the proposed equipment.
   5. Shop Drawings including:
      a. Equipment dimensions.
      b. Equipment weights.
      c. Communication Block Diagram/Network Architecture.
      d. Wiring diagrams.
      e. Electrical requirements.
      f. Power consumption
   6. Warranty statement.

B. After Award:
   1. Installation instructions manual.
   2. Supplier's factory and commissioning test procedures for proposed equipment.
   3. Supplier's operations and maintenance manual.
   4. Supplier's recommended spare parts list.
   5. SCADA system commissioning report and calibration certificates.

1.04 QUALITY ASSURANCE:

A. Supplier shall provide factory/field testing schedule to Contractor. Test plan shall be provided to Contractor 30 days prior to start for review.

B. Factory tests shall be performed according to Supplier's standard recommendations to ensure proper function and operation.

C. Factory test reports shall be available upon request.

D. The Contractor and/or Owner reserves the right to witness all tests. Supplier shall provide Contractor with two weeks minimum notice prior to factory acceptance testing.

1.05 DELIVERY STORAGE AND HANDLING:

A. Equipment shall be shipped as completely assembled as possible within shipping facilities limitations and within construction limitations at Owner's station Site. Method of shipment describing the number of items shipped and weights.

B. Prior to delivery, the Supplier shall provide any special storage requirements for material and equipment at the construction site.

C. All spare parts and special tools shall be tagged and packaged separately. Identify on Bill of Lading as "Owner's Spare Parts."

1.06 WARRANTY:

A. The Supplier shall provide, at a minimum, a two (2) year warranty for the SCADA system and equipment.

PART 2 - PRODUCTS

2.01 MATERIALS:

A. All Materials and parts comprising the SCADA system shall be new, of current manufacture, and shall not have been in prior service, except as required during tests.
B. Use Materials suitable for their application, and for the mechanical and electrical stresses to which they will be subjected.
C. Furnish as required for complete installation ready for operation.

2.02 EQUIPMENT:

A. Outdoor equipment shall be designed for Project environment.
B. Use Supplier's standard design as far as is consistent with the intent of these Specifications.
C. Furnish with all necessary auxiliary items required for a complete workable electrical system conforming with the intent of these Specifications.
D. Furnish with all necessary material as required for complete field assembly and installation.
E. Provide laminated plastic nameplates, white with black lettering, for Equipment and each instrument or control device mounted on the Equipment with size and engraving as approved by Contractor.
F. Ship Equipment as completely assembled as possible, consistent with shipping facilities and construction requirements at Owner's Site.

2.03 FABRICATION:

A. Factory install all component Equipment specified to be installed in power or control assemblies.
B. No Equipment shall be shipped less any component or requiring field rework without specific approval by Contractor.
C. Completely install all internal control wiring at the factory.
D. Terminate all points requiring external wiring connections at numbered points on terminal blocks conveniently grouped to receive Owner's cables.
E. Install all internal wiring without splices.
F. Provide extra flexible hinge wire in areas subject to flexing, such as on hinged brackets or swing racks, if used.

2.04 SCADA SYSTEM REQUIREMENTS:

A. The SCADA system shall monitor and control (as applicable) the major equipment of the PV plant and battery storage, including, but not limited to the following:
    1. PV Inverters
    2. MV Transformers
    3. Tracker controller information and alarms
    4. Re-combiner output current
    5. Meteorological Station(s)
    6. Pyranometers and back-of-module Resistance Temperature Detectors (RTDs)
    7. Soiling Stations
    8. Ethernet Network Hardware (switches, media converters, patch panels)
    9. BESS Battery Management System (BMS)
    10. BESS Power Conversion System (PCS)

11. Substation Equipment (protective relays, MV breakers, HV breakers, step-up transformer, revenue meters, Cap Bank, etc.)

B. All monitoring and controls capabilities will be restricted to the Owner's local network; access to the internet will not be permitted.
C. The SCADA system shall provide EMS level monitoring and control of the BESS Battery Management System (BMS).
D. The SCADA system shall support both DNP3 and Modbus over TCP.
E. DNP Application Note AN2018-001 shall be followed for all DNP3 communications.
F. The communications interface with the Owner network shall accept DNP3 from the Owner's centralized control system.
G. The system shall allow real time monitoring of the site status and performance and allow certain controls functionality specified herein.
H. The interface shall use graphs and tables to allow the user to easily view system information.
I. The system shall monitor the alarm status of the site and generate email alerts and provide diagnostic information.
J. The system shall include performance analysis of the plant's operation and generate email alerts when the plant is not performing as expected for the given environmental conditions.
K. The system shall provide alarm notification in event of inverter outage, tracker loss, meteorological system data loss, and energy meter loss.
L. The system shall have the functionality to download historical data in a standard data format that can be imported into other computer programs.
M. The system shall have general and customizable report generating capabilities.
N. The system shall include data archiving for a minimum of two (2) years of data or minimum required to meet local ISO, NERC, or other requirements.
O. There shall be data storage at each inverter skid for a minimum of three (3) days during communications interruptions between the inverter skid and communications enclosure.
P. All data points shall be historized at intervals of 1-second or less.
Q. Supplier shall provide a minimum of 8-hour UPS backup for plant-level SCADA equipment installed in SCADA rack.
R. All SCADA data shall be made available for a PI interface and other third parties as required for remote access, monitoring, and data acquisition.
S. The SCADA system shall be capable of providing raw data to Owner, CAISO, or other authorized parties via SQL or FTP on minimum stored data interval, as required.

2.05 UTILITY, TRANSMISSION PROVIDER, GRID OPERATOR REQUIREMENTS

A. The SCADA system shall comply with all requirements set forth by the Utility, Transmission Provider, CAISO, and NERC generator owner and with respect to the Requirements including, but not limited to the following:
   1. Monitoring and reporting requirements
   2. Power curtailment
   3. VAR control
   4. Breaker control
   5. Low Voltage Ride Through

2.06 CYBER SECURITY REQUIREMENTS

A. Cyber security requirements shall include standards set forth by the North American Electric Reliability Corporation (NERC).
B. The SCADA System shall be controlled by cyber security means sufficient to prevent unauthorized access either remotely or locally.
C. In the event of equipment replacement, cyber security configuration shall be implemented and documented in such a way that the configuration(s) can be re-created or re-applied.
D. Cyber security shall be approved by the Owner and implemented and documented by the Supplier.

2.07 COMMUNICATIONS BUILDING:

A. The Supplier's plant-level SCADA system servers, communications hardware, and accessories will be enclosed in the substation control building, provided by Others.
B. The control building will serve as the connection point between the plant SCADA system and Owner's local network.
C. A fiber TelCo line will be ran to the Communications Building for the Supplier's connection to the Owner network.
D. Contractor will provide 120 VAC power to the Communications Building for the Supplier's equipment; Supplier shall provide power consumption requirements for Equipment. SCADA/DAS provider power supplies shall be included if required input power to devices are not 120 VAC.

2.08 SYSTEM SOFTWARE:

A. The Supplier shall provide a software that meets the functional requirements specified herein.
B. Software shall employ remote monitoring and control, and an Antivirus server.
C. SCADA and telecom shall be fully protected and behind a firewall.
D. Supplier shall provide all SCADA/historian licensing for the Project. Software licensing shall be provided for the Project design life.

2.09 SYSTEM HARDWARE:

A. Contractor will provide fiber ring between Communications Building and inverter skids; Supplier shall provide any necessary fiber/Ethernet network switches at inverter skids and/or in Communications Building for optical fiber connections.
B. The Supplier shall provide and install all hardware components necessary to fulfill the functional requirements specified herein.
    1. The Supplier shall provide hardware to be integrated at each inverter skid for data acquisition system (DAS) interface with tracking systems, inverters, step-up transformers, meteorological stations, etc.
    2. The Supplier shall provide hardware to be installed in the Communications Building to meet the system requirements and interface with the Owner equipment and network.

2.10 REDUNDANCY:

A. There shall be redundancy for the following components:
    1. Switches in the Communications Building (redundancy not required for switches at inverter skids).
    2. UPSs.

3. Power supplies for PLCs.

2.11 SCADA CABINETS:

A. All outdoor enclosures shall be NEMA 4, have pad-locked hinged doors, and be designed for the site conditions.

B. All indoor enclosures (inside Communications Building) shall be NEMA 1 or 12K and have pad-locked hinged doors.

C. Enclosure shall be UL 508A rated.

2.12 POWER PLANT CONTROLLER (PPC):

A. The Power Plant Controller (PPC) shall accept commands from the Owner's centralized command center and distribute these commands to all equipment on Site as necessary.

B. At a minimum, the following controls capabilities shall be available:

1. PV plant level:
   a. Power factor control.
   b. Reactive power (VAR) control.
   c. Output power curtailment.
   d. Power and VAR ramp rate adjustment.
   e. Frequency droop control (freq vs. kW).
   f. Automatic voltage regulation (AVR) at the point of interconnection (POI) utilizing reactive power (VAR) control.
2. PV + BESS level:
   a. All controls capabilities listed above for PV plant level, with the addition of the following controls capabilities for BESS:
      (1) The PPC shall have the ability to control the BESS charge and discharge profile based on the instantaneous generation profile of the adjacent PV solar generation.
      (2) The PPC shall have the ability to control the Battery Control System and the associated inverters as required, coordinating the storage control with the PV plant active power control and reactive power compensation resources (inverters, capacitors).
      (3) Shall be able to maximize generation by charging the batteries when excess power is not required and discharge during periods of low power consumption. This balance of generation and consumption will allow for overall site power stability.
      (4) The use of DNP3 to implement the modes and functions of a Distributed Energy Resource (DER) shall follow the applicable sections and tables from DNP Application Note AN2018-001. The sections being referred include, but are not limited to: Overview of DER Modes and Functions, Basic DER Functions, Emergency Modes, Active Power Modes, Reactive Power Modes, Pricing Signal Mode, Scheduling of Modes, Interaction Between Settings, Grid Configurations and Islanding, Implementation Table, and Mapping to IEEE Std 1547-2018.

2.13 SCADA I/O:

A. DNP Application Note AN2018-001 shall be followed for setting up DNP3 profiles (data point configuration, protocol settings, points lists, etc.)

B. The I/O system shall have sufficient space for expansion to allow the installation of 5% additional I/O hardware capacity after full build out.

C. Tracking System:
   1. Assume one (1) tracker gateway per inverter skid. Total numbers are subject to final detailed design.
   2. At a minimum, the following monitoring capabilities shall be available:
      a. Status and alarms.
      b. Set position.
      c. Actual position.
      d. Wind sensors.
   3. At a minimum, the following controls capabilities shall be available:
      a. Stow.
      b. Set position.
      c. Reset.

D. Inverters:
   1. Assume one (1) inverter per skid. Total numbers are subject to final detailed design.
   2. At a minimum, the following monitoring capabilities shall be available:
      a. Inverter status, alarm states and faults.
      b. Instantaneous input and output power.
      c. Energy production.
      d. DC and AC voltage.
      e. DC and AC current.
      f. DC current zone-level monitoring.
      g. Internal component and cooling system temperatures.
   3. At a minimum, the following controls capabilities shall be available:
      a. Inverter ON/OFF.
      b. Reset.
      c. Power factor control.
      d. Reactive power (VAR) control.
      e. Output power curtailment.
      f. Power and VAR ramp rate adjustment.
      g. Frequency droop control.

E. Step-up Transformers:
   1. Assume one (1) transformer per skid.
   2. At a minimum, the following monitoring capabilities shall be available:
      a. Oil temperature (analog).
      b. Oil level.
      c. Pressure/vacuum (analog).

F. Meteorological (MET) Stations:
   1. Assume (X) MET station on site.
   2. At a minimum, the following monitoring capabilities shall be available for each station:
      a. Ambient air temperature.

b. Relative humidity.
c. Rain gauge.
d. Back of module temperature for two (2) separate PV modules.
e. Wind speed.
f. Wind direction.
g. Global horizontal irradiance.
h. Plane of array irradiance.

G. Battery Energy Storage System (BESS):
1. At a minimum, the following monitoring capabilities shall be available:
a. EMS level monitoring of the Battery Management System (BMS)
2. At a minimum, the following controls capabilities shall be available:
a. Solar energy shifting
b. Frequency regulation
c. Power setpoint
d. Voltage setpoint
e. Grid support
f. Variable ramp control
3. The priority and compatibility of the different operating modes between BESS and PV shall follow Table 61 – Compatibility of Modes from DNP Application Note AN2018-001.

H. Substation:
1. Revenue Energy Meter:
a. Power, energy, current, voltage, frequency, status.
2. CTs and PTs.
3. AC Breaker status(es).
4. Relay alarms.

I. Communication Building/Enclosure:
1. Environmental conditions.
2. HVAC alarms.
3. Building door position switch.

2.14 METEOROLOGICAL (MET) STATION:

A. (X) meteorological station including, at a minimum, the following sensors:
1. Ambient air temperature:
a. Range: -52°C to +60°C or better.
b. Accuracy: +/- 0.3°C @ 20°C or better.
2. Relative humidity:
a. Range: 0-100% +/- 3 Rh or better.
3. Rain gauge:
a. Range: 0 to 200 mm/hr or better.
b. Accuracy: +/- 1 inch or better.
4. Back of module temperature for two (2) separate PV modules:
a. Range: 0-148°C or better.
b. Accuracy: +/- 0.5°C or better.
5. Wind speed:

a. Range: 0-60 m/s or better.
b. Accuracy: speed accuracy to be +/- 3% at 10 m/s or better.

6. Wind direction:
   a. Accuracy: +/- 5° or better.
7. Global horizontal irradiance:
   a. Pyranometer shall be classified as Secondary Standard by ISO 9060:1990(E) and High Quality by the World Meteorological Organization Guide 6th Edition.
   b. Range: 0-1600 W/m^2 (285 to 2800 nm) or better.
   c. Accuracy: +/- 2.0% or better.
8. Plane of array irradiance:
   a. Pyranometer shall be classified as Secondary Standard by ISO 9060:1990(E) and High Quality by the World Meteorological Organization Guide 6th Edition.
   b. Range: 0-1600 W/m^2 (285 to 2800 nm) or better.
   c. Accuracy: +/- 2.0% or better.
9. Barometric pressure.
10. Soiling measurement (reference cells or optical)
    a. Reference Cell type measurement:
       (1) A minimum of one (1) "clean" and one (1) "dirty" reference cell shall be installed on the tracking system.
       (2) Accuracy: Calibrated and certified to an accuracy of +/- 5% or better by a third-party laboratory.
    b. Optical type measurement:
       (1) Utilizes camera, diffuser, and soil collection window
       (2) Ambient working temperature: -20 to +60°C.
       (3) Transmission loss accuracy: ±1%
11. Two (2) albedometers (per MET station), on sites where bifacial PV modules are used, to be mounted on production racking within 150' of MET station and at least 50' from each other.
12. Backup power from a dedicated battery with dedicated PV Module for recharging up to 4 hours.
13. Meteorological Station Tower.

PART 3 - EXECUTION

3.01 TRAINING:

A. The Supplier shall provide operator level training to the Owner. The training shall include hands-on training of the SCADA HMI developed for the Project.
B. Instructor shall have expert knowledge of the equipment.
C. The training shall be conducted on site or a mutually agreed upon location.
D. The training session shall also have a detailed operations, maintenance and service manual. The manual shall include detailed parts lists, one-lines, schematics, wiring diagrams, logic diagrams, mechanical drawings, description of circuit operation, troubleshooting procedures and maintenance procedures.

3.02 COMMISSIONING:

A. Provide start-up and commissioning field services as required by the Supplier for all the Equipment. Supplier shall perform successful acceptance testing and provide test reports.

3.03 INSTALLATION:

A. Install the system in accordance to the Supplier's Installation Manual and applicable Standards.
B. Tighten connectors and terminals, including screws and bolts, in accordance with Equipment Supplier's published torque tightening values for equipment connectors. Where Supplier's torqueing requirements are not indicated, tighten connectors and terminals to comply with tightening torques specified in Applicable Codes.

3.04 FIELD QUALITY CONTROL:

A. The Supplier shall provide a field service representative to inspect all connections and installation of Equipment.
B. Verification that the installation conforms to Supplier’s drawings and installation requirements.
C. Site tests shall be performed according to Supplier's standard recommendations.

3.05 STATEMENT OF READINESS:

A. Following completion of the field inspections, adjustments, and tests, Contractor's service personnel shall submit a signed statement to Resident Project Representative stating that the SCADA system has been properly installed, adjusted, and tested, and is ready for operation.

END OF SECTION 48 09 00

APPENDIX M –

PNM GOVERNANCE FOR COMPETITIVE BID PROCESSES

Governance for Competitive Bid Processes for PNM New Generation Resources RFPs

Version dated October 21, 2024

Purpose

This Governance document is established by Public Service Company of New Mexico ("PNM"), and PNMR Services Company ("PNMRServCo") through its Sourcing group. Pursuant to the requirements of New Mexico Administrative Code ("NMAC") Title 17, Chapter 7, Part 3 ("17.7.3 NMAC" or "IRP Rule"), this document establishes the recommended procedures to be applied to ensure the fairness and integrity of the PNM sponsored competitive bidding process for the procurement of generation, energy storage, and demand-side resources, that are able to provide capacity, energy, and/or other ancillary service capabilities to PNM's system.

Definitions

For purposes of this Governance document, capitalized terms have the following meanings:

- Confidential Information – Any non-public information developed and provided by PNM or bidders during the normal course of business, including the request for proposal ("RFP") process.
- Independent Monitor ("IM") – Means the person or entity appointed by the New Mexico Public Regulation Commission ("NMPRC" or "Commission") to oversee the conduct of PNM's competitive procurement process as addressed in the IRP Rule. The IM will report twice to the Commission regarding PNM's conformance with the most recently accepted statement of need and action plan and the sufficiency, reasonableness, competitive fairness, transparency, and completeness of the RFP process. Initially, the IM will report to the Commission RFP design (RFP design report) and then on the bid process, evaluation, and selection of awards (RFP Process Evaluation Report). The IM shall not interact with bidders responding to the RFP nor make or participate in PNM's decisions regarding the procurement process or the selection of resources. The IM may monitor PNM's interactions and meetings with the bidders.
- Project Manager – Member of the RFP Administration Team responsible for leading the project and evaluation process. The Project Manager ("PM") will coordinate the implementation and administration of awarded projects, from "cradle to grave." The PM will have oversight and be responsible for regulatory filings beginning with RFP approval, bid evaluation, and selection of winning bids. For bid evaluation, the PM shall work with the RFP Administration team to aid in selection of winning bids. It will be the PM's responsibility to ensure the IM has adequate information to report to the Commission. After bid evaluation, the PM will lead and oversee the contract

negotiation of the awarded proposals, obtain Board approval for the execution of the final agreements for regulatory filing, and will administer the projects once regulatory approval has been obtained. The PM will be responsible for preparing and providing the executed contracts and associated documents for submittal in the filing of the selected resources.

- Parties to the RFP – Shall mean all persons and entities identified within this "Definitions" section of this document.
- RFP Administration Team – A team of subject matter experts (e.g. Sourcing, Contracts, Engineering, Environmental, Finance, Integrated Resource Planning (IRP) Legal and Risk) comprised of PNMR ServCo and PNM personnel and, if required by specific projects, outside consultants, responsible for the development and management of RFPs, including the evaluation of bids submitted in response to the RFP. The RFP Administration Team will prepare all documents required for regulatory filings including the RFP documents, responses to RFP comments, and changes to the RFP documentation. The RFP Administration Team will also be responsible for aiding the analysis that identifies the shortlist bidders while providing quantifiable and non-quantifiable rationale and justification for that choice.
- RFP Instructions – A written document enumerating requirements and instructions within an RFP issued by Sourcing when soliciting bids from interested third parties.
- RFx Tool – Platform managed by Sourcing to coordinate and administer the RFP process. This platform is the central system for all related communications with bidders, storage of proposals, and internal and external stakeholder reviews.
- Sourcing – As part of the RFP Administration Team, PNM Sourcing is responsible to coordinate the RFP issuance and development efforts which include bidder and stakeholder communications, distribution of complete information to all bidders, successful and unsuccessful vendors notifications, and ultimately proper storage of documentation in PNM's document repository or RFx Tool. Sourcing will facilitate the evaluation of proposals but will not have a vote in the evaluation and award determination.

Implementation and Application

This Governance document applies to all employees and consultants involved in the competitive bidding and contract process. All the functions described in this document and subject matter experts must read and agree to abide by the guidelines contained herein to be eligible to perform their functions. This Governance document addresses:

1) Measures required to comply with the IRP Rule to ensure competitiveness, fairness,

transparency, and confidentiality within a monitored request for proposal process.

2) Communication requirements and procedures associated with the relationship between PNMR ServCo, PNM personnel, the Independent Monitor, outside consultants, and bidders.

3) Communication requirements associated with the relationship between PNMR ServCo and PNM personnel, as well as the various entities involved in the competitive bidding and/or contracting process.

4) The structure of the technical bid evaluation team. PNM will establish two separate and independent engineering teams to verify and provide RFP technical requirements and feedback to the RFP Administration Team regarding the degree to which each bid complies with the specified technical requirements. One engineering team will be dedicated to the assessment and evaluation of build-transfer ("BT") proposals submitted under the RFP "BT" event module and the other team will be dedicated to the assessment and evaluation of all other proposals submitted under the RFP "Market" event module. These teams shall not have access to those bids that are not submitted under their respective RFP event module and will otherwise not participate in the overall bid evaluation and final proposal selection process performed by the RFP Administration Team.

General Rules

- Adherence to guidelines. Sourcing will provide a copy of this Governance document to the parties mentioned in this document with the requirement to abide by the terms herein.
- Duty not to disclose confidential information across teams. All Parties to the RFP may work on other projects not related to the RFP, but are prohibited from sharing, directly or indirectly, Confidential Information with any PNMR ServCo or PNM employee, individual or entity that does not have a business need to know.
- Access to Information During Bidding Period. All bidders proposing projects of like contracting structures will be allowed access to the same RFP information after the event opens and each prospective bidder has a fully executed NDA in place. All communications regarding the RFP will be provided through the RFP website or other specialized means of access established by Sourcing for purposes of administering the RFP.
- Duty not to disclose Confidential Information. All Parties to the RFP shall comply with the restrictions on disclosure of Confidential Information set forth in the applicable RFP and any other confidentiality obligations to which such party may be subject, including but not limited to a separate non-disclosure agreement.
- No preferential treatment. The RFP Administration Team shall give all proposals equal consideration within the parameters of the RFP and the eligibility, threshold and

evaluation requirements and criteria contained therein.

- Requirements for evaluators. Any employee or consultant taking part in the evaluation of bids or in the process of selecting suppliers must comply with the following rules:
    a. In carrying out his or her responsibilities, the evaluator must make his/her decision based on the merits of the proposal and irrespective of all partisan considerations.

    b. The evaluator must not accept any gifts, favors, entertainment or other advantages from any bidder.

    c. Should the evaluator be directly contacted by any bidder, the evaluator must promptly (i) direct such contact to submit any questions, comments or statements via the RFP event as identified in the RFP Instructions and (ii) relate such contact to Sourcing if such contact could be deemed to have compromised the evaluation process.

- Communication and interaction between the RFP Administration Team and all bidders will be limited to that required for coordination and oversight of the RFP process and otherwise allowed in a manner consistent in all respects with communications and interactions permitted with unaffiliated third-party bidders.

Proposal Evaluation Methodology

PNM Exhibit RWN-5

Is contained in the following 44 pages.

2029-2032 Generation Resources RFP

Proposal Evaluation Methodology

Revision D

May 13, 2024

TABLE OF CONTENTS

ATTACHMENTS

EXECUTIVE SUMMARY

Public Service Company of New Mexico ("PNM"), a wholly owned subsidiary of PNM Resources, Inc., issued a request for proposals ("RFP") on December 30, 2024 entitled the PNM 2029-2032 Generation Resources RFP (the "2029-2032 RFP"). This RFP was issued following approval of PNM's 2023 Integrated Resource Plan and filing of an updated 2023 IRP Supplemental Analysis in October 2024. This document is intended to summarize the bid evaluation approach that will be applied to the evaluation of Proposals received in response to the RFP, in accordance with the requirements and evaluation timeline set forth within the New Mexico Administrative Code ("NMAC") Title 17, Chapter 7, Part 3 ("17.7.3 NMAC" or "IRP Rule").

The 2029-2032 RFP is structured as an all-source capacity solicitation considering various types of technologies and delivery structures. PNM anticipates evaluating Proposals for renewable, storage, thermal, and demand-side resources as well as combinations of each. Additionally, PNM expects to evaluate resources delivered under:

- Power purchase agreements ("PPAs");
- Energy storage agreements ("ESAs");
- Build-transfer ("BT") projects at PNM sites;
- Asset purchase agreements ("APA");
- Demand-side resource ("DSR") products; and
- Other contracting structures conforming with the requirements of the 2029-2032 RFP.

It is assumed that any transmission and distribution projects would be pursued under a separate procurement process.

PNM is progressing with the pursuit of new energy resources and programs identified within the statement of need resulting from PNM's 2023 Integrated Resource Plan ("2023 IRP") filed on December 15, 2023 and its 2023 IRP Supplemental Analysis filed in October 2024. The 2029-2032 RFP is part of a solicitation process for the purpose of acquiring bulk transmission level and distribution level capacity resources to serve PNM's forecasted system needs. Specifically, this RFP will request resources that are guaranteed by the Respondent to achieve commercial operation and delivery of new, incremental capacity to PNM's system by or before January 1, 2029, January 1, 2030, January 1, 2031, or January 1, 2032 (each a "Guaranteed Start Date"). The requested resources are required to serve forecast load growth and plant retirements while also acquiring reliable, cost-effective resources consistent with the direction set forth in PNM's 2023 IRP to reliably serve known, existing, and future customers.

Responses to the RFP ("Proposals" or "Bids") by qualified bidders ("Bidders") are due on May 14, 2025 (one-hundred thirty-five (135) days after issuance of the RFP for bid). To perform the evaluation of Proposals, PNM has compiled a team of personnel ("RFP Administration Team") consisting of personnel from PNM's Sourcing, Contracts, Engineering, Environmental, Integrated Resource Planning, Regulatory, and Financial Modeling Teams with support from numerous other internal subject matter experts ("SMEs"). Aion Energy LLC ("Aion") has also been engaged as a consultant for RFP administration support. The RFP Administration Team will not be involved in the definition or establishment of BT technical Bid requirements or associated existing site conditions.

The RFP process will be led by a PNM project manager ("Project Manager" or "PM"), responsible for leading the project and evaluation process. The PM will coordinate the implementation and administration of awarded projects, from "cradle to grave." The PM will have oversight and be responsible for regulatory filings beginning with RFP approval, bid evaluation, and selection of winning bids. For bid evaluation, the PM will work with the RFP Administration team to aid in the selection of winning bids.

In parallel, PNM will establish two separate and independent engineering teams to verify and provide RFP technical requirements and feedback to the RFP Administration Team regarding the degree to which each bid complies with the specified technical requirements. One engineering team will be dedicated to the assessment and evaluation of build-transfer ("BT") proposals submitted under the RFP "BT" event module and the other team will be dedicated to the assessment and evaluation of all other proposals submitted under the RFP "Market" event module. These teams will not have access to those bids that are not submitted under their respective RFP event module and will otherwise not participate in the overall bid evaluation and final proposal selection process performed by the RFP Administration Team.

PNM is anticipating a wide variety of Proposals to be submitted in response to the 2029-2032 RFP, including various technologies and contracting approaches. Upon receipt of Proposals, evaluation will begin immediately.

The evaluation of Proposals will progress in phases with all resources being evaluated in a common, phased evaluation process regardless of the proposed Guaranteed Start Date ("GSD"), as follows:

- Phase 1 – Initial Screening – This phase of the evaluation process will consist of a completeness review, initial Bidder questions and clarifications, review of associated responses, and review for compliance with the RFP Minimum Requirements. Phase 1 will result in a screening-out of Proposals that do not comply with the Minimum Requirements in Section 1.4 of the RFP Instructions to Bidders including, but not limited to, consideration of (i) the Supplier Risk Security Screening Questions issued with the RFP, (ii) the Contractors Licensing requirements associated with BT Proposals, (iii) firm, fixed pricing valid for the duration requested in the RFP, and (iv) project transmission and interconnection status and viability.
- Phase 2 – Establishment of a Proposal Shortlist – Following the initial screen, Proposals will be evaluated in more detail including PNM SME feedback, lifecycle financial analysis, total evaluated delivered cost, viability of delivering the project within the proposed timeline, and additional information based on Bidder clarifications and exceptions. Resources will be evaluated in Phase 2 utilizing a weighted scoring matrix of both price and non-price factors to identify advantageous solutions for PNM's customers. The culmination of Phase 2 will be the establishment of a Proposal shortlist consisting of the "best-in-class" Proposals of each technology offered in response to the RFP. A separate shortlist of projects located on Navajo Nation lands and a shortlist of projects located within the Central Consolidated School District in San Juan County will also be prepared. Each shortlist will only contain projects that have passed the Phase 1 evaluation and otherwise comply with the requirements of the RFP.
- Phase 3 – Shortlist Evaluation and Negotiations – The shortlisted Proposals will be subject to additional review and evaluation, portfolio modeling, and financial analysis. Based on the Phase 3 evaluation, negotiations may advance with one or more Bidders, leading to potential selection.

PNM and its consultants have established a number of processes and tools to support the evaluation of Proposals in a fair and transparent manner including, but not limited to, the following:

- Comparative assessment matrix and financial analysis tool;
- A scoring matrix considering price and non-price factors for the evaluation of resources, as applicable in both Phase 2 and Phase 3 of the evaluation;
- Portfolio optimization models consistent with resource planning procedures and industry usage;
- Clear roles and responsibilities and communications protocols for the 2029-2032 RFP process; and
- A robust and impartial evaluation methodology focused on value for PNM customers.

The RFP administration and evaluation process will be conducted in compliance with New Mexico statutory and regulatory supply resource procurement requirements and guidelines, including compliance with the IRP Rule, NMSA 1978, Section 62-13-16, and the Renewable Energy Act ("REA").

Selection of a recommended portfolio of resources is targeted within one-hundred twenty (120) days of receipt of Proposals, in accordance with the IRP Rule. The evaluation of Proposals will be completed based on the best available information at the time of the evaluation.

1 2029-2032 GENERATION RESOURCES RFP

In accordance with the action plan resulting from its 2023 Integrated Resource Plan ("IRP"), Public Service Company of New Mexico ("PNM"), a wholly owned subsidiary of PNM Resources, Inc., issued a request for proposals ("RFP") on December 30, 2024 entitled the PNM 2029-2032 Generation Resources RFP (the "2029-2032 RFP"). The RFP requested resources as identified in Table 1-1 below.

Table 1-1. PNM Resource Needs

	Resource Needs By 2030 (MW)	Total Resource Needs by 2032 (MW)
Wind resources	200 – 400	400 – 800
Non-Wind carbon-free energy resources	0	100 – 500
Dynamic balancing resources	200 – 700	300 – 900
Firm generating resources	100 - 400	100 - 700
Resource additions to meet the system requirements in 2028 that are currently under development through an active solicitation or to serve Rate 36B customer needs are included in the ranges above. If all or some of the resources proposed under these future filings are approved by the NMPRC, the ranges above will be reduced by the appropriate technology types.		

The exact quantity of resources selected and the timing of implementation of the resources will be dependent upon resource characteristics, resource modeling, regional economic development load growth, and PNM's most recent load and planning forecasts and is subject to NMPRC approval.

Bidders are required to submit complete proposals (each a "Proposal") satisfying the RFP Minimum Requirements.

The 2029-2032 RFP is focused on balancing three primary objectives, namely: maintaining affordability, ensuring reliability, and mitigating impacts upon the environment. This focus is consistent with the IRP Rule's objectives of prioritizing cost-effective resources that reduce greenhouse gas emissions, foster equitable clean energy development, and facilitate grid modernization. While no resource type or project ownership structure is specifically requested, preferred, or excluded by PNM in the RFP, locational preferences for resources located on the Navajo Nation and in the Central Consolidated School District ("CCSD") in San Juan County are identified.

The 2029-2032 RFP is structured as an all-source capacity solicitation considering various types of technologies and delivery structures. PNM anticipates evaluating Proposals for renewable, storage, thermal, and demand-side resources as well as combinations of each. Additionally, PNM expects to evaluate resources delivered under:

- Power purchase agreements ("PPAs");
- Energy storage agreements ("ESAs");
- Build-transfer ("BT") agreements at PNM sites;
- Asset purchase agreements ("APA");
- Demand-side resource ("DSR") products; and
- Other contracting structures conforming with the requirements of the 2029-2032 RFP.

After release of the 2029-2032 RFP, a Bidder pre-bid web-based conference was held on January 22, 2025, site visits for BT Bidders were held on March 3 and March 5, and Bidder questions and responses from the RFP Administration Team were exchanged throughout the bid period. Once Proposals are received, a phased evaluation will begin. The purpose of this report is to summarize the Proposal evaluation approach and methodology including roles and responsibilities, activities within each evaluation phase, and basis of evaluation tools and work products.

PNM has retained Aion Energy LLC ("Aion") to serve as a consultant in support of the RFP administration. PNM has also engaged other outside consultants to support the process, the detailed system portfolio modeling and system reliability analysis for the 2029-2032 RFP process.

2 Evaluation Methodology and Timing

Consistent with Appendix C of the 2029-2032 RFP, the evaluation of Proposals will progress in a phased approach, as follows:

- Phase 1 – Initial Screening of Proposals;
- Phase 2 – Detailed Review and Establishment of a Shortlist; and
- Phase 3 – Shortlist Evaluation, Negotiations and Selection.

The evaluation of Proposals will begin with a completeness review and verification of compliance with RFP Minimum Requirements during Phase 1; advance to detailed assessment and review in Phase 2, including initial lifecycle cost modeling in order to establish a Proposal shortlist consisting of the "best-in-class" Proposals of each technology offered in response to the RFP; and finish with the shortlist evaluation

including portfolio modeling, the identification of a recommended portfolio of resources, and negotiations with selected Proposals in Phase 3.

The phased evaluation approach is structured to advance the evaluation in an efficient yet thorough manner. Throughout the process, PNM and its consultants are committed to conducting a fair, un-biased, and market-informed evaluation.

Additional detail regarding the phases of the Proposal evaluation is provided in Section 4.

Proposals are due one-hundred thirty-five (135) days after issuance of the RFP, on May 14, 2025, with the evaluation beginning immediately upon receipt of Proposals. PNM is targeting the identification of the recommended portfolio of resources one-hundred twenty (120) days after the receipt of Proposals, with contract negotiations immediately following. A 2029-2032 RFP process overview schedule is included as Attachment A.

3 Roles, Responsibilities, and Communications

Appendix D of the 2029-2032 RFP provides an overview of the roles and responsibilities of 2029-2032 RFP participants and Appendix M provides an overview of RFP governance responsibilities. Prior to the RFP issuance, the NMPRC appointed an independent monitor ("Independent Monitor") to monitor the conduct of the competitive RFP process; additional detail specific to the role of the Independent Monitor and the communications protocols established for the duration of the RFP process is provided in the aforementioned RFP Appendices.

3.1 Roles and Responsibilities

The following entities will be involved during the Proposal Development Cycle and the evaluation of Proposals:

- Project Manager;
- The RFP Administration Team;
- Technical evaluation team
- PNM subject matter experts ("SME's");
- PNM's Supply Chain Sourcing Team;
- The Independent Monitor; and
- Other supporting entities, as required.

The roles and responsibilities of these entities are further defined in Appendices D and M of the 2029-2032 RFP.

3.2 Communications Protocols

PNM's Supply Chain Sourcing team will be the Bidders' point of contact for RFP communications during the Proposal Development Cycle and during the Proposal evaluation. Bidders will be directed to provide all communications through PNM's public sourcing site. All such incoming communications and all outgoing communications to the Bidders from the RFP Administrator will be via either the general RFP

"Market" Event intended for market-based Bids (e.g. PPA, ESA, or APA) or the "BT" Event within the public sourcing site. All communications will be directed to the RFP Administration Team and/or the respective technical evaluation team, as appropriate, and will be archived accordingly. The RFP Administration Team will coordinate with team participants, as directed by the Project Manager, to provide responses to Bidder questions and clarifications, facilitate SME reviews, and establish a Proposal shortlist at the conclusion of Phase 2 of the Proposal evaluation.

4 SUMMARY OF PROPOSAL EVALUATION TOOLS

4.1 EVALUATION TOOLS

As noted, the evaluation of Proposals will progress in phases utilizing inputs from various PNM and external functions as well as various analysis tools throughout. This Section provides an overview of the various tools that will support the evaluation of Proposals. Each of the tools discussed in this section feeds into the evaluation.

4.1.1 RFP Minimum Requirements Checklist

As part of the Proposal submittal process, each Bidder will be required to complete and submit a Minimum Requirements checklist that identifies the degree to which the Bidder has complied with the Minimum Requirements defined within the RFP. This checklist and associated and referenced documentation will be the primary tool for evaluation and screening during Phase 1 of the evaluation process. This checklist can be found as Attachment B or BT Attachment B to the RFP and is included herein as Attachment B to this Bid Evaluation Methodology document. Non-compliance with the Minimum Requirements will be justification for exclusion of the associated Proposal from any further RFP evaluation.

4.1.2 Bid Comparison Template

A Bid comparison template will be utilized to tabulate key Proposal parameters for Proposals received and passing the Phase 1 screening process. The Bid comparison template will be utilized during the initial stages of the Proposal evaluation in order to identify any missing information, identify outlier Proposals, and to initially summarize Proposal price and non-price factors for the purposes of Bid selection. The Bid comparison template includes the following for each project, as applicable:

- Bidder and Proposal information including anonymous Bidder identifier, project location, resource type, contracting structure, in-service date, term, etc.;
- Bidder's degree of conformance with the RFP Minimum Requirements;
- Performance parameters including output, heat rate, round trip efficiency, assumed/anticipated capacity factor/dispatch, etc.;
- Proposal pricing including as-Bid and evaluated capital costs, operating costs, PPA pricing, etc. including evaluated first-year, levelized cost of delivered energy, and levelized cost of capacity estimates;
- Financial analysis assumptions including escalation rates, tax treatment, payment rates;
- Estimated operating costs and Owner's costs; and
- Price forecasts for fuel, electricity, consumables, and staffing.

The format and parameters that will be documented in the bid comparison template are included in Attachment C.

The proposed Bid comparison template is focused on establishing an initial comparison of Proposals received, will be built-out as the evaluation progresses and will be used to inform ongoing evaluation activities.

The financial and technical assumptions utilized in the Bid comparison will be utilized throughout the evaluation of Proposals, with financial parameters as well as fuel and electric price forecasts based upon assumptions consistent with PNM's 2023 IRP. A summary of the financial evaluation assumptions is included in Attachment D to this report.

4.1.3 PNM SME Analysis

During the initial phases of the Proposal evaluation, the RFP Administration Team will solicit feedback from PNM SME's regarding price and non-price evaluation criteria. SME's are expected to include but not be limited to personnel from the following PNM teams:

- Engineering;
- Wholesale Power Marketing;
- Environmental Services;
- Integrated Resource Planning;
- Energy Efficiency;
- Electric Transmission Planning;
- Natural Gas Transmission;
- Legal and Sourcing;
- Tax, Insurance, Accounting, Financial Planning;
- Regulatory; and
- Business Technology.

Specifically, feedback is anticipated to be provided for validation of proposed / estimated costs and implementation schedules as well as assessments of the following, as applicable:

- Electric transmission interconnection;
- Electric transmission network upgrades;
- Electric transmission wheeling fees and losses;
- Natural gas fuel supply interconnection;
- Natural gas fuel supply transmission service;
- Land acquisition;
- Environmental permitting; and
- Bidder creditworthiness and surety provisions.

The engagement of SMEs with detailed utility system knowledge across business functions is required to equalize Proposal considerations and promote a fair and comprehensive evaluation.

4.1.4 Shortlist Scoring Matrix

Proposals will be evaluated considering a weighted scoring matrix consisting of the following major scoring categories:

- Commercial Conditions;
- Creditworthiness;
- Team Qualifications;
- Project Engineering;
- Social, Environmental & Siting; and
- Interconnection/Performance.

The Shortlist Scoring Matrix will be utilized to document, refine and assess the full scope of price and non-price factors in accordance with the identified weightings and factors and to establish the shortlist of projects to be carried to the Phase 3 evaluation. The matrix will subsequently be utilized to further inform the final Proposal selection during the Phase 3 evaluation. A separate matrix is presented for the "Market" Bid and for the "BT" Bid evaluations due to the slightly different project characteristics and considerations / risks. The Shortlist Scoring Matrices are outlined in Attachment E. These matrices will serve as the primary bases for selection of shortlisted Proposals in Phase 2 of the process and will inform, in conjunction with the results of system portfolio modeling, final Proposal selections in Phase 3 of the process.

In addition to the evaluated, levelized cost of capacity and levelized cost of energy, non-price factors will be documented and ranked, as applicable, within the Shortlist Scoring Matrix.

Weighting of scores within the Shortlist Scoring Matrix will be:

A. 45% - Combined Price and Commercial/Contract Compliance; and

B. 55% - All Remaining Non-Price Factors (B. through F. below).

The non-price factors are identified within Appendix C of the RFP documents but are repeated here for the sake of completeness.

A. Commercial / contract compliance including:
   a) Degree of acceptance of PNM's commercial terms presented in the form agreements; and
   b) Product and equipment performance guarantees and warranty protections.

B. Respondent characteristics including:
   a) Creditworthiness;
   b) Ownership structure and operating history; and
   c) Financing plan/structure.

C. Respondent qualifications and experience
   a) Respondent's past experience with technology and contract structure proposed;

b) Respondent team experience (local and prior working relationship); and

c) Respondent's performance on PNM projects and health and safety history.

D. Project engineering and development status including:

a) Planned operations and maintenance structure;

b) Level of system design and engineering identified and presented in the Proposal as being completed;

c) Detailed project critical path schedule identifying all important development elements, environmental permit milestones and their timing;

d) Commercial viability, maintainability, and maturity of technology proposed at the scale quoted; and

e) For BT Proposals, planned warranties and maintenance agreement structure.

E. Social, environmental, and siting considerations including:

a) Project development and permitting status, including any potential for delay as the result of a Respondent's need for regulatory actions or approvals or for permitting, land acquisition, licensing, transmission interconnection, or transmission service;

b) An assessment of the emissions profile, environmental footprint, and overall environmental feasibility for each project, site, access, permits, and all necessary right of ways;

c) A Respondent's environmental management system, (i.e., how the Respondent handles the environmental risk and recycling of project materials associated with its operations and the extent Respondent has developed and implemented an environmental management system);

d) Compliance with IRP Rule objectives for reducing greenhouse gas emissions and fostering equitable clean energy development; and

e) Community / stakeholder considerations including:

(i) Assessment of community and stakeholder engagement implemented by the Respondent;

(ii) Compliance with environmental justice objectives including consideration of;

- Placement of projects that may benefit under-served communities with employment opportunities,
- Project financial and tax benefits afforded to under-served communities,
- Aspects of project placement and design that adversely and disproportionately impact local communities and those with high concentrations of disadvantaged demographics; and

(iii) Evaluation of Respondent's intention for employment of local, New Mexico work force, minority and woman-owned businesses, and apprentices for the construction of the facilities.

F. Electrical interconnection plan / transmission system benefits and project performance viability / operational flexibility including:

a) Status of interconnection studies and agreement;

b) Assessment of Respondent's transmission capability/deliverability analysis to deliver power to PNM's load center and how Respondent proposes to address potential transmission constraints;

c) Benefits to PNM's electrical transmission system (locational, capital deferral, reliability, etc.);

d) Operational flexibility characteristics of the proposed resource; and

e) Viability of performance and capacity quoted.

The RFP evaluation team will have a separate "best-in-class" Bid evaluation and short-list selection for generation on Navajo Nation lands as well as a separate short-list selection for projects in the CCSD in San Juan County. In this manner, individual Navajo and CCSD project(s) will be considered in the Phase 3 Bid evaluation as part of a complete generation portfolio.

4.1.5 System Portfolio Modeling

PNM's system portfolio modeling will be utilized, primarily in Phase 3 of the Bid evaluation process to incorporate the individual resource cost and performance information within a portfolio of resources optimization. Modeling input templates will be populated by the RFP Administration Team from the data included in the Bid comparison template and supplemented with additional, documented data, as needed for the Bids shortlisted from the Phase 2 evaluation. The technical evaluation team will review and contribute applicable project cost, performance, operations and maintenance costs, and technical characteristic information to the RFP Administration Team for modeling of BT Proposals. Input templates will include evaluated financial and performance parameters as required for the modeling.

The system portfolio modeling will be utilized to determine the best portfolio(s) of resources that achieves the objectives of the RFP including, but not limited to, low cost to customers (via a system net present value of revenue requirements ("NPVRR") of costs analysis), system reliability (via a Loss of Load Event determination), effective load carrying capability ("ELCC"), and transition to a zero carbon future.

Modeling will be performed with the evaluated pricing factors discussed in Section 4.1.2 and will rely primarily on two complementary commercial modeling tools:

1. **EnCompass**, an optimal capacity expansion and production simulation model created by Anchor Power Solutions, which is used to identify and simulate portfolios of least-cost resources to meet future needs; and

2. **SERVM**, a loss-of-load probability model developed by Astrapé Consulting (now part of PowerGEM), which is used to establish system reliability needs and to conduct detailed reliability analysis of portfolios produced by EnCompass.

To produce optimized portfolios, EnCompass incorporates a representation of how the system will operate across a sampling of representative days over the course of the study horizon. At the same time, PNM's reliability standard dictates that the portfolios should yield no more than one day of lost load in ten years; a loss-of-load expectation ("LOLE") of 0.1 or lower, and concurrently meet PNM's environmental goals. Shortlisted projects may change due to various circumstances, which will require iterations of capacity expansion, production cost and loss-of-load simulations. The capacity expansion module will be configured to identify least-cost portfolios of resources over a 20-year study horizon while meeting a number of constraints. The portfolio(s) of resources will account for the following, as applicable:

- Performance of new and existing resources;
- ELCC of existing and new resources;
- Evaluated capital costs;
- Evaluated operating/PPA costs;
- PNM ratemaking revenue requirements including return on/of investment, taxes, and depreciation consistent with previous PNM filings;
- Portfolio new and existing resources for the study horizon; and
- Optimal capacity expansion simulations will be performed for various scenarios and sensitivities to understand any trade-offs between portfolio costs, capacity and energy additions and policy driven considerations to name a few.

The NPVRR cost of each portfolio will reflect total system costs/revenues over the study horizon for comparison against other portfolios of resources.

5 Evaluation Methodology Overview

The Bid evaluation process will require the implementation of methods to fairly and equally compare the Proposals in a number of areas. The following discussion provides an overview of how some of these factors will be considered and evaluated throughout the process.

5.1 Transmission System Analysis

An important element in the Bid evaluation process is to consider the full costs to the customer for each new resource selection. Transmission interconnection and network upgrade costs as well as transmission service costs can be a significant contributor to this overall cost determination. The timelines required to implement the transmission interconnection and associated network upgrades can also be a significant challenge to the deliverability of the project. Therefore, the review will involve a thorough assessment and consideration of the costs and schedule included in each Proposal for electrical transmission interconnection, system network upgrades required to support the export of generated electricity from each site, transmission system losses, and any required wheeling fees. Information provided in each Bidder's Proposal will be assessed and clarified via Bid clarification requests.

After receipt of all available information supplied by the Bidders, PNM's Transmission Planning team will review the information submitted and provide an estimate of any required adjustments for

interconnection costs, system upgrade costs, or wheeling fees as well as an estimation of the required timelines to implement these upgrades. These estimates will be based upon previous transmission studies or engineering estimates and will address costs and timing for electrical interconnection as well as transmission line and transmission system upgrades required to maintain system reliability and contingency requirements as a result of the project being added into the system.

Projects requiring significant interconnection or transmission upgrades and extended timelines required for the implementation of these upgrades that do not support the quoted GSD may be excluded from further consideration unless the Bidder can provide documentation from the transmission provider confirming that the timeline will be satisfied. Furthermore, Proposals that do not satisfy the Minimum Requirements associated with electrical interconnection, including any failure to demonstrate the availability of firm transmission service or otherwise not provide a plan for firm transmission service to enable the delivery of energy to PNM's load, will be excluded from further consideration.

5.2 Fuel Supply / Cost Analysis

For the natural gas fueled Proposals, the cost of delivered fuel will be based upon PNM's gas commodity forecasts utilized in the Integrated Resource Planning process. For specific sites and projects, adjustments for the specific sources of fuel and the infrastructure required to deliver the fuel to each applicable site will be incorporated. Estimates for this infrastructure will be developed from prior information received by PNM through past investigations by the PNM Wholesale Power Marketing department.

Unless a Bidder has documented or contracted fuel supplies for a proposed project, the first year, 2029 through 2032 natural gas commodity pricing, excluding any required infrastructure upgrades, for representative project locations will be assumed as shown in Table 5.2-1 for the purposes of the Phase 1 and Phase 2 evaluations. Phase 3 portfolio modeling evaluations will utilize gas commodity pricing forecasts initiating on the specific guaranteed start date quoted for each proposed resource. Pricing and infrastructure costs for additional sites and locations will be developed, as necessary, as a function of the bids received.

Table 5.2-1. First Year Fuel Commodity Price Assumptions

Site Location	2029 Commodity Price ($/MMBtu)	2030 Commodity Price ($/MMBtu)	2031 Commodity Price ($/MMBtu)	2032 Commodity Price ($/MMBtu)
San Juan	$4.22	$4.15	$4.14	$4.11
Reeves, Rio Bravo, Rio Puerco	$4.58	$4.51	$4.50	$4.47
Valencia, La Luz	$4.22	$4.15	$4.14	$4.12

5.3 Total Delivered Cost Methodology

One of the primary evaluation criteria for the Bids received in response to the RFP is the total delivered cost of electricity to PNM load at one of the locations identified in the RFP Minimum Requirements. As such, the following defines the methodology and costs that will be considered in estimating the total delivered cost for each of the Bids received under the RFP. For comparison purposes, a first year cost and 20 year levelized costs of both delivered energy and capacity will be developed for each of the Proposals. These costs will be utilized for initial assessment and shortlisting with portfolio modeling subsequently used for determination of resource value.

More detail on the build-up of the total delivered cost is offered below.

5.3.1 Costs Considered

Throughout all of the Bid evaluation phases, an assessment of the total delivered cost of energy and total delivered cost of capacity will be initially developed and further refined. The total delivered cost will account for, but not be limited to:

- Project capital cost;
- New Mexico Gross Receipts Tax (for BT, DSR, and ESA options);
- Project fixed and variable operations and maintenance ("O&M") costs;
- Equipment start charges, as applicable;
- Fuel supply to the project site;
- Required transmission interconnection costs;
- Required transmission system upgrade costs or wheeling fees to allow for delivery to PNM's system;
- Transmission system losses to the point of delivery within PNM's system;
- DSR program set-up / initiation costs;
- PNM's Owner's costs for oversight and management of the contract; and
- Cost of charging energy storage devices from the grid.

5.3.2 Capital Cost Assumptions

The capital costs utilized in the cost evaluation will generally be as provided by the Bidders for the APA and BT Proposals. Through clarification questions and through ongoing assessment, adjustments to the quoted capital costs will be incorporated, as necessary, to account for the inclusion of New Mexico Gross Receipts Taxes, shortfalls or variations in project scope, unaccounted for interconnection and transmission system upgrade costs, as well as Owner's costs.

For PPA, DSR and ESA Proposals, it will be clarified with all Bidders that the capital costs to develop and implement the project in question are included in the proposed pricing. For factors not included, such as

transmission system upgrades and Owner's costs, these costs will be added into the economic evaluation and treated as a PNM cost that would be additive to the quoted PPA or ESA pricing. The recovery of these additive costs will be incorporated as a capital cost which will be converted to a revenue requirement and applied to the associated Proposal.

Capital recovery costs for carbon-emitting resources will be determined over a project life that assumes retirement of the resource in 2039 unless the related Proposal includes costs and performance associated with an emissions compliance methodology that satisfies the emissions concentration requirements of Section 62-19-10(D) of the New Mexico Public Utility Act. Those Proposals including a future emissions compliance methodology (such as a fuel conversion) may alternatively be evaluated with the incorporation of the associated capital costs and adjustments to fuel and operations and maintenance costs after the date of the assumed project modification. To support this evaluation, and per the applicable sections of the RFP, Respondents have been requested to clearly define the terms and conditions, pricing, emissions, and performance for the generating resource as well as for the sourcing and quantities of available alternative fuels, if applicable, over the proposed term. If a fuel conversion is proposed, Respondents are requested to provide an estimate of such fuel conversion and delivered fuel costs with the Proposal with such costs to be later confirmed. Lacking this information, the evaluation team will solely evaluate the resource based upon the resource characteristics and quoted life without implementation of the future emissions compliance methodology.

5.3.3 Dispatch Assumptions

As a basis of initial evaluation, and as stated in the RFP Instructions to Bidders and Technical Specifications, the evaluated dispatch for each of the generation technologies will be as follows. These initial dispatch assumptions will remain applicable in the case that the resources are paired in a hybrid configuration with the accounting for any efficiency losses associated with a paired resource.

- Solar and Wind Renewables – dispatched as a function of the energy resource, unconstrained with annual generation forecast as provided by the Bidder;
- Energy Storage – for up to 8 hour storage duration, modeled as one full charge/discharge cycle per day, or 365 full cycles per year. Longer duration energy storage will be determined based upon Proposal characteristics and equipment restrictions as proposed by the Bidder and PNM modeling expectations;
- Demand-Side Resources – modeled in accordance with the type of DSR and availability of such DSR as proposed by the Bidder;
- Natural Gas Flexible Resources – modeled with 1,500 operating hours per year (17.1 percent capacity factor) and 400 starts per year; and
- Other Resources – modeled consistent with the proposal characteristics, market trends, and integrated resource planning expectations.

It is noted that the above dispatch assumptions will be utilized for the initial Phase 1 and Phase 2 economic evaluation of stand-alone generation resources. As the evaluation progresses into the more detailed

system portfolio modeling, the dispatch and associated operation and maintenance costs will be determined within capacity expansion and production cost modeling on the basis of economic dispatch of the resources modeled.

5.3.4 Operations and Maintenance Cost Assumptions

To compare the cost of generation across various Bid types, the Bid evaluation team will develop representative annual O&M costs. It is assumed that PPA, ESA, and DSR Bids will already include O&M costs in their contract price, but BT and APA Bids will require the development of O&M costs because those projects would be turned over to PNM for ongoing operation and maintenance. O&M costs for BT Proposals will be developed by the applicable technical bid evaluation team and evaluated by the RFP Administration Team for completeness as further described below.

The O&M costs will be divided into fixed and variable O&M costs. The fixed O&M costs will be defined to include project staffing, fixed costs associated with any major equipment long term service agreement(s) ("LTSA"), battery capacity maintenance costs, project insurances, site maintenance costs, and other balance of plant fixed operating costs. The staffing estimates will be based upon traditional PNM staffing methodologies considering the fact that there would be some level of remote operation of the sites from existing PNM operations centers, and considering the fact that the addition of new units to existing PNM sites would be advantaged by the presence of existing operations staff at the project sites.

Variable O&M costs are related to consumable and commodity costs determined as a function of the operating hours of the facility. Variable O&M costs are expected to include any applicable water consumption, waste water treatment costs, chemical consumption, ammonia consumption for NOx emissions control, and variable long term service agreement costs associated with operating hours or quantity of starts for the major equipment. It is expected that the Bid evaluation will utilize variable O&M costs for natural gas fueled technologies from prior LTSA quotes, thus depending upon comparable and defendable market-based quotations.

5.3.5 Transmission Costs

In addition to consideration of transmission system and interconnection capital costs, the Bid evaluation will also consider transmission losses and wheeling fees associated with long-distance delivery alternatives or delivery via multiple transmission system providers. As an example, for projects located outside the counties directly surrounding Bernalillo County, a 2.7 percent loss allowance will be considered to account for delivery to the Albuquerque load center. If not included in the Bidder's Proposal, other appropriate allowances will be included, as appropriate, for significant generation tie line lengths and open access transmission tariff ("OATT") standard loss allowances.

5.3.6 Owner's Cost Assumptions

To account for PNM's costs associated with the oversight and execution of a project, PNM's Owner's costs will be estimated and added to the capital cost values discussed above. The scope of Owner's costs will include the following for each type of project structure.

Owner's Cost	BT	PPA / ESA / DSR
Owner's Scope of Supply		
Information Technology / Telecom	X	X
Land Procurement	X	
Permitting and Environmental	X	X
Project Management and Operations	X	X
Owner's Engineering	X	X
Commissioning Costs		
Commissioning Fuel	X	
Test Energy Credit	X	
Startup Consumables	X	
Permanent Plant Equipment and Furnishings	X	
Long Term Service Agreement Mobilization	X	
Initial Stock of Spare Parts	X	
Administrative Costs		
Legal & Regulatory	X	X
Financial		
General & Administrative Costs	X	X
AFUDC	X	
Owner's Contingency	X	X

5.4 Renewable Generation / Energy Storage Tax Credit Considerations

Throughout the Bid development and Bid evaluation process, the advantages of available tax credits for renewable energy and energy storage investment will be considered. Bidders have been requested to identify in their Proposals the tax credits and incentives upon which their Proposals are dependent. This will include the influence of the Inflation Reduction Act, the Federal Investment Tax Credit, the Federal Production Tax Credit, and other available state and local incentive programs.

An assessment of applicability of these tax incentives will also be performed for any BT Proposals offered in response to the RFP and will be applied accordingly.

5.5 Lease Accounting Considerations

In discussions with PNM's credit rating agencies, PNM has identified that at least one rating agency is likely to impute to PNM some level of debt as an on-balance sheet lease liability associated with any energy storage project that involves pricing on a fixed capacity payment basis. This would apply regardless of if the fixed capacity payment structure was being applied to a stand-alone battery energy storage project or the battery energy storage component of a hybrid solar / storage project. It was identified that the fixed capacity payment structure (priced on a $/kW-month basis) would result in an on-balance sheet lease liability under new (Financial Accounting Standards Board, Accounting Standards Codification 842) accounting standards changed in 2019. Discussions with the credit rating agencies have informed PNM that these liabilities would likely be reclassified as debt when assessing PNM's credit metrics. Since these credit metrics are direct inputs into PNM's credit ratings by the credit rating agencies, such imputed debt adjustments could impact PNM's cost of capital and therefore could have impacts on PNM's customers.

As a result of this concern, the RFP has requested energy storage project pricing on a variable, available hour basis ("availability pricing"). The RFP and associated bid evaluation process will consider this pricing structure such that the need to account for imputed debt considerations is not expected. In the case that a Proposal is only offered with firm, capacity based pricing, the associated Bidder will be asked to provide the above identified availability pricing and, if the Bidder is not willing to provide such pricing, the evaluation of that Proposal will include accounting for imputed debt.

6 Proposal Evaluation Phase Overview

The phased evaluation of Proposals is discussed in Appendix C of the RFP. This Section provides a summary overview of the evaluation of Proposals.

6.1 Phase 1 Evaluation – Screening

Proposals will initially be reviewed for completeness. Any missing information identified by the RFP Administration Team or technical evaluation teams, as applicable, will be requested from Bidders.

Proposal attributes will be summarized in the Bid comparison tool (Attachment C) for those Proposals satisfying the RFP Minimum Requirements. Initial observations will be summarized and presented based on the Bid comparison template. Considering the initial review of Proposals and information provided in response to Bidder questions and clarifications, Bidders and/or Proposals may be eliminated from consideration based on the evaluation by the RFP Administration Team (with input from the technical evaluation teams) and with the Project Manager's approval.

Elimination during Phase 1 would be limited to Proposals that do not comply with the Minimum Requirements in Section 1.4 of the RFP Instructions to Bidders including, but not limited to, consideration of (i) the Supplier Risk Security Screening Questions issued with the RFP, (ii) law regarding the possession of a required contractor's license associated with BT Proposals, (iii) firm, fixed pricing valid for the duration requested in the RFP, (iv) project transmission and interconnection status and viability, (v) lack of an executable plan supporting the proposed Guaranteed Start Date, or (vi) otherwise incomplete Proposals.

Reasons for elimination will be documented, a Phase 1 Bid evaluation report will be prepared, and Bidders will be notified accordingly at the end of Phase 1.

6.2 Phase 2 Evaluation – Establishment of a Proposal Shortlist

Proposals advancing from the Phase 1 evaluation will be evaluated further in Phase 2, resulting in the establishment of a shortlist of Proposals consisting of the "best-in-class" Proposals of each technology offered in response to the RFP.

If required, additional Bidder questions and clarifications will be issued by the RFP Administration Team considering input and feedback from the technical evaluation teams. The RFP Administration Team will solicit and coordinate evaluation input from PNM SME's, engaging different PNM functions, as required, for price and non-price factors. Pricing and schedule feedback and analysis will be provided by PNM SMEs, as required, to equally compare the Proposals received.

The lifecycle cost analysis performed during Phase 2 will be utilized in conjunction with the input and feedback from PNM SME's, the technical evaluation teams, and the RFP Administration Team to establish a shortlist of Proposals. The shortlist of Proposals will be established based on total evaluated delivered cost of energy and total evaluated delivered cost of capacity as well as the overall viability of the Proposal with respect to its ability to achieve commercial operation by the proposed GSD, and overall compliance with the objectives of NMSA 1978, Section 62-13-16, NMSA 1978, Section 62-18-10(D), the REA, and the IRP Rule. These factors, in conjunction with the combined scoring of the price and non-price factors identified in the Shortlist Scoring Matrices included in Attachment E will establish the Phase 2 shortlist.

The following objectives are initially established for the shortlist selection process, with the understanding that the ability to comply with these objectives will be a function of the types and quantity of Bids received.

1) To the extent that Bids satisfy the RFP requirements and pass the Phase 1 criteria, the shortlist should maintain the most favorable Bids in each generation technology category, as available, including:
    a. Wind generation in varying size categories
    b. Energy storage
    c. Long-duration energy storage
    d. DSR / energy efficiency solutions
    e. Heavy frame combustion turbines
    f. Aeroderivative combustion turbines
    g. Reciprocating engines
    h. Combined solar and energy storage solutions
    i. Combined wind and energy storage solutions
    j. Combined natural gas and energy storage solutions
    k. Other viable technologies as offered under the RFP

2) To the extent that Proposals satisfy the RFP Minimum Requirements and pass the Phase 1 criteria, the shortlist should generally maintain offerings in each technology category with sufficient capacity to deliver the full capacity requested within the RFP, if available.

3) The shortlist will retain separate "best-in-class" generation projects on Navajo Nation lands.

4) The shortlist will retain separate "best-in-class" generation projects within the CCSD.

5) The shortlist should avoid including Proposals that include any "fatal flaws" considering experience, development status, transmission system viability, and/or incomplete Proposals.

6) The shortlist should retain offerings that reduce the total delivered cost of electricity.

To the extent that sufficient Proposals are received, the Proposal shortlist is planned to retain sufficient quantities of each technology with redundancy of Proposals for contract negotiation and competitiveness purposes.

At the conclusion of Phase 2, a Phase 2 Evaluation Summary report will be issued. Bidders will be notified accordingly regarding advancement to Phase 3 or no longer being considered.

6.3 Phase 3 Evaluation – Shortlist Evaluation and Negotiations

During the Phase 3 evaluation, the shortlisted Proposals will be evaluated further, with additional Bidder questions and clarifications being issued, as required, and more in-depth PNM SME reviews taking place. Meetings will be held virtually or in-person with the shortlisted Bidders and evaluated costs will be validated through additional evaluation.

The applicable Shortlist Scoring Matrix may be further refined for the shortlisted resources to identify those, by technology, that evaluate most favorably.

Considering the shortlist of the highest-ranking proposals, various portfolios will be evaluated and analyzed via PNM's system portfolio modeling tools, including:

1. **EnCompass**, an optimal capacity expansion and production simulation model created by Anchor Power Solutions, which is used to identify and simulate portfolios least-cost resources to meet future needs; and

2. **SERVM**, a loss-of-load probability model developed by Astrapé Consulting (now part of PowerGEM), which is used to establish system reliability needs and to conduct detailed reliability analysis of portfolios produced by EnCompass.

Both tools are necessary to obtain a robust result that balances the planning objectives. To produce optimized portfolios, EnCompass incorporates a representation of how the system will operate across a sampling of representative days over the course of the study horizon. At the same time, PNM's reliability standard dictates that the portfolios should yield no more than one day of lost load in ten years; a loss-of-load expectation ("LOLE") of 0.1 or lower. This detailed reliability analysis will be conducted using SERVM for the top performing portfolios.

As the resources selected from this RFP must be considered as a portfolio solution, the system portfolio modeling will be utilized to determine several new resource portfolios that best satisfy the RFP objectives. Following the completion of the scoring matrices and the portfolio modeling, PNM will issue a recommended portfolio of resources to the Independent Monitor for review.

Upon identification of the recommended portfolio of resources, PNM may pursue contract negotiations with one or more Bidders. PNM anticipates advancing multiple Proposals into a final shortlist selection to maintain leverage and competitive forces and to retain alternative Proposals should negotiations with selected Bidders be unsuccessful.

At the conclusion of Phase 3, a Phase 3 Evaluation Summary report will be issued to document the RFP evaluation process. Bidders will be notified accordingly regarding potential selection or non-consideration.

6.4 Reporting

A report will be developed for each phase of the Proposal Evaluation summarizing activities completed, Proposals received and currently in consideration, Bidder correspondence, reasons for exclusion of any Proposals from further consideration, any deviations from the established process, and general outcomes.

7 Summary Discussion

PNM's 2029-2032 RFP seeks Proposals for the supply of varying types of resources within the time period of 2029 through 2032. The RFP was issued on December 30, 2024 and Proposals are due on May 14, 2025. Upon receipt of Proposals, evaluation will begin immediately. The RFP Administration Team will complete an initial screening and establish a Proposal shortlist for all of the requested Guaranteed Start Dates during Phase 1 and Phase 2 of the respective Bid evaluation processes. Phase 3 of the evaluation, including detailed reviews, negotiations, and selections will be completed after selection of the shortlisted Bids.

The Proposal evaluation includes review, analysis, modeling, comparative assessment, feedback from SME's, and other activities, with the overall goal to provide the most advantageous path forward to provide value to PNM customers, to reduce project deliverability risk, and to reduce reliability risk on PNM's system.

The evaluation will be completed based on the best available information and the approach and methodology is subject to change based on other influencing factors, such as changing regulatory requirements. PNM is committed to conducting a fair and transparent process, and the purpose of this document is to highlight PNM's commitment to doing so.

2029-2032 Generation Resources RFP

Proposal Evaluation Methodology

Attachment A

RFP Schedule

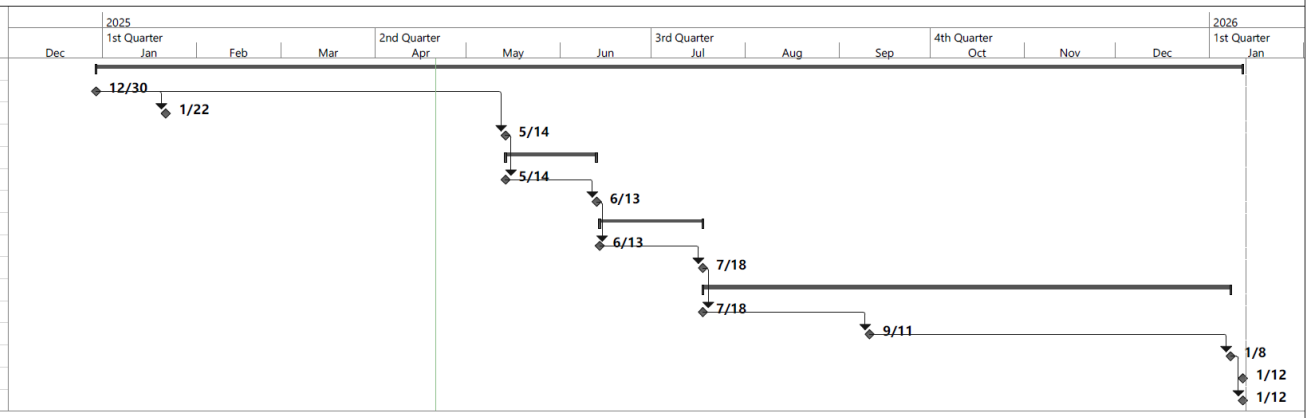
2029-2032 Generation Resources RFP

DRAFT

April 2025

PNM 2029-2032 Generation Resources RFP

ID	Task Name
1	**2029-2032 Resource Bid Cycle**
2	RFP Documents Available for Bid
3	Pre-Bid Conference
4	Proposal Due Date
5	**Phase 1 Bid Evaluation**
6	Phase 1 Bid Evaluation Begins
7	Phase 1 Bid Evaluation Complete
8	**Phase 2 Bid Evaluation**
9	Phase 2 Bid Evaluation Begins
10	Phase 2 Bid Evaluation Complete
11	**Phase 3 Bid Evaluation**
12	Phase 3 Bid Evaluation Begins
13	Final Bid Selection
14	Execution of Contract(s)
15	**Regulatory**
16	Resource Filing



Page 1

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2029-2032 Generation Resources RFP

Proposal Evaluation Methodology

Attachment B

Minimum Requirements Checklist

ATTACHMENT B – MINIMUM REQUIREMENTS CHECKLIST

Respondent shall submit a completed Minimum Requirements checklist in the form of this Attachment B with the Proposal for PNM's review and validation of satisfaction of the RFP Minimum Requirements.

Incomplete information or failure of the Respondent to certify or satisfy compliance with the RFP Minimum Requirements will result in the Proposal being excluded from further consideration under this RFP.

Note that the Minimum Requirements are summarized herein for the sake of brevity of this checklist. Please see Section 1.4 of the RFP Instructions to Bidders for detailed descriptions of the RFP Minimum Requirements.

Respondents shall complete the column entitled "Satisfied" by either entering a "Y" for Yes if the Minimum Requirement is satisfied or an "N" for No if it is not. Respondent shall provide additional information in the Respondent Confirmation column to the extent requested in the Minimum Requirement column or as desired by Respondent to clarify the Proposal.

ATTACHMENT B – MINIMUM REQUIREMENTS CHECKLIST

Minimum Requirements Applicable to All Proposals

Item #	Minimum Requirement	Satisfied (Y/N)	Respondent Confirmation	PNM RFP Team Validation
1)	Proposal Due Date – Enter date that the proposal was submitted to the RFP Event			
2)	Fully Functional Resource – Describe the resource offered and verify that it is a fully functional electric generation, storage, or demand-side resource			
3)	Supplier Code of Conduct – Confirm acknowledgement and agreement to comply with PNM's Supplier Code of Conduct and enter the date that it was so acknowledged in the RFP event			
4)	Non-Disclosure Agreement – Enter date that the non-disclosure agreement was executed			
5)	Supplier Risk Security – Confirm compliance with the Supplier Risk Security Screening Questions			
	Enter the date that responses to the Supplier Risk Security Screening questions were submitted to the RFP Event			
6)	Guaranteed Start Date – Enter the Guaranteed Start Date(s) for which the Proposal is valid			
7)	New Mexico Apprenticeship – Confirm intended compliance with Section 62-13-16 of the PUA			
	Confirm the expected percentage of apprentices that will be applied to the construction of the project			
8)	Bid Certification – Confirm submittal of completed Attachment C or BT Attachment C, as applicable			

2029-2032 Generation Resources RFP

Item #	Minimum Requirement	Satisfied (Y/N)	Respondent Confirmation	PNM RFP Team Validation
9)	Applicable Law – Confirm that the Proposal and the project to be implemented will comply with all applicable federal, state and local laws			
10)	Bid Currency – Confirm that all prices in the Proposal and pricing forms are quoted in nominal U.S. dollars in the year to be incurred			
11)	Commercially Proven Technology – Identify proposed technology(ies) and the size quoted			
	Identify the location within the proposal that provides supporting documentation that the technology is commercially proven at the size quoted			
12)	New Mexico Contractor's License (BT Proposals Only) – Confirm that Respondent holds a New Mexico Contractor's License			
	Identify the section of the Proposal that includes a copy of Respondent's New Mexico Contractor's License			
13)	Investment Grade Qualification – Identify Respondent's financial rating (S&P / Moody's) or otherwise identify the section of the Proposal that includes evidence of a good faith commitment from a financial institution or lender for the proposed project with credit ratings by S&P and Moody's of at least A- and A3, respectively and at least Ten Billion Dollars ($10,000,000,000) in U.S.-based assets			
14)	Complete Proposal – Certify that Respondent has completed and submitted the applicable bid forms and supplemental information requested within the RFP			
15)	Fixed Priced Bid / Bid Validity – Confirm that Respondent's Proposal includes firm, fixed pricing valid for a period of 24 months after submittal			
	Identify the date through which the proposal pricing is valid			

2029-2032 Generation Resources RFP

Item #	Minimum Requirement	Satisfied (Y/N)	Respondent Confirmation	PNM RFP Team Validation
16)	Commercial Terms – Identify Proposal section that includes the completed version of the Commercial Term Summary Bid Form			
	Identify the Proposal section that includes the redline to the applicable form agreement or term sheet			
17)	Generator Interconnection Application Status – Identify the interconnect queue number for the proposed project and the interconnection cluster within which the application was submitted			
	Should the proposed project be interconnecting to a transmission system external to PNM's transmission system, identify the Proposal section that includes documentation justifying the ability to deliver the project's energy on a firm transmission basis by the proposed Guaranteed Start Date			
18)	Transmission Deliverability – Identify the location within PNM's system to which the proposed project will deliver its energy. (See item 18 in Section 1.4.1 of the RFP Instructions to Bidders for required locations.)			
	Identify any necessary wheeling associated with the delivery of the project energy and the associated wheeling costs included in the Proposal			
19)	Inclusion of Interconnection / Network Upgrade Costs – Confirm that Respondent has identified and included all electrical interconnection costs, network upgrade costs, and third-party wheeling fees			
	Identify where in the proposal this information can be found			
20)	No Stand-alone Solar or Coal-Fired Generation – Confirm that (i) a stand-alone solar project without a capacity-firming component or (ii) a			

Item #	Minimum Requirement	Satisfied (Y/N)	Respondent Confirmation	PNM RFP Team Validation
	project fueled with coal is not offered under this RFP			
21)	United States Experience – Confirm that Respondent has successful and completed experience within the United States with projects of any technology at a total installed capacity of all projects of at least twice the capacity proposed			
	Identify the section of the Proposal that identifies Respondent's U.S. experience			
22)	Respondent Technology Experience – Confirm that Respondent has prior experience with the technology and the project structure at a scale that is at least 75% of the size and scale proposed. A Respondent may rely on the experience of its parent company, its subsidiaries, its partner(s) in a partnership, or on its sub-contractors to comply with this requirement.			
	Identify the section of the Proposal that identifies Respondent's applicable experience			
23)	Prior Contract Default – Confirm that Respondent (or any of its affiliates) has not defaulted on an executed contract with PNM within the past 5 years			
24)	Timeline for Posting of Development Security – Certify that Respondent is willing to post the contractual Development Security within 90 days of execution of the Agreement (or within 10 business days of an LNTP for the LNTP value and upon FNTP for the Contract Value for BT Proposals)			
25)	Project Schedule – Confirm that Respondent has included a credible Gantt chart implementation schedule that supports the Guaranteed Start Date proposed and is willing to commit to this schedule			
	Identify the section of the Proposal that includes the Gantt chart schedule			

2029-2032 Generation Resources RFP

Item #	Minimum Requirement	Satisfied (Y/N)	Respondent Confirmation	PNM RFP Team Validation
26)	Identification of Tax Incentive Reliance: Confirm that Respondent has identified all federal, state, tribal, and local tax incentives relied upon for the firm price Proposal			
	Identify the section of the Proposal that identifies the applicable tax incentive reliance			
	Confirm that Respondent agrees to retain all risk associated with federal, state, tribal, and local tax credit qualification including any associated price and schedule impacts			
27)	Technology Tariff Considerations: Identify the applicable governmental tariffs and duties accounted for in the proposed pricing			
	Identify any pending tariffs and duties not accounted for in the proposed pricing and any proposed methodology to manage the associated costs within this RFP process should they become applicable			
28)	Taxes: Confirm that Respondent has included all applicable taxes (i.e. New Mexico Gross Receipts Tax), licenses, fees, etc. in the proposed pricing and that no adjustment will be required for inclusion of any additional taxes			
	Identify the section of the Proposal that includes a clear description and break-out of these taxes, licenses, fees, etc. in the Proposal			
29)	Automatic Generation Control: Confirm that the proposed project will be capable of being fully dispatchable by PNM, including intra-hour dispatch changes, and able to operate under automatic generation control (AGC) with signals that originate remotely from PNM operations centers			
30)	Use of PNM Sites (PPA, ESA Proposals only): Confirm that Respondent's proposal does not rely upon the use of existing PNM controlled sites			

2029-2032 Generation Resources RFP

Item #	Minimum Requirement	Satisfied (Y/N)	Respondent Confirmation	PNM RFP Team Validation
31)	Proof of Site Control: Identify the type of site control that Respondent has in-place for the land required for the project and off-site infrastructure (i.e. (i) a title to the site, (ii) an executed lease agreement, (iii) an executed easement, or (iv) an executed option agreement applicable to at least 75 percent of the necessary land);			
	Identify the section of the Proposal that includes the agreements and documentation that verifies Respondent's site control			
32)	NEPA Permitting: Confirm that necessary NEPA permitting and federal or tribal agency approvals have been obtained or otherwise identify available documentation confirming the ability to complete these activities per the proposed project schedule			
	Identify the section of the Proposal that identifies the status of such permitting and approvals or that includes the requested documentation			
33)	Ambient Conditions: Identify the ambient temperature range over which the project is capable of both full load and idle operation. (Minimum Requirement is -20°F to 110°F with the full range of relative humidity)			
34)	Technical Specifications: Confirm that Respondent accepts all requirements of the Technical Specifications applicable to the technology proposed as included in the applicable subsection of Appendix L			
	Identify the section of the Proposal in which the applicable Technical Specifications are included with a statement of acceptance			

Minimum Requirements Applicable to APA Proposals

Item #	Minimum Requirement	Satisfied (Y/N)	Respondent Confirmation	PNM RFP Team Validation
1)	Tax Treatment: All APA Proposals must provide a description of the proposed transaction from a tax perspective, including whether the Respondent plans to sell a limited liability company ("LLC") or assets, which could have tax implications for PNM.			
2)	Interconnection Costs: Costs proposed for all APA resources must include all electrical interconnection, fuel, and other utility costs, as applicable. Respondent's Proposal must include firm, not to exceed, interconnection costs.			

2029-2032 Generation Resources RFP

Proposal Evaluation Methodology

Attachment C

Bid Comparison Template

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2029-2032 Generation Resources RFP

PNM 2029-2032 Generation Resource RFP Bid Summary

Example Bid Summary

Dated: February 21, 2024

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Assigned Proposal Number	Bidder	GSD	Bidder	Project	Bid Type	Construction Contractor License	Bid Type Subcategory	Total Project Capacity (MW)	Site Export Capacity (MW)	Generation Capacity (MW)	Energy Storage Capacity (MW)	Energy Storage Duration (hrs)	Energy Storage (MWh)	Capacity for Capacity Charge (MW)	Heat Rate (Btu/kWH - HHV)

17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Contracted Fuel Consumption per day (MMBtu)	Site	Site Coordinates (PPA and BT bids only)	County	State	Expected COD / Start Date	Guaranteed Start Date	Term (Years)	Annual Generation from Gen. Source (MWh)	Annual Energy Storage Discharge (MWh)	Annual System Delivery (MWh)	Net Generation Capacity Factor (%)	Net System Capacity Factor (%)	DC/AC Ratio	Per Start Charge ($/start per unit)	Quantity of Generating Units (#)

33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48
Assumed Operating Hours (Hrs/yr)	Annual Quantity of Starts (#)	Assumed Battery Cycles per year (#)	Battery Round Trip Efficiency (at POI) (%)	Notes	POI	Point of Delivery	Transmission GIA / SIS Status	Transmission / Wheeling Fees ($/kw-mo)	Estimated Transmission Upgrades (incl in proposal)	Interconnection / Transmission Upgrades Priced in Proposal	Proposal Transmission Cost Basis	Evaluation Adjustments for Added Electrical Transmission Capital Cost ($)	Evaluation Adjustments for Added Electrical Interconnection Capital Cost ($)	Evaluation Notes for Electrical Transmission	Estimated Interconnection In-Service Date (by PNM Transmission Planning)

49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64
Electrical Losses Included in Bid	Estimated Electrical Losses to be Added (%)	Losses Applicable from Site to ABQ?	Losses from Site to ABQ Load Center (%)	Total Electrical Losses to be Added (%)	Capital Cost ($)	Cost Adjustment Notes	Capital Cost Adjustments ($)	Transmission / Interconnection Adjustments ($)	Owner's Costs ($)	Total Solar Capital Cost ($)	Total BESS Capital Cost ($)	Total Capital Cost ($)	Capital Cost ($/kW)	Battery Capital Cost ($/kWH)	PPA Contract Price ($/MWH)

65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
Curtailment Price Adjustment ($/MWH/% curtlmt)	Battery Energy Charge ($/MWH)	Fixed O&M / Variable O&M / Energy Escalation (%)	Capacity Escalation (%)	Capacity/Fixed Charge ($/kW-Month)	EPC Capital Recovery Cost ($/kW-yr)	EPC Capital Recovery Cost ($/MWh)	Applicable Gross Receipts Tax Adder for ESAs (%)	% of Capacity Payment for Additional GRT (%)	GRT Adder for ESAs ($/kW-mo)	Natural Gas Transport Adder ($/MMBtu/day)	Natural Gas Transport Adder ($/kW-yr)	Fixed O&M Cost ($/kW-yr)	Fixed O&M Cost ($/MWh)	Total Fixed O&M Cost ($/kW-yr) (with Gas Transport & GRT)	Total Fixed O&M Cost ($/MWH)

81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96
Total First Year Annual Fixed Charges ($/yr)	EPC Variable O&M Cost (excl CSA costs) ($/MWh)	CSA Variable O&M Cost ($/hr per unit)	CSA Variable O&M Cost ($/MWh)	Start Charges ($/yr)	Total Variable O&M Cost ($/MWH)	Total Annual Variable / O&M ($/yr)	Cost of Delivery excluding fuel ($/MWH)	Assumed Cost of Fuel ($/MMBtu-HHV)	Cost of Fuel ($/MWh)	Cost of Battery Charging ($/MWh)	ITC/PTC Benefit ($/MWh)	Total Annual Charges ($/yr)	Total Cost of Generation ($/MWh)	Impact of Electrical Losses ($/MWh)	Impact of Wheeling Fees ($/MWh)

97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112
Total First Year Delivered Cost ($/MWh)	Levelized Total Evaluated Delivered Cost ($/MWh)	Total First Year Delivered Cost ($/kW-yr)	Accredited Capacity (MW)	Levelized Cost per Unit of Accredited Capacity ($/kW-yr)	Pricing Included / Delivered Cost Notes	Other Notes	Bid Validity	Required Release Date	Tax Credit Reliance (ITC/PTC/IRB/PiLOT)	On Navajo Land?	in CCSD?	Pass Phase 1?	Reason for Phase 1 Exclusion	Phase 2 Shortlist?	Reason for Phase 2 Exclusion

113	114
Phase 3 Selection?	Reason for Phase 3 Exclusion

2029-2032 Generation Resources RFP

Proposal Evaluation Methodology

Attachment D

Financial Evaluation Assumptions

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2029-2032 Generation Resources RFP

Proposal Evaluation Methodology

Attachment E

Shortlist Ranking Matrix

2029-2032 Generation Resources RFP

MARKET BID SCORING MATRIX CONFIDENTIAL - PRELIMINARY WORKING COPY

Phase I Scoring Matrix		Bidders Name/Number	Bidder A	Bidder B
		Bid Number		
Commercial Conditions		Site Name		
Creditworthiness		Project Size (MW)		
Team Qualifications		Resource Type		
Project Engineering		In-Service Date		
Social, Environmental & Siting		Interconnection Location		
Interconnection/Performance		Pricing Structure		
Total	0%	RFP		

	Total Score LCOE (1000 Max)	0.0	0.0
	Total Score LCOC (1000 Max)	0.0	0.0
	Total Non-Price Ranking	0.0	0.0
1.0 LCOE Commercial Conditions	LCOE Commercial Conditions Weighted Score	0.0	0.0
1.0 LCOC Commercial Conditions	LCOC Commercial Conditions Weighted Score	0.0	0.0
	0		
1.1 Total Delivered Cost (Levelized Cost of Energy)			
1.1 Total Delivered Cost (Levelized Cost of Capacity)			
Calculated LCOE			
Calculated LCOC			
Risk Adjusted LCOE			
Risk Adjusted LCOC			
[90-100] In lowest quintile of pricing for the technology offering			
[80-90] In second to lowest quintile of pricing for the technology offering			
[70-80] In middle quintile of pricing for the technology offered			
[60-70] In second to highest quintile of pricing for the technology offered			
[50-60] In highest quintile of pricing for the technology offering			
1.2 Guarantees / LDs / Warranties			
[75-100] All identified and in compliance with term sheet/form agreement			
[50-85] Majority of factors identified and in compliance with term sheet/form agreement			
[25-75] Moderate non-compliance with term sheet/form agreement requests			
[0-50] Significant non-compliance with term sheet/form agreement requests			
1.3 General Acceptance of Terms			
[75-100] No exceptions to proposed term sheet			
[50-85] Limited exceptions to proposed term sheet			
[25-75] Moderate exceptions to proposed term sheet			
[0-50] Major exceptions to proposed term sheet			

2.0 Creditworthiness	Creditworthiness Weighted Score	0	0
	0		
2.1 Credit Support			
[80-100] Investment grade rated or letter of credit			
[70-90] Below investment grade/no rating with letter of credit			
[70-90] Parental Guarantee or Guarantor is Investment grade rated			
[25-70] Below investment grade/no rating, no Guarantor, no letter of credit/support			
[0-40] Junk rated/no support/history of default			
2.2 Project Financing			
[75-100] 100% Self-Financed, Owned, and Operated			
[50-85] Dvlpmt/Const Self-Funded, Equity Investor identified, Partial Ownership			
[25-75] Dvlpmt/Const Self-Funded, Flipped to New Owner/Investor			
[0-50] Financing not discussed, No financing plan, Equity Investor(s) not defined			

2029-2032 Generation Resources RFP

MARKET BID SCORING MATRIX

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Phase I Scoring Matrix	Bidders Name/Number	Bidder A	Bidder B
	Bid Number		
Commercial Conditions	Site Name		
3.0 Quals / Experience	Quals / Experience Weighted Score	0	0
	0		
3.1 Bidder Project Experience [75-100] Extensive - 3+ comparable projects (technology and size) already built [50-85] Moderate - 1 to 2 comparable projects (tech & size) already built [25-60] Limited - never lead player; projects under construction [0-25] None - No projects of proposed technology completed or identified			
3.2 Bidder Team Project Experience [75-100] Experienced with prior working relationship and ability; local experience; successful project history [50-80] Team is a mix of experienced and new personnel; limited local experience; some history of project delays/cost increases [0-50] Team is newly formed w/ limited comparable project development; history of multiple project defaults or shortfalls			
3.3 PNM Project Performance History / Safety Record [75-100] Success on multiple PNM projects; EMR - 0.25 to 0.50/strong safety program [50-80] Moderate success on PNM projects; EMR - 0.50 to 0.75 or moderate safety program discussion [20-60] Poor/challenged PNM performance history or no PNM experience ; EMR - 0.75 to 1.0 or poor safety program [0-25] Unacceptable performance on PNM projs; EMR - >1.0, or non-descript safety program			

4.0 Project Engineering	Project Engineering Weighted Score	0	0
	0		
4.1 O&M Plan [75-100] Detailed, self-managed operation & maintenance plan, credible experience [40-80] Bid provided moderate details of an operation & maintenance plan [0-50] Little to no detail regarding an operation & maintenance plan, outsourced			
4.2 Engineering Design [70-100] Thorough system layout/design for selected tech - compliant w/ RFP [40-80] Concept level design / tech to be selected / moderately compliant w RFP [0-50] Prelim engineering design not done or incomplete / not compliant w RFP			
4.3 Project Schedule [75-100] Project meets timing, detailed timeline, schedule readily achievable [50-80] Meets timing reqmt's, timeline provided, no critical schedule items identified [25-60] Meets timing reqmt's, no details, moderate schedule challenges [0-30] Does not meet timing, no details, significant schedule challenges			
4.4 Project Equipment and Feasibility [60-100] Mature, Commercial Technology [30-80] Young Technology - Commercial, but Limited Application, w/ Risk Mitigation [0-50] New Technology - demonstration, prototype or pilot			

PNM

2029-2032 Generation Resources RFP

MARKET BID SCORING MATRIX

CONFIDENTIAL - PRELIMINARY WORKING COPY

Phase I Scoring Matrix	Bidders Name/Number	Bidder A	Bidder B
	Bid Number		
Commercial Conditions	Site Name		
5.0 Social, Environmental & Siting	Social, Environmental & Siting Weighted Score	0	0
	0		
5.1 Right of Way and Site Acquisition			
[80-100] All of Site and Right-of-Way is secured, site acquired, cost certain [60-80] Right-of-Way is secured, site is acquired, cost estimated [25-60] Right-of-Way & project site under option agreement [0-30] Right-of-Way not yet secured & project site not yet acquired			
5.2 Environmental Site Assessment			
[70-100] Site assessment completed w/documentation-no issues [50-70] Site Assessment completed, no siting issues, lacks documentation [25-50] Site Assessment underway, potential siting issues with mitigation plan [0-30] Site Assessment not completed and unrealistic schedule expectation			
5.3 Enviromental Permits / Impact			
[70-100] All required permits acquired / no-to-low impact / carbon plan in place [40-70] Some permits acquired / moderate impact / carbon concept in place [0-40] Bidder states no permits acquired / high impact / no carbon plan			
5.4 Community Support/Labor Sourcing/Env Justice			
[80-100] Strong community support / significant apprentice & NM labor use / complies with environmental justice objectives [50-80] Moderate community support & NM labor / complies with apprentice use / moderately compliant with environmental justice objectives [30-60] Little community support / partially complies w apprentice & NM labor use / minimally complies with environmental justice objectives [0-40] Viewed unfavorably by community / does not comply w apprentice use or environmental justice objectives			

6.0 Interconnection/Performance	Interconnection/Performance Weighted Score	0	0
	0		
6.1 Interconnection			
[90-100] Project has LGIA / no network upgrades / limited interconnection scope [60-90] Project in DISIS process / limited network upgrades / limited interconn [30-60] Project will enter DISIS process / moderate network & interconn scope [0-30] Project has not entered DISIS / no estimate of required upgrades			
6.2 Transmission Delivery			
[90-100] Project does not require delivery investment (i.e. connects to PNM) [30-90] Project identifies delivery need (wheeling service, new construction) [0-30] Project requires delivery; plan not established (wheeling, etc.)			
6.3 Contribution to Operational Flexibility			
[90-100] Project is dispatchable w/ strong capability for ancillary services [70-100] Project is dispatchable w/ moderate capability for ancillary services [30-70] Project has moderate dispatchability / capability for ancillary services [0-30] Project offers little value for dispatch/ancillary services			
6.4 Performance Feasibility & Bid Credibility			
[80-100] Projected capacity factor / efficiency is within expected ranges (below) [50-80] Projected capacity factor w/in 1%-2% of expected ranges [30-80] Projected capacity factor w/in 3%-4% of expected ranges [0-20] Projected capacity factor is greater than +/- 5% of expected			
Guidelines for technology performance: *Capacity Factors: Solar PV with tracking 30% to 34%* *Wind --> 40% to 46%* *Battery RTE --> 83% to 88%* *Other Performance:* *Typical solar PV degradation: 0.5% - 0.75% per year* *Typical ESS RTE degradation: 0.25% - 0.5% per year*			

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2029-2032 Generation Resources RFP

EPC SCORING MATRIX

CONFIDENTIAL - PRELIMINARY WORKING COPY

Phase I Scoring Matrix		Bidders Name/Number	Bidder A	Bidder B
		Bid Number		
Commercial Conditions		Site Name		
Creditworthiness		Project Size (MW)		
Team Qualifications		Resource Type		
Project Engineering		In-Service Date		
Social, Environmental & Siting		Interconnection Location		
Interconnection/Performance		Pricing Structure		
Total	0%			

Total Score - LCOE (1000 Max)	0.0	0.0
Total Score - LCOC (1000 Max)	0.0	0.0

1.0 Commercial Conditions LCOE	Commercial Conditions LCOE Weighted Score	0	0
1.0 Commercial Conditions LCOC	Commercial Conditions LCOC Weighted Score	0	0
	0		
1.1 Total Delivered Cost (Levelized Cost of Energy)			
1.1 Total Delivered Cost (Levelized Cost of Capacity)			
Calculated LCOE			
Calculated LCOC			
Risk Adjusted LCOE			
Risk Adjusted LCOC			
[90-100] In lowest quintile of pricing for the technology offering			
[80-90] In second to lowest quintile of pricing for the technology offering			
[70-80] In middle quintile of pricing for the technology offered			
[60-70] In second to highest quintile of pricing for the technology offered			
[50-60] In highest quintile of pricing for the technology offering			
1.2 Guarantees / LDs / Warranties			
[75-100] All identified and in compliance with term sheet			
[50-85] Majority of factors identified and in compliance with term sheet			
[25-75] Moderate non-compliance with term sheet requests			
[0-50] Significant non-compliance with term sheet requests			
1.3 General Acceptance of Terms			
[75-100] No exceptions to proposed term sheet			
[50-85] Limited exceptions to proposed term sheet			
[25-75] Moderate exceptions to proposed term sheet			
[0-50] Major exceptions to proposed term sheet			

2.0 Creditworthiness	Creditworthiness Weighted Score	0	0
	0		
2.1 Financial Strength			
[80-100] Investment grade rated or letter of credit			
[70-90] Below investment grade/no rating with letter of credit			
[70-90] Parental Guarantee is Investment grade rated			
[25-70] Below investment grade or no rating, and no letter of credit/support			
[0-40] Junk rated/no support/history of default			
2.2 Project Controls			
[80-100] Detailed cost estimate / clear & reasonable payment / cancel schedule			
[70-90] Moderately detailed cost estimate / payment / cancel schedule			
[35-70] Insufficient cost estimate / unreasonable payment / cancel schedule			
[0-35] No detailed cost estimate / unfavorable payment / cancel schedules			

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EPC SCORING MATRIX

2029-2032 Generation Resources RFP

CONFIDENTIAL - PRELIMINARY WORKING COPY

Phase I Scoring Matrix Commercial Conditions	Bidders Name/Number Bid Number Site Name	Bidder A	Bidder B
3.0 Quals / Experience	Quals / Experience Weighted Score	0	0
	0		
3.1 Bidder Project Experience [75-100] Extensive - 3+ comparable projects (technology and size) already built [50-85] Moderate - 1 to 2 comparable projects (tech & size) already built [25-60] Limited - never lead player; projects under construction [0-25] None - No projects of proposed technology completed or identified			
3.2 Bidder Team Project Experience [75-100] Experienced with prior working relationship and ability; local experience; successful project history [50-80] Team is a mix of experienced and new personnel; limited local experience; some history of project delays/cost increases [0-50] Team is newly formed w/ limited comparable project development; history of multiple project defaults or shortfalls			
3.3 PNM Project Performance History / Safety Record [75-100] Success on multiple PNM projects; EMR - 0.25 to 0.50/strong safety program [50-80] Moderate success on PNM projects; EMR - 0.50 to 0.75 or moderate safety program discussion [20-60] Poor/challenged PNM performance history or no PNM experience ; EMR - 0.75 to 1.0 or poor safety program [0-25] Unacceptable performance on PNM projs; EMR - >1.0, or non-descript safety program			

4.0 Project Engineering	Project Engineering Weighted Score	0	0
	0		
4.1 Constr. And Comiss Turnover Plan [75-100] Detailed, construction & commissioning plan, credible experience [40-80] Bid provided moderate details of a construction & commissioning plan [0-50] Little to no detail regarding a const & commiss plan, heavily subcontracted			
4.2 Engineering Design [70-100] Thorough system layout/design for selected tech - compliant w/ RFP [40-80] Concept level design / tech to be selected / moderately compliant w RFP [0-50] Prelim engineering design not done or incomplete / not compliant w RFP			
4.3 Project Schedule [75-100] Project meets timing, detailed timeline, schedule readily achievable [50-80] Meets timing reqmt's, timeline provided, no critical path items identified [25-60] Meets timing reqmt's, no details, moderate schedule challenges [0-30] Does not meet timing, no details, significant schedule challenges			
4.4 Project Equipment and Feasibility [60-100] Mature, Commercial Technology [30-80] Young Technology - Commercial, but Limited Application, w/ Risk Mitigation [0-50] New Technology - demonstration, prototype or pilot			

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EPC SCORING MATRIX

2029-2032 Generation Resources RFP

CONFIDENTIAL - PRELIMINARY WORKING COPY

Phase I Scoring Matrix	Bidders Name/Number	Bidder A	Bidder B
	Bid Number		
Commercial Conditions	Site Name		
5.0 Social, Environmental & Siting	Social, Environmental & Siting Weighted Score	0	0
	0		
5.1 Right of Way and Site Acquisition			
[80-100] All of Site and Right-of-Way is secured, site acquired, cost certain			
[60-80] Right-of-Way is secured, site is acquired, cost estimated			
[25-60] Right-of-Way & project site under option agreement			
[0-30] Right-of-Way not yet secured & project site not yet acquired			
5.2 Environmental Site Assessment			
[70-100] Site assessment completed w/documentation-no issues			
[50-70] Site Assessment completed, no siting issues, lacks documentation			
[25-50] Site Assessment underway, potential siting issues with mitigation plan			
[0-30] Site Assessment not completed and unrealistic schedule expectation			
5.3 Enviromental Permits / Impact			
[70-100] All required permits acquired / no-to-low impact / carbon plan in place			
[40-70] Some permits acquired / moderate impact / carbon concept in place			
[0-40] Bidder states no permits acquired / high impact / no carbon plan			
5.4 Community Support/Labor Sourcing/Env Justice			
[80-100] Strong community support / significant apprentice & NM labor use / complies with environmental justice objectives			
[50-80] Moderate community support & NM labor / complies with apprentice use / moderately compliant with environmental justice objectives			
[30-60] Little community support / partially complies w apprentice & NM labor use / minimally complies with environmental justice objectives			
[0-40] Viewed unfavorably by community / does not comply w apprentice use or environmental justice objectives			

6.0 Interconnection/Performance	Interconnection/Performance Weighted Score	0	0
	0		
6.1 Interconnection			
[90-100] Project has LGIA / no network upgrades / limited interconnection scope			
[60-90] Project in DISIS process / limited network upgrades / limited interconn			
[30-60] Project will enter DISIS process / moderate network & interconn scope			
[0-30] Project has not entered DISIS / no estimate of required upgrades			
6.2 Transmission Delivery			
[90-100] Project does not require delivery investment (i.e. connects to PNM)			
[30-90] Project identifies delivery need (wheeling service, new construction)			
[0-30] Project requires delivery; plan not established (wheeling, etc.)			
6.3 Contribution to Operational Flexibility			
[90-100] Project is dispatchable w/ strong capability for ancillary services			
[70-100] Project is dispatchable w/ moderate capability for ancillary services			
[30-70] Project has moderate dispatchability / capability for ancillary services			
[0-30] Project offers little value for dispatch/ancillary services			
6.4 Performance Feasibility & Bid Credibility			
[80-100] Projected capacity factor / efficiency is within expected ranges (below)			
[50-80] Projected capacity factor w/in 1%-2% of expected ranges			
[30-80] Projected capacity factor w/in 3%-4% of expected ranges			
[0-20] Projected capacity factor is greater than +/- 5% of expected			

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Phase 1 Bid Evaluation Summary

PNM Exhibit RWN-6

Is contained in the following 7 pages.

2029-2032 Generation Resources RFP

Phase 1 Bid Evaluation Summary

Revision A

December 17, 2025

TABLE OF CONTENTS

1 INTRODUCTION

Public Service Company of New Mexico ("PNM") a wholly owned subsidiary of PNM Resources, Inc., issued its 2029-2032 Generation Resources Request for Proposals (the "2029-2032 RFP") on December 30, 2024 for the supply of new energy resources and programs identified within the statement of need resulting from PNM's 2023 Integrated Resource Plan ("2023 IRP") filed on December 15, 2023 and its 2023 IRP Supplemental Analysis filed in October 2024. The exact quantity of resources selected and the timing of implementation of the resources will be dependent upon resource characteristics and resource modeling, regional economic development load growth, and PNM's most recent load and planning forecasts. All resources selected from this RFP process are subject to New Mexico Public Regulation Commission ("Commission") approval. Proposals were requested for capacity and energy resources that could guarantee the delivery of new, incremental, firm capacity by or before January 1, 2029, January 1, 2030, January 1, 2031, or January 1, 2032.

The 2029-2032 RFP is focused on securing resources that support PNM's resource plan which is focused on balancing three primary objectives, namely: maintaining affordability, ensuring reliability, and mitigating impacts upon the environment. This focus is consistent with the IRP Rule's objectives of prioritizing cost-effective resources that reduce greenhouse gas emissions, foster equitable clean energy development, and facilitate grid modernization.

Other than resource types or project ownership structures specifically excluded within the RFP, the 2029-2032 RFP is structured as an all-source capacity solicitation considering various types of technologies and delivery structures. PNM has received and is evaluating proposals ("Proposals") for renewable, storage, and thermal resources as well as combinations of each from participating bidders (each a "Bidder"). Additionally, PNM has received and is evaluating resources delivered under the following structures:

- Power purchase agreements ("PPAs");
- Energy storage agreements ("ESAs");
- Asset purchase agreements ("APAs"); and
- Build-transfer ("BT") agreements at PNM sites.

This summary report provides an overview of Proposals received and the results of the Phase 1 evaluation of these Proposals.

2 SUMMARY OF PROPOSALS

Proposals were received on May 14, 2025 with this Phase 1 evaluation beginning immediately upon receipt. In response to the RFP, PNM received Proposals from 36 different companies offering Proposals from 71 different projects. For these 71 projects, Bidders offered numerous pricing structures, contracting structures, and capacities, resulting in 207 different project variants for evaluation. Table 2-1 provides a high-level summary of the types of Proposals received.

Table 2-1. Summary of Proposals Received.

Technology	Contracting Structure				Proposals	Generation Capacity	Storage Capacity
	PPA	ESA	BT	APA	Quantity	MW	MWh
Wind	23	-	-	-	23	11,986	-
ESS (Long Duration >6 hrs)	-	14	-	-	14	-	21,007
ESS (6 and less hrs duration)	-	56	4	3	63	-	47,504
Solar + ESS	87	-	-	8	95	17,410	94,932
Solar + Gas	3	-	-	-	3	614	-
RICE + ESS	-	-	1	-	1	134	600
Gas - Aero	3	-	-	-	3	612	-
Gas - Frame	3	-	-	-	3	1,834	-
Gas - RICE	1	-	-	1	2	354	-
Total	**120**	**70**	**5**	**12**	**207**	**32,943**	**164,043**

While Table 2-1 provides a summary of the total generation and storage available from all of the project variants offered, Table 2-2 provides a summary of the total capacities offered by technology considering the maximum capacity offered from each project site. For sites that offered both long duration storage and short duration storage, the maximum storage capacity in each category is included in Table 2.2 whether it was offered as a stand-alone energy storage project or in a hybrid configuration with another technology resource. All solar resources were offered as part of a hybrid configuration.

Table 2-2. Total Resource Capacity Proposed by Technology.

Technology	Generation Capacity	Storage Capacity
	MW	MWh
Wind	2,865	-
Solar	6,160	-
ESS (Long Duration >6 hrs)	3,626	52,007
ESS (6 hrs and less Duration)	10,322	42,387
Gas - Aero	229	-
Gas - Frame	1,280	-
Gas - RICE	311	-
Total	**25,294**	**94,395**

3 PHASE 1 EVALUATION - SCREENING

The Phase 1 evaluation efforts were focused on screening the submitted Proposals for completeness and compliance with RFP Minimum Requirements outlined in Section 1.4 of the RFP including, but not limited to, consideration of (i) the Supplier Risk Security Screening Questions issued with the RFP, (ii) law regarding the possession of a required contractor's license associated with BT Proposals, (iii) firm, fixed pricing valid for the duration requested in the RFP, (iv) project transmission and interconnection status and viability, (v) lack of an executable plan supporting the proposed Guaranteed Start Date, or (vi) otherwise incomplete Proposals. The Phase 1 evaluation was initiated upon receipt of the Proposals on May 14, 2025 and was completed as of June 9, 2025. One round of clarification questions was issued to all of the Bidders on May 23, 2025 providing the Bidders an opportunity to address any shortfalls identified by the RFP Administration Team. Responses were received from all of the Bidders. Additionally, the bid evaluation team did confirm that all of the Bidders satisfactorily responded to the Supplier Risk Security Screening Questions included in the mandatory "Questions" section of the respective RFP event.

As part of the Phase 1 evaluation process, the RFP Administration team completed a first draft of the bid comparison template including as-provided information from the Bidders. This preliminary bid comparison document has been documented for record purposes as "Confidential PNM 2029 RFP Bid Summary Document (20250609).xlsx". At this phase of the Proposal evaluation process, the bid comparison template is considered very preliminary, indicative in nature, and subject to change as a function of ongoing clarification and evaluation considerations.

Considering the initial review of Proposals and information provided in response to Bidder clarifications, the RFP Administration Team, with the Project Manager's approval, has decided to eliminate the following Proposals from further consideration based on the factors as noted for each Proposal. Elimination during Phase 1 is limited to Proposals that have not complied with the RFP Minimum Requirements as required and identified in the 2029-2032 RFP documents.

Based upon the above criteria, the Proposals determined to be excluded from further consideration after the Phase 1 Proposal evaluation are as follows.

- **Bidder #15** – *PPA Proposal for Simple Cycle Natural Gas Fired Generation (Bid 15-1GT)*: Bidder submitted an incomplete proposal.
- **Bidder #58** – *PPA Proposal for Wind Generation (Bid 58-1W)*: Bidder's proposed Guaranteed Start Date is later than the in-service dates requested in the RFP.
- **Bidder #50** – *PPA Proposal for Hybrid Solar and Energy Storage (Bids 50-1.1H and 50-1.2H)*: Proposal was not in compliance with RFP requirements in that Bidder was unwilling to provide energy storage agreement pricing on an availability basis as requested in the RFP.
- **Bidder #33** – *PPA Proposal for Hybrid Solar and Energy Storage (Bids 33-1.1H and 33-1.2H)*: Proposal was not in compliance with RFP requirements in that Bidder was unwilling to provide energy storage agreement pricing on an availability basis as requested in the RFP.
- **Bidder #73** – *PPA Proposal for Hybrid Solar and Energy Storage (Bids 73-1H)*: Proposal was not in compliance with RFP requirements in that Bidder was unwilling to provide energy storage agreement pricing on an availability basis as requested in the RFP.

- **Bidder #44** – *PPA Proposal for Hybrid Solar and Energy Storage (Bids 44-5H and 44-6H)*: Proposal was not in compliance with RFP requirements in that Bidder was unwilling to provide energy storage agreement pricing on an availability basis as requested in the RFP.

It should be clear that other Proposals offered by any of these Bidders will remain under consideration through Phase 2 of the Proposal evaluation process, as applicable. Bidders #15, #33, #50, #58, and #73, however, will be removed from consideration as the bids outlined above are the only Proposals offered by these Bidders.

Upon removal of these Proposals, the RFP process will continue to evaluate 198 project variants from 31 Bidders and 66 projects as represented in Table 3-1.

Table 3-1. Summary of Proposals Passing Phase 1 Screening Evaluation.

Technology	Contracting Structure				Proposals	Generation Capacity	Storage Capacity
	PPA	ESA	BT	APA	Quantity	MW	MWh
Wind	22	-	-	-	22	11,026	-
ESS (Long Duration >6 hrs)	-	14	-	-	14	-	21,007
ESS (6 and less hrs duration)	-	56	4	3	63	-	47,504
Solar + ESS	80	-	-	8	88	15,714	86,500
Solar + Gas	3	-	-	-	3	614	-
RICE + ESS	-	-	1	-	1	134	600
Gas - Aero	3	-	-	-	3	612	-
Gas - Frame	2	-	-	-	2	1,108	-
Gas - RICE	1	-	-	1	2	354	-
Total	**111**	**70**	**5**	**12**	**208**	**29,561**	**155,611**

Phase 2 Bid Evaluation Summary

PNM Exhibit RWN-7

Is contained in the following 12 pages.

2029-2032 Generation Resources RFP

Phase 2 Bid Evaluation Summary

Revision A

January 7, 2026

TABLE OF CONTENTS

1 INTRODUCTION

Public Service Company of New Mexico ("PNM") a wholly owned subsidiary of PNM Resources, Inc., issued its 2029-2032 Generation Resources Request for Proposals (the "2029-2032 RFP") on December 30, 2024 for the supply of new energy resources and programs identified within the statement of need resulting from PNM's 2023 Integrated Resource Plan ("2023 IRP") filed on December 15, 2023 and its 2023 IRP Supplemental Analysis filed in October 2024. The exact quantity of resources selected from the RFP and the timing of implementation of the resources were intended to be dependent upon resource characteristics, resource modeling, regional economic development load growth, and PNM's most recent load and planning forecasts. All resources selected from the RFP process will be subject to New Mexico Public Regulation Commission ("Commission") approval. Proposals were requested for capacity and energy resources that could guarantee the delivery of new, incremental, firm capacity by or before January 1, 2029, January 1, 2030, January 1, 2031, or January 1, 2032.

The 2029-2032 RFP is focused on securing resources that support PNM's resource plan and on balancing three primary objectives, namely: maintaining affordability, ensuring reliability, and mitigating impacts upon the environment. This focus is consistent with the IRP Rule's objectives of prioritizing cost-effective resources that reduce greenhouse gas emissions, foster equitable clean energy development, and facilitate grid modernization.

Other than resource types or project ownership structures specifically excluded within the RFP, the 2029-2032 RFP is structured as an all-source capacity solicitation considering various types of technologies and delivery structures. PNM has received and is evaluating proposals ("Proposals") for renewable, storage, and thermal resources as well as combinations of each from participating bidders (each a "Bidder").

This summary report is a follow-up to, and continuation of, the Proposal Evaluation Methodology document initially issued on May 13, 2025 and the Phase 1 Bid Evaluation Summary issued on December 17, 2025. This report provides an overview of the Phase 2 evaluation process for the RFP resources as well as the shortlist of Proposals selected as a result of the Phase 2 evaluation. The Phase 2 evaluation was completed in accordance with the Proposal Evaluation Methodology document.

2 SUMMARY OF PHASE 2 BIDS

As noted in the Phase 1 Bid Evaluation Summary document, 198 project variants from 31 Bidders and 66 projects were carried into the Phase 2 bid evaluation process for 2029 through 2032 resources. Notifications were provided to the unsuccessful Bidders screened from both the Phase 1 and Phase 2 bid evaluation processes on July 23, 2025.

3 PHASE 2 EVALUATION

The Phase 2 evaluation efforts were focused on evaluating the available Proposals and narrowing the Proposals to a shortlist based on total evaluated, delivered cost, the overall viability of Proposals with respect to their ability to achieve commercial operation by the proposed Guaranteed Start Date, and overall compliance with the objectives of NMSA 1978, Section 62-13-16, the REA, and the IRP Rule. It is noted that, due to the IRP Rule and the requirement to identify the selected RFP resources within 120 days of receipt of Proposals, the Phase 2 evaluation was performed in a more expedited and abbreviated manner than prior RFP evaluations. However, the integrity of the RFP evaluation process was maintained.

The Phase 2 evaluation spanned the time from June 9, 2025 through July 23, 2025 and included further evaluation and development of the bid comparison template, with additional input from PNM subject matter experts ("SMEs"). As part of this process, the RFP Administration Team issued a limited amount of additional bid clarification questions, as required to further clarify open questions, and received responses to these clarifications prior to selection of the shortlist.

As part of the Phase 2 evaluation process, the RFP Administration team further developed the bid comparison template as well as the financial evaluation of the projects. The bid comparison document established as of the time of the selection of the Phase 2 shortlist has been documented for record purposes as "Confidential PNM 2029-2032 RFP Bid Summary Document (20250723).xlsx".

Note that the bid comparison document does incorporate evaluation inputs from PNM's Transmission Planning team as further discussed in Sections 3.3 and 3.4 below.

3.1 LEASE LIABILITY CONSIDERATIONS

Due to PNM concerns with potential on-balance sheet lease liability associated with payment structures for stand-alone energy storage projects under an ESA and for the battery energy storage components of hybrid solar / storage projects under an ESA, the RFP requested energy storage project pricing on a variable, available hour basis ("availability pricing"). This is required to avoid the potential situation in which these payment liabilities could be reclassified as debt by PNM's credit rating agencies when assessing PNM's credit metrics under new accounting standards changed in 2019 (ASC 842).
For the Phase 2 evaluation of resources, the shortlist evaluated and carried only Proposals that offered availability pricing as requested in the RFP.

3.2 TARIFF CONSIDERATIONS

Due to uncertainty and variability in the application of ongoing import/export tariffs due to discussions taking place at the federal level, PNM clarified via responses to Bidder questions during the bid preparation process, that Bidders should base their Proposals on tariffs existing as of May 1, 2025 and that the Proposals should identify the tariffs (applicable country and value) included within the Proposal pricing.

The Proposals provided generally complied with this request, however, a number of bid clarifications were issued to Bidders whose Proposals did not comply with this request. Some Bidders did provide subsequent pricing adjustments for compliance with the application of these tariffs. The degree to

which each Bidder complied and provided appropriate detail regarding the tariffs included in the pricing was considered in the Proposal Ranking Matrix discussed in Section 3.8 below.

It is an expectation that, to the extent that the actual tariffs in place at the time of project execution vary from those assumed in the Proposals, pricing adjustments will be applicable to account for these changes.

3.3 PHASE 2 FINANCIAL EVALUATION

The Phase 2 evaluation relied heavily on the bid comparison template outlined within the Proposal Evaluation Methodology document and the financial analysis incorporated into the tool. The financial analysis was structured to establish both a levelized total cost of delivered energy as well as a levelized total cost of capacity ("LCOC") based upon the determination of an effective load carrying capability ("ELCC") for each Proposal. The costs considered were consistent with those outlined in the Proposal Evaluation Methodology document and were as more fully described below.

3.3.1 Project Capital Costs

Levelized capital recovery costs were established for each project and accounted for the capital costs to develop and construct the projects. For BT projects, the capital costs were provided by the Bidders and validated or adjusted by the RFP Administration Team to account for any gaps in the quoted pricing. The majority of capital costs associated with PPA and ESA Proposals were accounted for in the Bidders' proposed pricing.

Additional capital costs incorporated into the total levelized cost evaluation included PNM's costs ("Owner's Costs") that incorporated input from PNM's subject matter experts regarding appropriate cost values for permitting, development, administration, oversight, and interest during construction as applicable to each commercial structure. Other capital costs included electrical transmission interconnection and network upgrade costs to allow for delivery of the energy to PNM's system (and from PNM's system in the case of an energy storage project). Accounting for New Mexico Gross Receipts Taxes was also confirmed with Bidders to verify that the appropriate costs were accounted for in the total evaluated cost. Any additional costs not included in the Bidders' Proposals were added into the financial evaluation as a capital cost for PNM.

An annual levelized capital recovery cost was developed for each project for recovery of these costs in accordance with PNM's economic revenue requirements methodology for a 20 year evaluation term. The capital recovery cost accounted for the property taxes applicable to the county in which the project resided. For the BT natural gas fired projects, cost recovery was calculated assuming retirement of the resource at the end of 2044 to assess the implications of retirement of these projects prior to 2045 to comply with PNM's zero-carbon emissions goals. A salvage value of 20 percent of the initial project capital cost was assumed upon retirement of these assets. Future conversion to non-carbon based fuels with operation beyond 2045 remains an option for these Proposals as well.

3.3.2 Electrical Transmission / Interconnection Costs

Each Bidder was requested to identify the expected costs for electrical interconnection to PNM's system as well as any required network upgrades and transmission fees to allow for transmission of the energy from the project (and to the project in the case of an energy storage project). As some Bidders had not yet received feedback from the interconnection studies associated with their project(s), the RFP

Administration Team relied upon information submitted with the Proposals as well as insights and input from PNM's Transmission Planning team regarding capital costs expected to be necessary to interconnect or deliver energy from the proposed projects on a firm capacity basis. These estimated costs were incorporated into the financial evaluation.

For projects carried into the Phase 2 evaluation that required the services of a third-party transmission provider to deliver energy to PNM's system, the wheeling fees were either accounted for in the Bidder's proposed pricing or were added into the evaluation to derive a total evaluated delivered cost of energy, as applicable.

Additionally, based upon feedback from PNM's Transmission Planning team, for projects at a distance from the Albuquerque load center, a transmission line loss of 2.7 percent was considered for projects in McKinley, San Juan, Luna, Rio Arriba, Guadalupe, Sierra, Socorro, Curry, Otero, and Union counties as well as projects located in Arizona.

3.3.3 Project Operations and Maintenance Costs

Project operations and maintenance ("O&M") costs for all PPA and ESA Proposals were assumed to be fully included in the Bidders' Proposals. For the BT Proposals, the RFP Administration Team provided an estimate of operations and maintenance costs and such were incorporated into the bid comparison tool and the financial analysis. For the energy storage projects, these BT O&M costs accounted for long-term service and capacity maintenance agreement costs over a 20 year life as well as regular predictive and preventative maintenance, repair, and replacement activities, including staff as appropriate. For the BT natural gas projects, these O&M costs included estimated long-term service agreement costs as proposed by the Bidder, staffing, consumables, parts replacement, balance of plant equipment maintenance and repair, as well as permitting, general administrative costs and insurance. For the natural gas projects offered under a PPA, the O&M costs were incorporated into the fixed and variable charges offered under the PPA.

3.3.4 Fuel Supply Costs

For the natural gas fueled Proposals, the cost of delivered fuel accounted for the specific sources of fuel and the infrastructure required to deliver the fuel to each applicable site. As a basis of natural gas commodity pricing, the evaluation utilized gas commodity forecasts consistent with PNM's Integrated Resource Planning process with first year costs as identified in the Proposal Evaluation Methodology document.

In addition to the commodity pricing, the evaluation included a firm transport cost which accounted for any required capital recovery component associated with the installation of infrastructure required to deliver the gas to the noted site. Estimates for the firm transport cost were developed from prior quotes that PNM had received as well as from past investigations by the PNM Wholesale Power Marketing department.

3.3.5 Energy Storage Charging Costs

For the Phase 2 evaluation, to evaluate the stand-alone storage projects in conjunction with the hybrid storage projects on an equivalent cost of capacity basis, the cost of energy storage charging was not considered for initial comparison. As the evaluation moves into Phase 3, actual charging costs at the time of charging will be incorporated through the completion of portfolio system modeling.

3.3.6 Dispatch Assumptions

Dispatch assumptions utilized for the evaluation were consistent with those outlined in the Proposal Evaluation Methodology document.

3.4 PROJECT SCHEDULE

Through the review of Proposals, including the required release dates and the bid validity durations indicated by the Bidders in the RFP bid forms, the RFP Administration Team reviewed the viability of each Proposal to satisfy the proposed Guaranteed Start Date(s). The primary objective was to confirm the validity of the Proposals for a period of 24 months from the date of the Proposal submittal. All of the Proposals selected for the Phase 2 shortlist complied with this requirement with most clarifying that the Proposals would be valid but subject to adjustments for Change in Law and import tariffs / duties.

There is some variability in the required release date for each Proposal as well as in the definition of what the required release date entails. This will need to be further validated during the Phase 3 evaluation along with the selected Guaranteed Start Date for the respective Proposal.

In addition to Bidders' input on their ability to achieve the proposed schedule, the PNM Transmission Planning team also evaluated the necessary timelines for development and construction of any necessary interconnection facilities or transmission network upgrades to deliver energy from the projects quoted. This analysis was based on both the Bidders' status in PNM's interconnection queue as well as the magnitude of upgrades required to support the project. Much of this initial interconnection assessment was completed during the Phase 1 bid evaluation process. However, a few projects did require further review through the Phase 2 evaluation process.

3.5 EMISSIONS

All new natural gas fueled projects considered for the shortlist include low emissions combustion technologies supplemented with both selective catalytic reduction ("SCR") for nitrogen oxide ("NOx") emissions as well as oxidation catalysts for carbon monoxide ("CO") and volatile organic compound ("VOC") reduction.

Hydrogen fuel combustion has been identified as a future alternative for all of the natural gas fueled Proposals offered but has not been considered as a basis of evaluation.

3.6 RENEWABLE GENERATION / ENERGY STORAGE TAX CREDIT CONSIDERATIONS

Several energy storage and hybrid solar/energy storage Proposals were carried into the Phase 2 evaluation under BT and APA contracting structures. The financial modeling for these projects considered a federal tax credit benefit associated with the energy storage and solar components of these projects, as applicable, with a base 30 percent Investment Tax Credit as allowed per the Inflation Reduction Act of 2022 ("IRA") with consideration of a supplemental 10 percent Energy Community bonus credit or Domestic Content bonus credit, as applicable, under the IRA.

All remaining renewable PPA projects and energy storage projects relied on some measure of qualification for tax credits and accounted for these in their proposed pricing. The level of qualification varied amongst the Bidders based upon their use of either Production Tax Credits, as applicable to renewable generation projects, or Investment Tax Credits, as applicable to both renewable generation

and energy storage projects. Furthermore, some of these projects indicated a reliance on bonus credits under the IRA for projects located within an energy community and/or satisfying the IRA domestic content requirements. Still others indicated that their project would rely on Industrial Revenue Bonds and/or Payments in Lieu of Taxes ("PILOT") to benefit the economics of the project.

It is noted that due to the current planned phasing out of the Federal Production Tax Credits, the above discussion was considered valid for projects with a planned Guaranteed Start Date through January 1, 2031. Current IRS guidance allows for qualification of a project for federal tax credits via safe-harboring in 2026 with a required project in-service date within four years of this qualification. As such, projects qualifying in 2026 could be placed into service in 2030 thus supporting a January 1, 2031 Guaranteed Start Date. No federal tax credits were considered for projects with a proposed Guaranteed Start Date of January 1, 2032. Further verification of available tax credits from the Bidders shortlisted from this Phase 2 evaluation was obtained after shortlisting as further described in Section 5 of this document.

3.7 APPRENTICESHIP EMPLOYMENT CONSIDERATIONS

To verify Bidders' intentions to comply with NMSA 1978, Section 62-13-16 regarding the hiring of at least 25 percent apprentices for facilities that generate electricity, beginning construction after January 1, 2026, all Bidders were requested to confirm in the RFP Proposal data forms that they would comply with this requirement. In response, all Bidders indicated that they would comply with this requirement. Some Bidders had established programs for sourcing apprentices while some indicated that they would rely on their construction contractor to source the apprentices.

3.8 PROPOSAL RANKING MATRIX

As described in the Proposal Evaluation Methodology document, a Shortlist Scoring Matrix was prepared as an evaluation tool to identify and comparatively rank projects of similar technologies with respect to both price and non-price factors and risks. The ranking matrix was structured as a weighted scoring matrix consisting of the following major scoring categories:

- Commercial Conditions;
- Creditworthiness;
- Team Qualifications;
- Project Engineering;
- Social, Environmental & Siting; and
- Interconnection/Performance.

The Shortlist Scoring Matrix was utilized in the Phase 2 evaluation to refine and assess the full scope of price and non-price factors in accordance with the identified weightings and factors and to establish the shortlist of projects to be carried to the Phase 3 evaluation.

The shortlist of projects involves the selection of best-in-class proposals within the technologies offered. Assessment and selection of specific generation technologies will be left to the more extensive system planning and modeling efforts which will consider how the technologies and project characteristics best integrate into PNM's generation portfolio.

4 PHASE 2 SHORTLIST SELECTION

4.1 SATISFACTION OF SHORTLIST OBJECTIVES

As outlined in the Proposal Evaluation Methodology document, there were several objectives for establishing the Phase 2 shortlist. These objectives are reiterated here with a description as to how each of these was fulfilled.

1) **To the extent that Bids satisfy the RFP requirements and pass the Phase 1 criteria, the shortlist should maintain the most favorable Bids in each generation technology category.**

Of the projects that passed the Phase 1 screening requirements and that continued to be deemed viable through the Phase 2 bid evaluation, the most favorable and viable bids from the below technologies were selected and retained. These included:

- Wind
- Energy storage
- Long-duration energy storage
- Combined solar and energy storage solutions
- Combined reciprocating internal combustion engines and energy storage solutions
- Combined reciprocating internal combustion engines and solar solutions
- Reciprocating engines

With respect to combined solar and energy storage solutions, the shortlist also retained resource combinations resulting in solar to energy storage capacity sizing ratios of 1:2, 1:1, and 1.8:1 to allow for the Phase 3 modeling to determine the optimal sizing and selection of these hybrid generation resources.

Similarly, Proposals representing a range of available wind resources offered in response to the RFP were retained to allow the detailed Phase 3 modeling to identify if there were benefits associated with varying sizes of wind resources.

Aeroderivative combustion turbine and heavy frame combustion turbine resource options were not retained in the shortlist as the associated Proposals were not cost competitive and strayed significantly from the terms outlined in the RFP Form Agreements.

No demand-side resource proposals were received in response to the RFP.

2) **To the extent that Proposals satisfy the RFP requirements and pass the Phase 1 criteria, the shortlist should generally maintain offerings in each technology category with sufficient capacity to deliver the full requested capacity, if available.**

The RFP identified the following resource needs:

	Resource Needs By 2030 (MW)	Total Resource Needs by 2032 (MW)
Wind resources	200 – 400	400 – 800
Non-Wind carbon-free energy resources	0	100 – 500
Dynamic balancing resources	200 – 700	300 – 900
Firm generating resources	100 - 400	100 - 700

In comparison, the shortlist retained the following:

Wind Resources – up to 1,400 MW from two different sites

Non-Wind carbon-free energy resources – up to 890 MW of solar from hybrid resource configurations

Dynamic balancing resources – up to 710 MW of stand-alone short-duration energy storage plus up to 1,200 MW of hybrid short-duration energy storage

Firm generating resources – up to 410 MW of stand-alone long-duration energy storage plus up to 216 MW of natural gas fired resources

3) **The shortlist will retain separate "best-in-class" generation projects on Navajo Nation lands in consideration of the just energy transition for the potential early exit of the Four Corners Power Plant.**

One Bidder offered a mix of aeroderivative combustion turbine, frame combustion turbine (in a combined cycle application), hybrid solar and storage, and hybrid solar and aeroderivative combustion turbine proposals located on Navajo Nation land. These projects were determined to not be cost competitive with similar projects and the Bidder's offers strayed significantly from the commercial terms and conditions requested within the RFP. These bids were, therefore, not shortlisted for further consideration.

No other bids on Navajo Nation land were received in response to the RFP.

4) **The shortlist will retain separate "best-in-class" generation projects within the CCSD.**

Of the Proposals that passed the Phase 1 screening, projects offered within the CCSD were determined to not be cost competitive with similar projects, were not viewed as being as viable as other offers, and/or the Bidders' offers strayed significantly from the commercial terms and conditions requested within the RFP.

Due to the fact that the CCSD Proposals were not as attractive as other Proposals, the fact that PNM previously satisfied the targeted objective of 150 MW of resources within the Navajo Nation and CCSD via resources selected from PNM's 2026-2028 Generation Resources RFP, and the desire to limit the amount of Proposals reviewed during the Phase 3 evaluation in an effort to timely fulfill the IRP Rule resource selection timeline of 120 days after receipt of Proposals, the available bids within the CCSD were not shortlisted for further consideration.

5) The shortlist should avoid including Proposals that include any "fatal flaws" considering experience, development status, transmission system viability, and/or incomplete Proposals.

The shortlist has not selected any projects with known "fatal flaws." Some projects will require further validation and investigation regarding risks associated with permitting, land acquisition, and their implementation schedule as well as transmission system requirements.

6) The shortlist should retain offerings that reduce the total delivered cost of electricity.

The RFP Administration Team selected viable Proposals for the Phase 2 shortlist that ranked highest on a total evaluated, levelized, delivered cost of energy as well as those that ranked the highest on a total evaluated, levelized, delivered cost of accredited capacity.

4.2 SHORTLISTED PROJECTS

In response to the above shortlist objectives and on the basis of financial rankings, selection of projects from each available technology category, deliverability and schedule viability, and Bidders' approaches to complying with the objectives of NMSA 1978, Section 62-13-16, the REA, and the IRP Rule, the projects summarized in Table 4-1 were selected as the 2029-2032 resource shortlist from the 2029-2032 RFP and will be carried into the Phase 3 bid evaluation.

It is noted that this shortlist does include a resource resulting from a modification to an initially submitted BT Proposal offering the proposed technology at an alternative PNM site.

Table 4-1. Summary of Shortlisted 2029-2032 Proposals Selected from Phase 2 Evaluation.

Technology	Contracting Structure			Proposals	Generation Capacity	Storage Capacity
	PPA	ESA	BT	Quantity	MW	MWh
Wind	3	-	-	3	1,800	-
ESS (Long Duration >6 hrs)	-	5	-	5	-	7,880
ESS (6 and less hrs duration)	-	6	-	6	-	2,840
Solar + ESS	6	-	-	6	839	4,196
Solar + Gas	1	-	-	1	49.5	-
RICE + ESS	-	-	1	1	134	600
Gas – RICE	-	-	1	1	40	-
Total	**10**	**11**	**2**	**23**	**2,862.5**	**15,516**

Upon selection of the Phase 2 shortlist, the RFP process will continue to evaluate 23 project variants from 11 Bidders and 18 projects.

While Table 4-1 provides a summary of the total generation and storage available from all of the shortlisted project variants, Table 4-2 provides a summary of the total capacities available by technology considering the maximum capacity offered from each project site.

Table 4-2. Total 2029-2032 Resource Capacity Shortlisted by Technology.

Technology	Generation Capacity	Storage Capacity
	MW	**MWh**
Wind	1,400	-
Solar	813.5	-
ESS (Long Duration >6 hrs)	410	7,880
ESS (6 hrs and less Duration)	1,759	7,036
Gas - RICE	216	
Total	**4,599.5**	**14,916**

5 SHORTLIST UPDATE

After selection of the Phase 2 shortlist and as the initiation of the Phase 3 evaluation, shortlist Bidder meetings were held from July 24, 2025 through July 30, 2025 for the discussion, review, clarification, and presentation of Proposals.

At this time, the RFP Administration Team desired to focus the evaluation and verify the basis of the Bidders' Proposals. On July 25, 2025, a request was issued to the shortlisted Bidders to specifically confirm or otherwise provide pricing for their Proposals for (i) a January 1, 2029 and/or a January 1, 2031 Guaranteed Start Date, if able, (ii) compliance with the terms and conditions outlined in the applicable RFP Form Agreement, and (iii) the current status of federal tax credits and tariffs at the time of the Proposal update. Responses were requested by August 8, 2025. All shortlisted Bidders responded to this request and no subsequent changes were made to the selected list of shortlisted Proposals.

The Phase 3 evaluation proceeded with this updated information with modeling inputs provided by the RFP Administration Team to the Phase 3 modeling team on August 13, 2025.

Independent Monitor Final Report

PNM Exhibit RWN-8

Is contained in the following 76 pages.

February 5, 2025

RE: Docket No. 23-00409-UT In the Matter of Public Service Company of New Mexico's 2023 Integrated Resource Plan Independent Monitor Final Report

Ms. Melanie Sandoval, Records Bureau Chief
New Mexico Public Regulation Commission
PO Box 1269
Santa Fe, NM 87504

Dear Ms. Sandoval,

Please find attached the Final Report of the Independent Monitor for Public Service Company of New Mexico's 2029-2032 Generation Resource RFP

Yours Truly,

/s/ Keith Oliver
Keith Oliver
President
Merrimack Energy Group, Inc
C: (339)927-3738
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Independent Monitor Report

Public Service Company of New Mexico's 2029-2032 Generation Resources RFP

February 5, 2026

MERRIMACK ENERGY GROUP, INC.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

EXECUTIVE SUMMARY

This report presents the Independent Monitor's ("IM") assessment of Public Service Company of New Mexico's ("PNM") 2029-2032 Generation Resources Request for Proposals ("RFP"). Merrimack Energy Group, Inc., as IM has prepared a public version of the IM report, which includes seven Confidential Appendices.

PNM issued its 2029-2031 Generation Resources Request for Proposals ("RFP") on December 30, 2024. Under the original schedule, proposals were due on May 14, 2025. PNM issued this RFP to solicit proposals from capable providers to deliver energy and capacity resources consistent with the IRP Rule's objective of prioritizing cost-effective resources that reduce greenhouse gas emissions, to foster equitable clean energy development, and to facilitate grid modernization. The RFP was structured as an All-Source RFP with essentially only coal-fired resources and standalone solar projects not eligible. Solar project proposals were required to be combined with storage to be eligible to compete. Table ES-1 provides the expected amount of capacity required in two tranches.

Table ES- 1: PNM Resource Needs

Resource Type	Resource Needs by 2030 (MW)	Resource Needs by 2032 (MW)
Wind Resources	200-400	400-800
Non-Wind Carbon-free energy resources	0	100-500
Dynamic Balancing Resources	200-700	300-900
Firm Generating Resources	100-400	100-700

PNM received a very robust response to the RFP with two-hundred seven (207) proposals submitted by thirty-six (36) Respondents who submitted proposals from seventy-one (71) unique projects. PNM followed its multi-stage evaluation and selection process as described in the RFP Instructions Document and Appendix C. This included a detailed proposal eligibility or Phase I assessment based on between thirty-four (34) and thirty-six (36) minimum requirements, depending on the project structure, followed by an evaluation of price and non-price factors in Phase II for purposes of establishing a shortlist of proposals by resource category. PNM selected a robust shortlist of proposals based largely on rank order scores for the "best in class" proposals for each resource type.

Due to the passage of the One Big Beautiful Bill ("OBBB") in July 2025 in the middle of the proposal evaluation process and the significant level of uncertainty created regarding the availability of federal energy tax credits, tariff policies, and cost uncertainty, PNM requested that selected shortlisted Respondents provide

best and final pricing for their proposed COD date as well as a later 2031 COD date. PNM also did a further assessment of project viability for the selected shortlisted proposals.

PNM utilized the updated pricing to conduct a final portfolio assessment using PNM's portfolio optimization methodologies as part of the Phase III evaluation process. PNM evaluated a number of scenarios to derive least cost portfolios and preferred portfolios for the Current Trends and Policies ("CTP") forecast and an Economic Development forecast which includes large customer loads. PNM selected three projects for its preferred portfolio under the CTP load forecast which included two projects included in the least cost portfolio and one project which was included in several lower cost portfolios which provide high resilience performance, full dispatchability and operational flexibility value. This portfolio was comprised of one solar plus storage project, one standalone storage project, and a reciprocating internal combustion engine option, with a total aggregate nameplate capacity of 490 MW, all projects of which have a 2031 COD date. In addition, PNM selected a diverse portfolio of renewable, storage and conventional resources under the Economic Development plan, including all three projects selected from the CTP forecast case.

Merrimack Energy, as IM, was involved in all phases of the solicitation process from issuance of the RFP through selection of the final portfolio. The IM found that the solicitation process was undertaken by PNM in conformance with Commission rules and New Mexico Administrative Code ("NMAC") requirements. The IM concludes that the solicitation process was undertaken in a fair, equitable, consistent, and unbiased manner by PNM as an All-Source solicitation. The IM concluded that the process was a highly transparent process, with all Respondents having access to the same information at the same time and with a substantial amount of information to allow Respondents to provide thorough and complete proposals. The Independent Monitor did not identify any material deficiencies in the execution of the solicitation process that would warrant Commission-directed corrective action.

1 INTRODUCTION

Public Service Company of New Mexico ("PNM") issued its 2029-2032 Generation Resources Request for Proposals ("RFP") on December 30, 2024. PNM issued this RFP to solicit proposals from capable providers to deliver energy and capacity resources consistent with the IRP Rule's objective of prioritizing cost-effective resources that reduce greenhouse gas emissions, to foster equitable clean energy development, and to facilitate grid modernization. The RFP was part of a solicitation process to acquire bulk transmission level and distribution level

capacity resources to serve PNM's forecasted system needs between 2029 and 2032. PNM sought incremental firm accredited capacity for its New Mexico portfolio that is guaranteed by the Respondent to achieve commercial operations and delivery of new, incremental capacity to PNM's system by or before January 1, 2029, through January 1, 2032.

Through the RFP, PNM sought between 900 – 2,900 MW of accredited capacity and associated energy by 2032 as listed in Table 1 of the RFP Instructions document[1]. The solicitation was classified as an All-Source solicitation.[2] The RFP solicited proposals for Power Purchase Agreements ("PPA"), Energy Storage Agreements ("ESA"), Asset Purchase Agreement ("APA"), Build Transfer Agreement ("BTA")[3], and Demand Side Resources ("DSR"). PNM did not offer any self-build or affiliate resource proposals or options in the solicitation process.

Appendix A to this report provides a summary of the key provisions of PNM's 2029-2032 Generation Resources RFP.

Merrimack Energy Group, Inc. ("Merrimack Energy") was appointed by the New Mexico Public Regulation Commission ("Commission" or "NMPRC") to serve as Independent Monitor ("IM") for Public Service Company of New Mexico's ("PNM" or "Company") 2029-2032 Generation Resources Request for Proposals ("2029-2032 Generation Resources RFP" or "PNM All Source RFP") and PNM's 2024 Demand-Side Management Program RFP ("DSM RFP"). The Commission will administer the contract with the appointed IM consistent with 17.7.3.14(C)(6) of New Mexico Administrative Code ("NMAC"). This Final Report of the Independent Monitor focuses only on PNM's 2029-2032 Generation Resources RFP. Merrimack Energy previously submitted an IM Design Report for the 2029-2032 Generation Resources RFP on November 19, 2024.[4] For this Final Report, the IM shall review and report on the reasonableness, competitiveness, and fairness of the utility's solicitation, evaluation and procurement processes, including, but not limited to bid screening, comparison, evaluation, and shortlisting criteria.

According to 17.7.3.14(A) of the NMAC, the IM's role is to help the Commission determine that the request for proposal design and execution is fair, competitive,

[1] According to Table 1 in the RFP Instructions and the Pre-Bid Meeting Presentation, PNM estimates a need for incremental firm accredited capacity of 500 MW – 1,500 MW by 2030 with additional capacity by 2032.
[2] In the RFP instructions, PNM notes that all resources that meet the minimum requirements listed in the instructions are eligible, with the exception of standalone solar or coal-fired generation.
[3] Build Transfer proposals are required to be located on a site controlled by PNM. PNM identified the site options and capacity, as well as other information in the RFP Instructions document.
[4] The IM is required to file a minimum of two reports with the Commission for each of the Utility's RFP processes. The first report shall analyze the RFP design (Design Report). The final report shall review the fairness of the RFP execution (final report).

and transparent. The IM shall advise the Commission and report on the RFP process, but the IM shall not make or participate in the public utility's decisions regarding the procurement process or the selection of resources.

Section 17.7.3.12 (Request for Proposal Process) of the NMAC identifies the process for review of the draft RFP, the timing for comments and IM submission of the IM's Design Report, the schedule and process for issuance of the RFP, the information to be included in the final RFP, the price and non-price criteria, the proposal evaluation process, selection process for the preferred portfolio of resources, and timing for completion of the evaluation and selection process.

Merrimack Energy's role as IM essentially began with the issuance of PNM's draft RFP and extended through the selection of PNM final shortlists (i.e., least cost and preferred portfolios of resources). Merrimack Energy's role as IM was undertaken in conformance with the NMAC.

In accordance with the requirements of the NMAC, PNM issued the draft 2029-2032 Generation Resources RFP on October 22, 2024, including providing a copy to the Commission, IM, and parties to the utility's pending IRP case ("parties"). Pursuant to 17.7.3.12(D) of the NMAC, the IM submitted its design report to the Commission within 28 days or by November 19, 2024, seven days after the date on which comments were due from other parties. PNM posted the final RFP documents to its website on December 30, 2024. Proposals were due on May 14, 2025, with Phase 2 Shortlist Notification scheduled for July 20, 2025. According to the RFP schedule, the recommended resource portfolio was scheduled for September 11, 2025, with notification to successful respondents on September 15, 2025.

1.1 COMMISSION ORDERS PERTAINING TO PNM'S 2029-2032 GENERATION RESOURCES RFP

As background to the RFP, on December 15, 2023, PNM filed its Integrated Resource Plan ("IRP") for the Period 2023 – 2042 in compliance with NMAC 17.7.3.8[5]. Several parties filed written public comments on the IRP. Utility Division Staff filed a Report on the IRP. In its April 4, 2024, Order in Docket No. 23-00409-UT, the Commission accepted PNM's Statement of Need and Action Plan. The Order found that the Statement of Need and Action Plan in PNM's IRP complies with the policies and procedures of the IRP Rule. The Commission noted, however, that the Commission's acceptance of the utility's statement of need and action Plan does

[5] The Commission's IRP Rule sets forth the requirements for acceptance of a utility's IRP and Statement of Need, which in turn results in a Commission-directed RFP process by the utility to obtain resources that are identified through the Statement of Need.

not constitute a finding of prudence or pre-approval of costs associated with acquiring additional resources.

Rule 17.7.3.12(B) NMAC provides that "the utility shall issue a request for proposals (RFP) in the current IRP docket, within five months of the Commission's acceptance of its statement of need and action plan." Since the Commission accepted PNM's Statement of Need and Action Plan on April 4, 2024, the deadline for issuing PNM's RFP would have been September 4, 2024. However, in its Order of June 13, 2024, the Commission granted PNM a three-month extension to issue the RFP, which pushed back the issuance date to December 4, 2024.

On May 15, 2024, PNM filed a Notice of Material Event stating that its recently completed May 2024 Load Forecast resulted in higher forecasted loads than the range modeled in the IRP. PNM further stated, "there is a likely understatement of the total amount of resources outlined in PNM's 2023 IRP Statement of Need" and that it would revise its Statement of Need after performing additional analyses. On May 17, 2024, PNM filed a Motion for Extension. PNM's Motion for Extension requested a three-month extension to its deadlines to issue a Request for Proposals under 17.7.3.12(B) NMAC. On November 26, 2024, the Commission issued its Order Granting Variance in this docket, which authorized PNM to utilize the revised load forecast in its RFP and allowed PNM to finalize and issue its RFP between December 10, 2024, and December 31, 2024.

On October 22, 2024, PNM submitted a Draft Request for Proposals for 2029-2032 Generation Resources in compliance with the Order Extending Time to Submit Requests for Proposals in Docket No. 23-00409-UT to the Commission, Independent Monitor, and parties to the proceeding. Based on the filing, comments were due back from the Commission and parties within 21 days of submission of the draft RFP or by November 12, 2024, and the Independent Monitor shall provide its design report to the Commission within 28 days, or by November 19, 2024. Merrimack Energy submitted its design report to the Commission on November 19, 2024.

Based on the Commission's November 26, 2024, Order, PNM issued its RFP pursuant to the Commission's orders on December 30, 2024, and the deadline for competitive responses was set as May 14, 2025. Pursuant to the Commission's IRP Rule 17.7.3.12(H) NMAC, PNM is required to present its evaluation of the resulting competitive bids within 120 days of the RFP bid submission deadline, or by September 12, 2025.

On July 9, 2025, PNM requested the issuance of a procedural order by the NMPRC for a 120-day extension of time (until January 9, 2026) for PNM to complete its

evaluation of bids received in response to its 2023 IRP Request for Proposals for the following reasons:

a. The significant change to tax credit policies made at the federal level on July 4, 2025, would impact bid pricing for renewables and storage resources to allow for refreshes of the bid pricing reflective of the policy changes;
b. The volume of bids received which includes approximately 200 separate bids from a wide range of renewable, storage, and other resource technologies; and
c. The scope and complexity of the resource requirements to be addressed through this RFP process, including the identification of replacement resources for the anticipated Four Corners Power Plant retirement and the consideration of life extensions versus replacement of the Reeves Generating Station that is critical to voltage support for the Albuquerque load center.

PNM stated that the 120-day extension would allow PNM to adequately evaluate the bids and provide that analysis to the Commission approved IM.

On August 21, 2025, the Commission granted PNM's Motion. Based on the Order, PNM shall provide the final shortlist to the IM by January 9, 2026, and the IM shall issue the final report by February 9, 2026.[6]

1.2 REQUIREMENTS FOR THE IM FINAL REPORT

Sections 17.7.3.10 through 17.7.3.14 of the New Mexico Administrative Code establish the regulatory framework governing the statement of need, request for proposals process, and the scope and responsibilities of the Independent Monitor. These provisions specify the required contents of the RFP, the principles governing bid evaluation and selection, and the duties of the Independent Monitor in reviewing and reporting on the solicitation process. This section provides regulatory context for the Independent Monitor's review. The Independent Monitor's assessment of PNM's compliance with these requirements is presented in Section 5 and summarized in Table 7 of this report.

Consistent with these requirements, the Independent Monitor maintained a communications log for the solicitation, which is provided as Confidential Appendix B.

[6] PNM submitted a slide deck to the IM with the final portfolio evaluation results (i.e., final shortlist) on January 6, 2026. As a result, Merrimack Energy's Final IM report was due to be filed on or before February 5, 2026.

2 BACKGROUND

When evaluating and assessing the implementation of a competitive procurement process, Merrimack Energy, as Independent Monitor, generally conducts its assessment relative to a number of factors, including the following:

- Consistency with regard to regulatory statutes or rules underlying the competitive procurement process in a specific state. For this solicitation, New Mexico Administrative Code ("NMAC") pertaining to Section 17.7.3.10 through Section 17.7.3.14 apply;
- The types of resources, products, and contract structures solicited;
- The objectives of the process;
- The fairness and transparency of the process; and
- The consistency with industry standards for similar types of solicitations.[7]

2.1 CRITERIA FOR RFP DESIGN AND IMPLEMENTATION LEADING TO AN EFFECTIVE PROCUREMENT PROCESS

In assessing whether an RFP is designed and implemented to result in a fair, equitable, unbiased and competitive procurement process and is likely to lead to a positive outcome which benefits customers, meets the objectives and criteria established, and is consistent with regulations and statutes, Merrimack Energy considers the following principles and parameters of the RFP process:

- Are the procurement targets, products solicited, principles and objectives of the RFP clearly defined in the RFP documents?
- Do the bid documents (RFP Instructions, Appendices, Attachments, Bid Forms, and proforma contracts) clearly define the type and characteristics of products desired and describe the bidding guidelines, requirements to guide bidders in preparing and submitting their proposals, the information that bidders should provide to ensure the utility can conduct an effective evaluation process?
- Was the solicitation process designed and implemented in a manner so as to be fair, equitable, unbiased, and comprehensive for all bidders?
- Was the solicitation process reasonably transparent such that bidders would have a reasonable indication as to how they would be evaluated and selected?
- Was the solicitation process adequately designed to encourage broad participation from potential bidders?

[7] Merrimack Energy has relied upon a number of sources when discussing "industry standards" including the Federal Energy Regulatory Commission principles ("Edgar-Allegheny" principles) as well as state level bidding rules and guidelines. FERC has enunciated what are sometimes referred to as the Edgar-Allegheny principles in decisions involving transactions between affiliates in which the buyer is a regulated utility. Merrimack Energy will describe the Edgar-Allegheny principles in more detail later in this report.

- Did PNM implement adequate outreach to potential Respondents to encourage a significant response?
- Will the process likely lead to positive benefits for utility customers?
- Do the RFP documents adequately define the products solicited, the objectives of the process, bidding guidelines, the bidding requirements to guide bidders in preparing their bids, minimum or threshold requirements, the bid evaluation and selection criteria of importance, and the risk factors important to the utility issuing the RFP?
- Did the evaluation methodology reasonably identify how quantitative and qualitative measures would be considered and applied in the evaluation process?
- Did the solicitation process include thorough, consistent, and accurate information on which to evaluate bids, a consistent and equitable evaluation process, documentation of decisions, and guidelines for undertaking the solicitation process?
- Are the contracts designed to provide a reasonable balance of risk relative to the objectives of the counterparties, seeking to minimize risk to utility customers while ensuring that projects can reasonably be financed and developed?
- Does the quantitative evaluation methodology allow for consistent evaluation of bids of different sizes, technologies, products and in-service dates?
- Did the solicitation process incorporate the unique aspects of the utility system and preferences and requirements of the utility and its customers.

In its Design Report, based on review of PNM's proposed RFP, Merrimack Energy concluded that PNM's 2029-2032 Generation Resources RFP generally conformed with the requirements for an effective RFP design listed in Sections 17.7.3.10 through 17.7.3.12 NMAC. Merrimack Energy found that the RFP and related documents overall provided a sufficient base of information to allow bidders to effectively develop a detailed proposal in response to the RFP and therefore allow PNM to conduct a fair and consistent evaluation of proposals. Merrimack Energy found the RFP documents and processes to be reasonably transparent regarding the objectives and requirements of the RFP, the evaluation criteria and processes, bidding documents, information which bidders are required to provide with their proposal, and a reasonable and consistent schedule for the solicitation. The inclusion of form contracts for different resource options allows the Respondents to incorporate contract requirements in their proposal pricing.

In this Final Report, Merrimack Energy will focus on the implementation of the procurement process regarding the requirements identified in the NMAC as well as whether the procurement process was undertaken by PNM in a fair and equitable manner and consistent with industry standards regarding the

implementation of an effective procurement process to ensure the provision of competitive benefits for customers.

3 SUMMARY OF THE KEY PROVISIONS OF PNM'S 2029-2032 GENERATION RESOURCE RFP

This Section of the IM Final Report will provide a high-level description of the Final RFP Instructions documents available to potential Respondents as posted to PNM's Public Website as well as posted to the Jaggaer procurement platform ("Jaggaer"), which was used by PNM to communicate with eligible Respondents regarding the RFP.

PNM provided an initial Draft[8] of the 2029-2032 Generation Resources RFP to interested parties and the IM in July 2024 as an informal review of the RFP and to solicit informal comments from interested parties and others to facilitate revisions to the RFP documents prior to issuing a formal draft version of the RFP to the Commission, IM, and stakeholders, as required. The formal Draft RFP was issued to the above parties on October 22, 2024. Section 17.7.3.12(C) of NMAC requires that prior to the utility's commencement of an RFP solicitation, the utility shall provide the Commission, the Independent Monitor, and parties to the utility's pending IRP case with the documents and contracts that constitute the RFP solicitation (RFP documents) and a timeline for soliciting, accepting and evaluating bids. According to the NMAC, comments on the draft RFP documents were due back to PNM within 21 days, or by November 12, 2024. Pursuant to 17.7.3.14(G)(1)(a) NMAC, the Independent Monitor shall provide its Design Report on the Draft RFP to the Commission within 28 days, or by November 19, 2024.

To assist in the development of PNM's 2029-2032 RFP, Merrimack Energy conducted an initial review of the informal draft of the RFP in July 2024 and provided comments to PNM regarding the provisions of the RFP as well as identifying sections of the RFP documents that required further clarification. Merrimack Energy provided four pages of initial comments on the initial draft RFP main RFP Instructions document as well as comments on Appendices and Attachments. Merrimack Energy identified suggested edits to the initial draft RFP

[8] PNM informally shared a draft of the 2029-2032 RFP with stakeholders in July 2024 for initial feedback outside the regulatory timeline in an effort to reduce the likelihood of a large volume of requests and feedback once the formal regulatory timeline was initiated. PNM also requested initial feedback from the IM. In response, Merrimack Energy submitted several pages of comments to PNM on the RFP Instruction document, Appendices and Attachments, most of which sought clarification or raised questions about sections in the documents. PNM implemented a number of suggested changes which were reflected in the official issuance of draft RFP documents submitted to stakeholders.

and related documents to clarify the information provided as well as providing suggestions for enhancing the RFP documents and identifying questions for consideration.

On October 22, 2024, PNM submitted its Draft Request for Proposals documents, including Appendices and Attachments for PNM's 2029-2032 Generation Resources RFP in Case No. 23-00409-UT. Comments on the Draft RFP were submitted on November 12, 2024, by Commissioner Ellison, NMPRC staff, and stakeholders, which also included a review and comments on Stakeholder positions. Merrimack Energy submitted its Design Report on November 19, 2024, as required.[9] PNM submitted Response Comments on Merrimack Energy's Design Report on December 3, 2024. Overall, the IM found the responses of PNM to be reasonable and to generally address the comments of the IM in the Design Report as well as the comments of Commissioner Ellison, NMPRC staff and stakeholders. PNM issued the PNM 2029-2032 Generation Resources RFP on December 30, 2024.

3.1 RFP DOCUMENTS AND PROPOSED SCHEDULE FOR THE PNM 2029-2032 GENERATION RESOURCES RFP

The PNM Final 2029-2032 Generation Resources RFP provided by PNM on December 30, 2024, includes a Main RFP Instructions document or RFP Protocol, which describes the procurement process and requirements for Respondents and serves as instructions to Respondents.

In addition to providing the Main RFP Instructions document, PNM also provided a number of Appendices and Attachments to the RFP which were included with PNM's distribution of the final RFP. The Appendices include specific information to support the RFP Instructions Document and include copies of proforma Agreements and Technical Specifications, as well as other background documents to aid Respondents in preparing their proposals. The Attachments include information which bidders should reflect and/or include with their proposals depending on the type of resource technology and structure offered. The Appendices and Attachments to the RFP are listed below.

[9] Merrimack Energy concluded that PNM's 2029-2032 Generation Resources RFP generally conformed with the requirements for RFP design listed in Sections 17.7.3.10 through 17.7.3.12 NMAC. Merrimack Energy found that the RFP and related documents overall provided a sufficient base of information to allow bidders to effectively develop a proposal in response to the RFP and therefore allow PNM to conduct a fair and consistent evaluation of proposals. Merrimack Energy found the RFP documents and processes to be reasonably transparent regarding the objectives and requirements of the RFP, the evaluation criteria and processes, bidding documents, information which bidders are required to provide with their proposal, and a reasonable and consistent schedule for the solicitation.

Appendices

- Appendix A – Resource Capacity Accreditation
- Appendix B – Resource Characteristics
- Appendix C – Bid Evaluation Process
- Appendix D – RFP Roles and Responsibilities
- Appendix E – Proposal Format and Contents
- Appendix F – PNM Customers and DSM Program Participants
- Appendix G – Instrumentation and Control for Electrical Power Generation
- Appendix H-1 – Solar PPA Form Agreement
- Appendix H-2 – Wind PPA Form Agreement
- Appendix H-3 – Natural Gas Facility PPA Term Sheet
- Appendix I-1 – Stand-Alone ESA Form Agreement
- Appendix I-2 – Hybrid ESA Form Agreement
- Appendix J-1 – Solar/ESS BT Form Agreement
- Appendix J-2 – Gas/Thermal BT Form Agreement
- Appendix K-1 – APA Term Sheet
- Appendix K-2 – DSR Form Services Agreement
- Appendix L – Technical Specifications
- Appendix M – PNM Governance for Competitive Bid Processes
- Appendix N – BT Project/Site Information

Market Bid Forms

- Attachment A – Bid Profile
- Attachment B – Minimum Requirements Checklist
- Attachment C – Bid Certification Form
- Attachment D-1 – PPA and Hybrid Proposal Data Forms
- Attachment D-2 – APA Proposal Data Forms
- Attachment D-3 Not Used
- Attachment D-4 – Standalone ESA Proposal Data Forms
- Attachment E – Technical Description
- Attachment F – Electrical Interconnection – Power Delivery
- Attachment G – Fuel Information
- Attachment H – Permitting, Land Use, Zoning
- Attachment I – Project Milestones
- Attachment J – Contracting/Employment Plan
- Attachment K – Conflict of Interest Form
- Attachment L – Technical Submittal Checklist

BT Bid Forms

- BT Attachment A – Bid Profile
- BT Attachment B – Minimum Requirements Checklist
- BT Attachment C – Bid Certification Form

- BT Attachment D – Proposal Form
- BT Attachment D-1 – Price Breakdown Table
- BT Attachment E-1 – Commercial Clarifications and Exceptions
- BT Attachment E-2 – Technical Clarifications and Exceptions
- BT Attachment F – Conflict of Interest Form
- BT Attachment G – Contracting/Employment Plan
- BT Attachment H – Milestone Payment Schedule
- BT Attachment I – Cancellation Schedule
- BT Attachment J – Proposal Data Forms
- BT Attachment K – Technical Submittal Checklist

DSR Bid Forms

- Attachment A – Bid Profile
- Attachment B – Minimum Requirements Checklist
- Attachment C – Bid Certification Form
- Attachment D-5 – DSR Proposal Data Forms
- Attachment J – Contracting/Employment Plan
- Attachment K – Conflict of Interest Form

To provide a background to this Final IM Report regarding the provisions and requirements of the 2029-2032 Generation Resources RFP, as noted Appendix A lists the key provisions of PNM's 2029-2032 Generation Resources final RFP Instructions document including information provided to Respondents regarding the RFP and directions to Respondents to aid in preparing a Proposal. Table 1 includes the proposed solicitation schedule for the RFP as listed in the RFP Instructions document.

Table 1: Proposed Solicitation Schedule

Key Events	Dates
RFP Released to Market	December 30, 2024
Pre-Bid Conference	January 22, 2025
Deadline for Questions from Respondents	April 24, 2025
Proposal Due Date and Submission Fees	May 14, 2025
Phase 2 Shortlist Notification	July 20, 2025
Recommended Resource Portfolio	September 11, 2025
Estimated Agreement Execution Date	January 8, 2026
Estimated Filing for Regulatory Approval	January 12, 2026

4 DESCRIPTION OF PNM'S 2029-2032 GENERATION RESOURCES RFP PROCESS

The process for implementing a competitive bidding process is generally comprised of five stages[10], the first three of which are discussed as follows since these stages primarily focus on the IM's requirements for New Mexico RFPs.

This section of the final report of the IM provides an overall description of PNM's solicitation process for the 2029-2032 Generation Resources RFP from issuance of the RFP[11] to final evaluation and selection of the preferred portfolio of resources. This section identifies and describes the major components of the solicitation process pertaining to (1) Period from issuance of the RFP through receipt of proposals and (2) Period from receipt of proposals through evaluation and selection of the shortlist; and (3) selection of the preferred portfolio. The description of PNM's RFP process is structured as a "chronology" of the key events and issues addressed within the stages of the solicitation process, from initiation and development of the draft RFP documents to evaluation and selection of the final portfolio of resources.

4.1 ISSUANCE OF THE 2029-2032 GENERATION RESOURCES RFP

PNM issued its 2029-2032 Generation Resources RFP on December 30, 2024, followed by a PNM News Release on December 31, 2024, providing notification of issuance of the RFP. The Main RFP or Instructions document was issued via a webpage for the RFP established on PNM's website as a non-confidential document. In addition to providing access to the RFP Instructions, the webpage (and the PNM News Release) identified the amount capacity by resource type requested in the RFP for the 2029-2032 timeframe, provided a link to the Jaggaer procurement platform which hosted the RFP event, and provided a notification

[10] The first stage is development of the RFP documents and processes. This first stage was essentially addressed in Merrimack Energy's RFP Design Report. The second stage activities are undertaken by the utility and bidders during the Bid Development process. From the utility's perspective, the second stage includes the tasks over the timeframe from release of the RFP through receipt of proposals. Key activities include holding a Bidders conference, establishing a Q&A process for addressing bidder questions, and developing and finalizing the bid evaluation methodology, scoring metrics, evaluation criteria, and input assumptions. The third stage involves proposal receipt and review for conformance with minimum requirements, evaluation, scoring and ranking of proposals, selection of a shortlist, and final evaluation and due diligence typically leading up to selection of preferred resources based on detailed economic portfolio optimization modeling. Stages four and five include contract negotiations and participation in the regulatory filings for Commission approval. For the NMAC regulatory process in New Mexico, the IM's role is expected to end with selection of the final portfolio of resources.

[11] The proposal development process from release of the RFP until the proposal due date encompasses a period of 135 days.

for the Pre-Bid Conference scheduled for January 22, 2025, and the Proposal due date of May 14, 2025. While the webpage included the RFP Instructions, interested parties would be required to execute a non-negotiable, non-disclosure agreement ("NDA") in order to gain access to all bid documents, including all Attachments and Appendices. Once access is granted to the RFP event, eligible Respondents can begin asking questions regarding the RFP process. PNM issued the RFP directly to all vendors in PNM's database, which includes over 300 contacts.

4.2 PROCUREMENT PLATFORM FOR THE RFP

The RFP is structured within the Jaggaer procurement platform, which will essentially host the RFP. The RFP event is structured as two different modules within the on-line Jaggaer procurement platform including the "2029-2032 Generation Resources RFP-Market" module for market proposals and the "2029-2032 Generation Resources RFP-BT" module for Build Transfer proposals.[12] The RFP event includes a description of the request, an outline of the solicitation process, relevant dates, contact information, and Proposal submission requirements. All proposals submitted in response to the RFP must be submitted by accessing the pertinent RFP module. Once access is granted to the RFP event, all Bid documents provided by PNM can be found under "Settings and Content" in the Buyer Attachments folder.

For Respondents who submitted an NDA, the Jaggaer platform provides access to all bid attachments and appendices[13] and other documents and includes individual files for each Respondent that submitted the NDA to submit proposal documents, The Jaggaer platform also includes a Q&A Board which allows for communications with Respondents. From the IM perspective, Merrimack Energy had access to bidder documents, Q&As, and other information associated with the RFP the same as PNM's project evaluation team.

4.3 BIDDER PREREQUISITES

As described in the RFP Instructions, Bidders were required to execute a non-negotiable, non-disclosure agreement ("NDA") and to agree to three prerequisites in order to be eligible for submitting proposals through the solicitation

[12] There were 292 vendors invited for the RFP-Market module and 8 vendors invited to the RFP-BT module.

[13] The Attachments and Appendices as well as access to these documents varied between the Market Event and BT Event due to the nature of the proposals and the PNM site information required for the BT proposals only. In other words, BT proposal Respondents will only be able to access information posted to the BT Event site. Likewise, Market event Respondents would only have access to documents posted to the Market Event site.

process and also to receive access to the remaining Bid documents in addition to the RFP Instructions. The three prerequisites included:

- Bidder certifies that it has read and agrees to the terms of the Supplier Code of Conduct;
- Certification that the Bidder has read and agrees to the terms of the Non-Disclosure Agreement; and
- Bidder acknowledges that it has read the 2029-2032 Generation Resources RFP Instructions document.

Once these are completed, Bidders would then be allowed access to all RFP documents within the respective RFP Event module.

4.4 PNM GOVERNANCE FOR COMPETITIVE BIDDING PROCESS

Appendix M included in the RFP documents provided by PNM includes the governance requirements for the competitive bidding processes for PNM's Generation Resources RFP as well as including PNM's organizational structure for project teams within the solicitation process. The governance document notes that the document has been established by PNM and PNMR Services Company ("PNMR ServCo") through its Sourcing Group. This document is provided pursuant to the requirements of New Mexico Administrative Code ("NMAC") Title 17, Chapter 7, Part 3 ("17.7.3 or IRP Rule"). As described in Appendix M, the document establishes the recommended procedures to be applied to ensure the fairness and integrity of the PNM sponsored competitive bidding process for the procurement of generation, energy storage, and demand-side resources, that are able to provide capacity, energy, and/or ancillary service capabilities to PNM's system.

The Governance document is intended to address confidential information developed or provided by PNM or Respondents during the solicitation process. The Governance document applies to all employees and consultants involved in the competitive bidding and contract negotiation process. Members of the RFP Administrative team, consultants, and subject matter experts ("SME") must read and agree to abide by the guidelines contained in the Governance document to be eligible to perform their function. The document describes the general guidelines, communications requirements and procedures among and between PNM employees, the IM, outside consultants and bidders, and requirements for protecting confidential information in the process. PNM employees and consultants involved in the RFP process were required to execute a Confidentiality Agreement. PNM noted it also holds annual training on data confidentiality in which employees and consultants could participate.

While PNM did not offer any self-build options or affiliate proposals into the solicitation process, Build Transfer ("BT") agreements were eligible, including the potential for Respondents to submit proposals for Battery Energy Storage Systems ("BESS"), hybrid solar and storage, and/or thermal generation resources on identified PNM generation sites.

4.5 PNM PROJECT TEAMS

The Governance document (Appendix M) along with Appendix D also identifies the teams that are participating in the RFP and their roles and responsibilities. The RFP Administration Team is the primary team tasked to implement the solicitation process and is comprised of a project manager and a team of subject matter experts.

The project manager will coordinate the implementation and administration of the solicitation process from RFP approval through completion of the solicitation, which includes bid evaluation and selection, contract negotiations, and filing for approval of the selected resources through the regulatory process. The project manager will also interact with the IM and ensure the IM has adequate information to report to the Commission.

The RFP Administration Team will be responsible for the development and management of the RFP process. The Administration team is also responsible for Proposal clarifications, Phase One through Phase Three bid evaluation activities including modeling, shortlisting and award selections. The Administration team is comprised of SME's (e.g. Sourcing, Contracts, Engineering, Environmental, Finance, Integrated Resource Planning (IRP), Legal and Risk) comprised of PNMR ServCo and PNM personnel and, if required by specific projects, outside consultants, responsible for the development and management of RFPs including the evaluation of bids submitted in response to the RFP. The RFP Administration Team will prepare all documents required for regulatory filings. The RFP Administration Team will also be responsible for aiding the analysis that identifies the shortlist bidders while providing quantifiable and non-quantifiable rationale and justification for that choice. During the initial phases of the proposal evaluation, the RFP Administration Team will solicit feedback from PNM's SMEs regarding price and non-price evaluation criteria.

As part of the Administration Team, the Sourcing Team will be responsible for coordinating the RFP issuance and development efforts and communications with Respondents, including distribution of information with Respondents.

PNM will also establish two separate and independent technical evaluation engineering teams to verify and provide RFP technical requirements and

feedback to the RFP Administration Team regarding the degree to which each proposal complies with the specified technical requirements. One engineering team will be dedicated to the assessment and evaluation of Build-Transfer ("BT") proposals submitted under the RFP "BT" event module and the other team will be dedicated to the assessment and evaluation of all other proposals submitted under the RFP "Market" event module. These teams shall not have access to those bids that are not submitted under their respective RFP event module and will otherwise not participate in the overall bid evaluation and final proposal selection process performed by the RFP Administration Team.

4.6 BACKGROUND TO THE RFP PROCESS, ISSUES, TASKS, AND ACTIVITIES

In January 2025, after the RFP was issued to the market, Merrimack Energy began to prepare a check list of the issues, tasks and schedule for the key items associated with implementation of the RFP process, for Phases 2 and 3 of a typical RFP solicitation process. This included Phase 2 - Bid Preparation and Submission of Proposals, and Phase 3 - Receipt, Minimum Requirements, Evaluation and Selection associated with proposals received) based on Merrimack Energy's experience with similar All-Source solicitation processes to focus on the key issues and questions to be addressed, tasks and schedule for the tasks which will need to be undertaken between the IM and the PNM RFP Administration team during Phases 2 and 3 of the process. The IM and PNM Administration team met in mid-December to discuss the IM's comments on the schedule and tasks associated with Phases 2 and 3 including the evaluation criteria, methodologies, evaluation process, metrics for scoring and ranking process, and selection process. A summary of the key tasks and issues by phase of the RFP is provided in Table 2 below.

4.7 PRE-BID MEETING

PNM held a Pre-Bid meeting with prospective Respondents on January 22, 2025, after issuing the final version of the RFP. The purpose of the Pre-Bid meeting was for the PNM team to provide an overview of the 2029-2032 Generation Resources RFP, including discussing the objectives of the 2029-2032 Generation Resources RFP, RFP process overview, RFP requirements, instructions to bidders and Q&As. Topics addressed included the following:

- RFP objectives including expected incremental firm accredited capacity requirements for PNM's portfolio over the 2029-2032 timeframe and a list of eligible resources;
- RFP process overview including discussion of the Sourcing Platform (Jaggaer), RFP contents and requirements, and proposal submittal requirements;

- Instructions to Bidders including resource needs and regulatory compliance regarding the NMAC, eligible proposal contracts and structures, and proposal eligibility requirements;
- Description of the Evaluation Process and criteria;
- RFP Schedule; and
- Questions and Answers

PNM indicated that 121 participants/attendees attended the Pre-Bid meeting.

4.8 KICKOFF MEETING OF THE PNM EVALUATION TEAM AND IM FOR PHASES 2 AND 3 OF THE RFP

The IM and PNM Administration Team met in February 2025 to discuss the status of the RFP and typical tasks for such a solicitation process moving forward to prepare for the submission of proposals and for the evaluation and selection process once proposals are submitted. Merrimack Energy provided a list of issues associated with each phase of the solicitation process (i.e., phase 2 and 3), questions/comments and schedule associated with typical activities associated with phase 2 (Bid Preparation Phase) as well as phase 3 activities (receipt, evaluation and selection of proposals). The IM also had several follow-up questions focused on clarification of processes identified in the RFP Instructions which were also discussed in the meeting. In addition, the IM raised a concern regarding the IM final report timing after shortlist selection. The IM's concern was that if the IM and PNM evaluation team did not closely coordinate communications and activities during the evaluation process, it would be very difficult for the IM to review the evaluation results after completion by PNM in time to submit the IM report to the Commission based on the NMAC requirements and timing. The parties agreed to hold regular meetings during the solicitation process, starting with a scheduled one-hour meeting every two weeks initially. The meetings would evolve every week once the evaluation process began. At the IM's request, PNM also agreed to provide evaluation results to the IM on a regular basis during the evaluation process rather than after completion.

4.9 MERRIMACK ENERGY ISSUES LIST

Merrimack Energy in its role of Independent Monitor or Independent Evaluator often prepares an "issues list" focused on common issues and activities that occur in most power procurement processes. Merrimack Energy provided its issues check list to PNM and the IM and PNM team agreed to address the IM's issues and questions during scheduled meetings. Table 2 below provides a high-level summary of the issues identified by the IM.

Table 2: IM Issues/Activities List for Phases 2 and 3 of the Solicitation Process

RFP Phase	Issues Identified by the IM to Address During the Solicitation
Phase 2 – Bid Preparation Phase	1. Safeguards associated with ensuring confidentiality of information
	2. Question and Answer process with Respondents associated with preparation of proposals
	3. Development of input assumptions for bid evaluations
	4. Execution of Non-Disclosure Agreements
	5. Preparation of the bid evaluation process and methodology, models, and evaluation criteria
	6. Creation of a level playing field for PPA and BTA options
	7. Preparation for receipt of proposals – data to be provided and compiled to meet NMAC requirements for the IM
Phase 3 – Receipt of Proposals and Bid Evaluation and Selection process	1. Review proposals for completeness and conformance with minimum requirements – IM review of proposals classified as non-conforming
	2. Review economic evaluation results for similar technologies and resource types – IM review and comment on evaluation results
	3. Review non-price evaluation results – IM review and comments on non-price evaluation results
	4. Scoring and initial shortlist selection - Review price and non-price scoring results and combined scores used to select an initial shortlist of proposals.
	5. Evaluation of shortlisted proposals using portfolio optimization assessment and modeling – review and comment on final shortlist evaluation and selection results
	6. Preparation of IM report

4.10 Q&As

PNM maintained a very active Question and Answer process for all Respondents who accepted the NDA terms and agreed to comply with the Supplier Code of Conduct within the respective modules. PNM stated that it will prepare written responses to questions received and will post the responses (without identification of the party asking the questions) for all Respondents who accept the NDA terms and agreed to comply with the Supplier Code of Conduct.

Merrimack Energy noted to the PNM team that a typical role for the IM regarding the Q&A process, in addition to reviewing responses, is to assess whether the responses provided are sufficiently generic such that project specific information is not provided to all bidders.

The Q&A process began shortly after issuance of the RFP to the market, with a deadline for questions from Respondents on April 24, 2025 in the project schedule. This would allow PNM to respond to questions in adequate time to allow Respondents to incorporate this information into its proposal, if applicable. PNM received the first questions on 1/10/2025 and completed responses to questions by 5/1/2025.

PNM received and responded to over 115 questions during the Q&A process for the RFP.

4.11 SUMMARY OF PROPOSAL EVALUATION AND SELECTION PROCESS AND METHODOLOGY

Appendix C to the RFP provides a high-level description of PNM's bid evaluation process, which Respondents could review and assess in more detail to determine how each of the proposals would be evaluated. PNM also prepared a detailed internal Proposal Evaluation Methodology[14] which describes the evaluation process, evaluation criteria, scoring matrix, and modeling methodology in more detail. Merrimack Energy will describe the nuances of the bid evaluation methodology later in this report, particularly regarding the analysis of the proposals submitted and the shortlist selection process.

According to Appendix C, "the objective of this RFP is to identify and procure resources that can provide new, incremental energy and capacity, comply with

[14] The internal Proposal Evaluation Methodology was used by PNM as the protocol document for describing in detail the proposal evaluation and scoring of proposals received from a price and non-price perspective to arrive at a total score for each proposal. The document also included the scorecard to be used to score and rank proposals. PNM provided the Bid Evaluation Guide to the IM for review and comment.

the required Guaranteed Start Dates and, when combined with the existing PNM generation portfolio, support overall reliability of system service and result in a portfolio of generating resources capable of meeting capacity and energy needs of PNM's customers at a low cost. PNM notes that the objective of the evaluation is to fairly and competitively select those projects that bring the most value to PNM's customers, while consistent with the objectives of the Public Utility Act ("PUA"), New Mexico Energy Transition Act ("ETA"), and the IRP Rule. In combination with project cost, PNM prefers resources with the least environmental impacts, those that maximize employment of the New Mexico work force, and those that utilize apprentices for the project construction. PNM also notes it will conduct an evaluation of the overall portfolio."

PNM noted that it will conduct a multi-stage evaluation process which consists of the following components:

- Phase 1 – an initial screening of the Proposals received for compliance with the RFP Minimum Requirements as listed in Section 1.4 of the RFP Instructions or Protocol, including compliance with the Supplier Risk Security Screening Questions and for proof of an executable plan supporting the proposed Guaranteed Start Date;[15]
- Phase 2 – Proposals that have provided the required information and satisfied the Minimum Requirements will be passed on to Phase Two. Phase 2 will focus on both price and non-price bid evaluation criteria and evaluation factors. From a pricing perspective, proposals will be ranked on a total evaluated delivered cost of energy ("LCOE") and total evaluated delivered cost of capacity (LCOC") basis[16] with non-price evaluation factors considered in establishing a "short-list" of proposals by resource category[17]. Price and non-price factors will be combined and weighted at this stage in the process with combined Price and Commercial/Contract Compliance factors weighted at 45% and all remaining Non-Price factors weighted at 55%. Non-Price evaluation factors include the following:

[15] Appendix C states that Respondents' proposals that originally failed to meet minimum requirements may have the opportunity to correct any deficiencies. PNM may reject any proposals that are incomplete and/or fail to cure deficiencies within a reasonable amount of time.

[16] Energy resources such as wind and solar will be evaluated and ranked on the basis of energy cost while capacity resources such as Battery Energy Storage System ("BESS") project will be evaluated and ranked based on $/kW-year adjusted for accredited capacity for the resource type.

[17] Resource categories could include wind projects, standalone storage projects, hybrid solar plus storage, gas-fired generation options and other resources. For this RFP, PNM maintained the categories list herein but did develop separate categories for short-duration storage (less than 8 hours) and long-duration storage (8 hours or greater)

- Commercial/Contract Compliance – includes degree of acceptance of PNM's commercial terms presented in the form agreements and product and equipment performance guarantees;
- Respondent Characteristics – including creditworthiness, ownership structure and operating history, and financing plan/structure;
- Respondent Qualifications and Experience – including Respondent's past experience with the technology proposed, Respondent team experience, and health and safety history;
- Project Engineering and Development Status – including operation and maintenance structure, detailed project critical path schedule, commercial viability and maturity of technology, and planned warranty and maintenance agreement, if a Build-Transfer arrangement;
- Social, Environmental and Siting Considerations – including project development and permitting status, emissions profile, status of site control, compliance with IRP Rule objectives, community/stakeholder engagement, and Respondent's intention for employment of local New Mexico work force; and
- Electrical Interconnection plan/transmission system benefits and project performance viability/operational flexibility – including status of interconnection studies and agreement; assessment of Respondent's transmission capability/deliverability analysis to deliver power to PNM's load center, benefits to PNM's electrical system, operational flexibility characteristics of the proposed resource, and viability of performance and capacity quoted.

Proposals will be evaluated and ranked based on total price and non-price points. For the price evaluation process, proposals will be scored based upon its price relative to the pricing of other proposals within the same resource category. The ranking of energy resources will be based on the levelized cost of energy ($/MWh), while capacity resources will be based on the levelized cost of capacity ($/kW-year). Price ranking points will range between 50 and 100, with the lowest cost proposal receiving 100 points and the highest cost proposal receiving 50 points.[18] Non-price scores will be based on the individual scores developed by PNM's evaluation team, comprised of SMEs from the company and consultants,

[18] The price points awarded are based on the relationship between the cost of energy or capacity, depending on the resource type, relative to the high and low points range (i.e., between 50 and 100 points). The lowest cost proposal in each category will receive 100 points and the highest cost proposal will receive 50 points. Project costs between the high and low will receive points prorated relative to the bid cost relationship between the high and low costs as defined by the PNM scoring matrix.

for each proposal based on PNM's internal scorecard locked down before proposals were submitted.[19]

At the end of Phase 2, a short-list of projects for each resource category or technology type will be determined based upon the above criteria. PNM noted that, to the extent available from the RFP resources, a sufficient quantity of "best-in-class" proposals for each proposed technology will be carried into the selected short-list for each of the Guaranteed Start Dates to fulfill the RFP need identified. As discussed later in this report, PNM conducted a portfolio analysis with updated resource needs to account for an increased load forecast. In addition, the scores could be readjusted as proposals withdraw from the RFP process. These short-listed projects will be carried into more detailed system portfolio modeling in "Phase Three" of the evaluation.

According to Appendix C of the 2029-2032 Generation Resources RFP, Proposals short-listed from the Phase Two evaluation process will undergo further assessment in the Phase Three evaluation. The Phase 3 evaluation will involve system modeling of the shortlisted projects to determine the best performing portfolios. Top portfolios will undergo both quantitative and qualitative assessments. Portfolios will be determined via capacity expansion modeling and portfolio costs will be determined through hourly production cost modeling. The lowest cost portfolios that also meet reliability requirements, ETA emission requirements, RPS requirements or other requirements will be identified.

PNM's portfolio modeling relies primarily on two complementary commercial modeling tools:

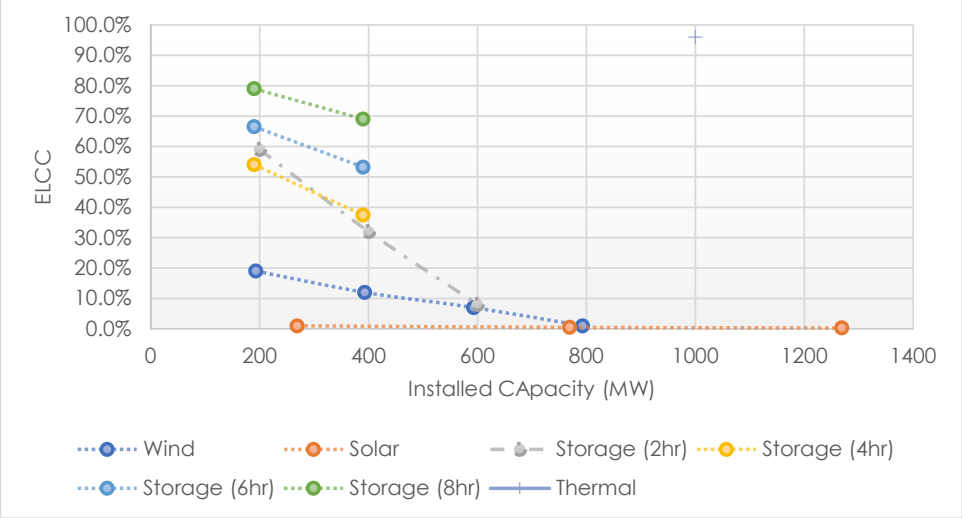
- EnCompass – an optimal capacity expansion and production simulation model, which is used to identify and simulate portfolios of least cost resources to meet future needs; and
- SERVM – a loss-of-load probability model, which is used to establish system reliability needs and to conduct detailed reliability analysis of portfolios produced by EnCompass.[20]

For the Phase Three evaluation, the EnCompass capacity expansion module is configured to identify least-cost portfolios of resources over a 20-year study horizon while meeting a number of constraints. The model's objective function – the sum of all costs included in the optimization – reflects the Net Present Value of PNM's system revenue requirements, including all costs related to the generation

[19] As noted, Combined Price and Commercial Contract/Compliance will be weighted at 45% and remaining non-price factors at 55%.
[20] PNM's reliability standard dictates that the portfolios should yield no more than one day of lost load in ten years; a loss-of-load expectation ("LOLE") of .1 or lower, and concurrently meet PNM's environmental goals.

portfolio (existing and new resources) and new transmission investments needed to deliver future resources to loads. EnCompass minimizes this objective function subject to constraints – certain requirements that the portfolio must meet in order to qualify as a valid solution, such as meeting the planning reserve margin ("PRM") requirements and CO2 emission targets. Target PRM and associated effective load carrying capability ("ELCC") for all energy limited resources identified in PNM's most recent Integrated Resource Plan will be used as inputs for Phase Three modeling constraints. ELCC values are used to determine the accredited capacity for any given resource relative the marginal resource additions.[21] Figure 1 provides a look at the marginal ELCC values by resource type.

Figure 1: Marginal ELCC Values by Installed Capacity



Consideration of various risk factors such as uncertainty of commodity prices, technology costs, load increases and potential CO2 taxes will also be evaluated using scenario analysis. PNM will assess resource requirements for serving its retail customers safely and reliably at lowest reasonable costs. Top performing portfolios of projects will then be qualitatively evaluated within PNM to determine if there are any operational, deliverability, transmission, interconnection, financial or other issues expected to arise from the combinations of projects were they to be added to PNM's system.

Additional detailed reliability analysis will be conducted using SERVM for top performing portfolios in Phase Three. This analysis serves as a check to ensure

[21] The marginal ELCC values assume existing capacity of 670 MW of Wind, 1,731 MW of Solar, and 1,260 MW of Storage to be on-line by 2028. Besides the 2-hr duration batteries, the storage ELCC values are calculated based on the assumed existing capacity of 1,260 MW.

portfolios are sufficiently close to the desired LOLE standard of 0.1 days per year. In circumstances where this is not true, additional considerations and/or portfolios adjustments will be made to satisfy the reliability.

Once portfolios of projects are validated in terms of costs, reliability, and deliverability, projects will be subject to PNM management approval processes and external stakeholder feedback. Thereafter, respondents will be notified that their projects have been chosen and will be notified to begin contract negotiations to secure those resources.

4.12 INTERNAL EVALUATION METHODOLOGY AND INPUT ASSUMPTIONS

Merrimack Energy inquired during project team meetings whether PNM had developed the input assumptions that would be utilized for the evaluation of proposals and also inquired about any documentation PNM may have developed that would aid in allowing the IM to become more familiar with the evaluation methodology and processes, data collection and utilization for assessing proposals, and any score cards or templates PNM would use to evaluate, score and rank proposals. PNM indicated that it was developing such a document[22] and intended to complete the document, including Merrimack Energy's review as the IM, and lock-down the document and input assumptions prior to receipt of proposals.

PNM provided the initial draft of the Proposal Evaluation Methodology document or Internal Evaluation Protocol document to the IM on April 21, 2025. In addition to providing the Evaluation Methodology document, PNM provided Excel files which included the inputs and assumptions for the evaluation, the Phase 2 Scoring Matrix, the non-price criteria and scoring approach, and the bid summary scores which included the formulas for combining price and non-price criteria into a total score for each proposal. PNM followed up with an update of the Evaluation Methodology document on April 28, 2025 after Merrimack Energy provided a list of questions and comments on the April 21st version of the report. Merrimack Energy provided a few additional comments after receiving the April 28th version. PNM provided a final copy of the Proposal Evaluation Methodology document to the IM on May 13, 2025, before proposals were submitted.

The Proposal Evaluation Methodology document provides a more detailed description of the evaluation methodology and process, a summary of the proposal evaluation tools, and a detailed description of the delivered cost

[22] PNM had developed an Internal Evaluation Protocol document for the Demand Response RFP and indicated it intended to develop and complete a similar document for the 2029-2032 Generation Resources RFP.

methodology for the various resource types expected. The document also included several Attachments including the RFP Schedule, Minimum Requirements Checklist, the Bid Comparison Template[23], Financial Evaluation Assumptions, ELCC Assumptions by resource type,[24] O&M cost assumptions, and a sample Shortlist Ranking Matrix.

4.13 SUBMISSION OF PROPOSALS

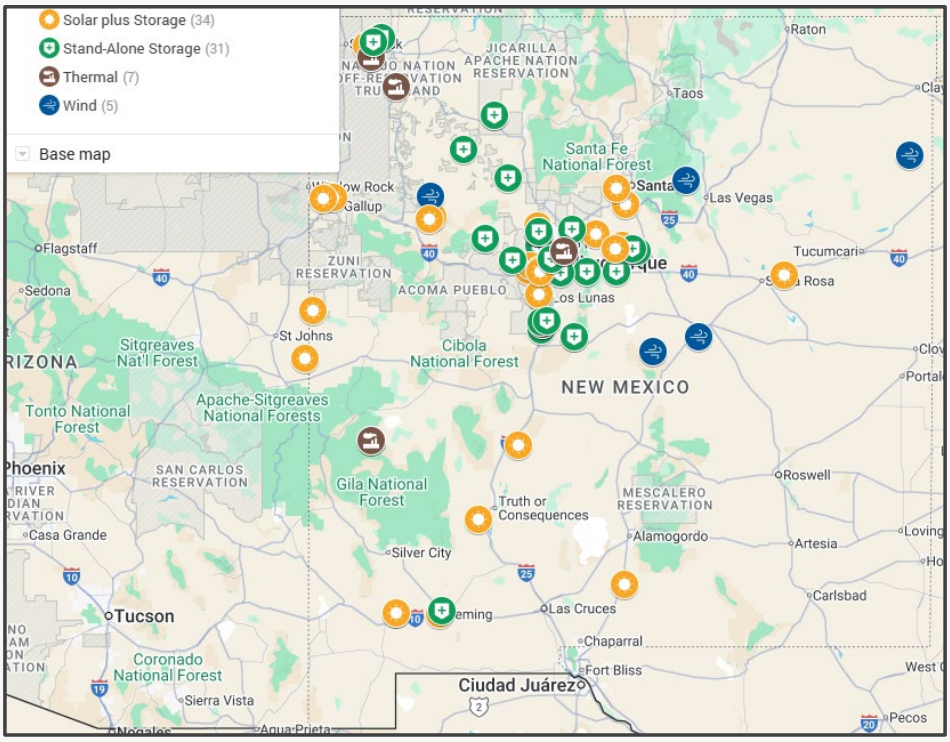
Proposals were submitted to the Jaggaer procurement platform on May 14, 2025, as required. PNM received a robust response from the market. A total of 36 unique Respondents submitted 207 proposal options which included 71 unique projects.[25] While the majority of proposals submitted were for PPAs or ESAs, there were several Build Transfer options and APA options as well.

It should be noted that some Respondents provided proposals for both standalone storage options and solar plus storage for the same projects or the same proposals for both short-duration (up to 4-hour duration) as well as long-duration (typically 8-hour duration or greater) storage options. Others offered proposals for PPA/ESA contract structures as well as Asset Purchase or Build Transfer agreements for the same project, although the number of projects in the Asset Purchase or Build Transfer category were very limited relative to PPA/ESA contract structures.

Both PNM and Merrimack Energy compiled a list of the proposals submitted immediately after submission and compared the lists compiled by each entity. There were initially a few slight differences in the number of proposals included in each summary by category. The PNM team and the IM focused on reconciling the number of proposals submitted so that each would have a consistent set of proposals to begin the review. Figure 2 shows the relative locations of the resources submitted by resource type.

[23] The Bid Comparison Template includes all the data compiled by PNM's team as summary data for each proposal submitted.
[24] For determining the ELCC values for wind, solar, demand response and storage components, PNM considers the projects under contract and expected in operations in calculating the marginal ELCC values. As a result, the marginal ELCC values for each resource decline as more of the same type of resource are added. As a result, the original increments of resources added in each category will initially have reasonably high ELCC values but as more of a specific resource is added, the ELCC declines significantly on a marginal basis.
[25] Unique projects are distinguished by unique project sites. In some cases, Respondents submitted offers for both standalone storage and solar plus storage options at the same site. In some cases, Respondents submitted storage options at the same site that were both traditional 4-hour storage or offered both a 4-hour duration and longer duration (i.e., 8-hour duration energy storage project) at the same site. In this case, we classified the two options a one unique project.

Figure 2: Map of Resources Submitted



NMAC Section 17.7.3.14.G.(b)(ii) requires that the IM report provide summary information on the results of the bids, including the number of bids sorted by the following criteria: by resource type, capacity or energy, price range by resource type, and whether there were any deficiencies in those respects that should be addressed by the Commission in a future proceeding for approval of the solicited projects.

In conjunction with this requirement, Table 3 below provides a high-level summary of the proposals submitted by resource category, total capacity of the proposals by category based on the largest size proposal option provided by each project, and by contract structure. In addition to the information provided in Table 3, Merrimack Energy notes that the majority of proposals offered Guaranteed CODs of 1/1/2030 or earlier. Confidential Appendix C provides summary information for each proposal submitted within each resource category including proposal capacity, Guaranteed Commercial Operation Date, contract term, and proposed pricing.

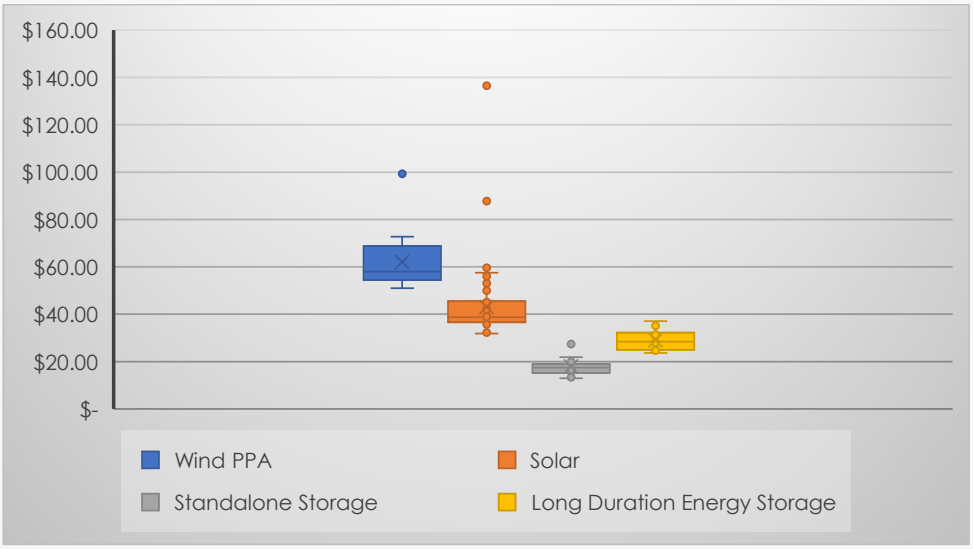
Table 3: Total Proposals Submitted by Category[26]

Resource Type	No. of Unique Respondents	Total Bids Submitted	Total Unique Projects	PPA/ESA	APA	Build Transfer	Nameplate Capacity (MW)[27]
Wind	5	23	5	23	0	0	2,865
Standalone Conventional Storage	14	63	31	56	3	4	5,443
Long Duration Energy Storage	6	14	12	14	0	0	1,951
Solar plus Storage	23	95	34	87	8	0	5,910/5,303
Natural Gas Options	3	8	4	7	1	0	1,689
Other[28]	3	4	3	3	0	1	440
Total		**207**		**190**	**12**	**5**	

As required, Confidential Appendix D provides price ranges for the various resource types based on the information in Confidential Appendix C. For standalone storage and solar plus storage,[29] PNM requested that Respondents submit pricing based on $/MWh as well as an availability factor to calculate the effective pricing instead of a fixed price based on a $/kW-month metric. Similar to other utilities in the industry, PNM's objective in requesting pricing in $/MWh is to eliminate the prospect of the credit rating agencies including the fixed payments as capacity charges if pricing is based on a $/kW-month basis as imputed debt on the utility's balance sheet. Figure 3 provides an overview of the price range for PPA/ESA proposals.

[26] Note that the number of unique respondents and unique projects are focused on each resource type. Since some Respondents included proposals and projects in multiple categories, the total number of unique Respondents and Projects is blank because one cannot add up each row since this would involve double counting of Respondents and Projects.
[27] This column is the sum of the maximum selectable capacity amounts by resource category, so for resources with multiple variants, the bid variant with the largest capacity was included.
[28] Other options include one hybrid gas and BESS option as well as three solar plus gas options. For these options, the nameplate capacity column takes into account the largest component of the hybrid resource.
[29] For standalone storage Merrimack Energy is including the proposal price on a $/MWh basis as required by PNM.

Figure 3: Price Ranges for PPA/ESA Proposals



In Figure 3, for the Solar plus Storage resources, Merrimack has included the solar component for solar plus storage only and is reporting the standalone storage proposals as a separate category.

Providing price ranges for resources such as BESS and solar plus BESS options can be complicated by several factors including duration of the battery and the size of the solar component relative to the size of the battery component in MWs for combined solar plus storage. In Confidential Appendix D, in cases where there are differences in the relative size of storage and batteries or duration of the batteries, pricing can vary. To avoid these complexities, Merrimack Energy has included the price ranges for the solar component of the solar plus storage resource options but has included the price ranges for the storage component based on the information provided by standalone BESS projects.

4.14 CONFORMANCE WITH MINIMUM REQUIREMENTS

The first step in the evaluation process is an initial screening of the proposals to assess whether the proposals submitted were in conformance with the established minimum requirements[30]. Respondents were required to meet three pre-requisites prior to even submitting a proposal in the Jaggaer platform.

[30] There were 34 minimum requirements Respondents and their proposals had to meet. In addition, there are two additional minimum requirements applicable to APA proposals.

In addition, Respondents were required to submit a completed Minimum Requirements check list (Attachment B) with their proposal for PNM review and validation for meeting the RFP minimum requirements. A detailed description of the RFP minimum requirements was provided in Section 1.4 of the RFP Instructions document, while the Minimum Requirements Checklist is provided as Attachment B. As listed in the RFP Instructions document, should any minimum requirement not be satisfied after the opportunity for the Respondent to address any noted shortfall, such proposal will be excluded from further consideration under the RFP. According to Appendix C of the RFP documents, Respondents whose proposals are classified as non-compliant would be notified in such an event.

Nine (9) proposals from six (6) Respondents were classified as non-compliant after the initial review. One of the proposals was classified as non-compliant due to offering a guaranteed start date beginning after January 1, 2032. The remaining proposals provided incomplete proposals or non-compliant pricing structures, even after PNM afforded the opportunity to provide a complete proposal. One proposal did not identify a point of delivery into the PNM system. While a few of a Respondents proposals may be classified as non-compliant, in most cases, the Respondent still had other resource options that were classified as compliant.

According to the RFP Instructions document, Respondents will be afforded one opportunity during Phase One of the bid evaluation process to correct any shortfalls in compliance with the minimum requirements within five (5) business days of notification in the form of a request for clarification from PNM. Should any minimum requirement not be satisfied after the opportunity to address a shortfall the proposal will be excluded from further consideration. The proposals in question were given the opportunity to cure but did not provide an adequate response. In summary, one natural gas proposal, one wind proposal, and seven hybrid proposals were classified as non-compliant. Merrimack Energy agreed with the decision to classify these proposals as non-compliant. The non-compliant Respondents were notified in late July 2025 that they were being excluded from further consideration.

After elimination of the nine (9) non-compliant proposals, one-hundred ninety-eight (198) proposals were subject to the Phase 2 evaluation process. The Independent Monitor reviewed PNM's minimum-requirements screening determinations and the associated cure process afforded to Respondents. The Independent Monitor finds that PNM applied the minimum requirements consistently across proposals, provided Respondents with a reasonable opportunity to cure deficiencies, and reasonably excluded proposals that failed to meet mandatory requirements after such opportunity. The Independent Monitor concurs with PNM's determination to classify the identified proposals as non-compliant and exclude them from further consideration.

4.15 FOLLOW-UP QUESTIONS FOR BIDDERS

Approximately 340 clarification questions were submitted by PNM to all 36 Respondents beginning on May 22, 2025, and continuing through the completion of the initial evaluation process up to shortlist selection to ensure PNM had accurate information for which to complete the evaluation of proposals. Based on the information provided by bidders, PNM updated applicable bid information prior to conducting the evaluation process for initial shortlisting.

4.16 BID EVALUATION RESULTS FROM PNM PROJECT TEAM

PNM provided initial evaluation results to the IM on June 12, 2025, and followed up with a complete list of the evaluation results for all proposals on July 7, 2025. The evaluation results included a summary of evaluated LCOE or LCOC values for each proposal, a completed scoring matrix for each resource type including the scoring of price and non-price components based on the weights included in PNM's scoring matrix and total score for each proposal. The scoring matrix also included documentation provided by the SME's as the basis for scoring for each non-price category and sub-category criteria. PNM also provided a ranking of the LCOE and LCOC values for each proposal, the total price points for each proposal, and total scores for each proposal within each category in rank order. The files provided by PNM also allowed the IM to review the detailed economic evaluation results and confirm the evaluated LCOE and LCOC values which included the proposal price and network upgrade costs provided by the Respondents and/or verified by the PNM team

4.16.1 IM Review of Evaluation Results

The IM reviewed and checked the initial evaluation results, including the quantitative or pricing analysis, the scores for each of the non-price criteria for the top ranked proposals in each category, and a combination of price and non-price scores to derive a total score for the highest ranked proposals within each category as the basis for assessing the likely shortlisted candidates. Merrimack Energy prepared a summary of the results for the top ranked projects to allow for a comparison among proposals.

Based on its review of the Phase II evaluation results, including pricing calculations, non-price scoring documentation, and the combined weighting of price and non-price criteria, the Independent Monitor finds that PNM's evaluation methodology was applied consistently and in accordance with the evaluation framework established prior to receipt of proposals. The Independent Monitor did

not identify any material inconsistencies, irregularities, or preferential treatment in the application of the Phase II evaluation criteria.

4.16.2 Shortlist Evaluation and Selection

PNM provided the IM with its preliminary 2029-2032 RFP Project Shortlist (based on initial pricing analysis and non-price scores) on or around July 8, 2025. PNM's proposed shortlists by technology/resource types are summarized in Table 4 below. Confidential Appendix E contains a summary list of the projects selected for PNM's shortlist in more detail. PNM's approach was to generally select projects for the shortlist based on total scores in rank order within each category. Since Merrimack Energy had received the evaluation results from PNM shortly before receiving PNM's proposed shortlist, the IM asked for a few days to review the evaluation results and shortlist selection.

Table 4: PNM Proposed Shortlist Summary

Resource Options	Number of Projects	Contract Structures	Guaranteed Start Date	Total Project Size (MW)[31]
Short Duration Energy Storage				
Shortlist	4	ESA	2029	410
Alternative Bids	2	ESA	2029	300
Long Duration Energy Storage				
Shortlist	5	ESA	2029	410
Wind				
Shortlist	2	PPA	2031	1,800
Hybrid Solar + Storage[32]				
Shortlist	6	PPA/ESA	2029 - 2030	839/1,049
Solar/Gas Hybrid				

[31] The values in this column represent the total MW of all proposal options in each resource category and do not reflect mutually exclusive options (i.e., there are proposal options for the same project which is included in shortlist for both the short duration energy storage category as well as the long duration energy storage category. For example, there are three proposals for the same project that are included in both the short duration storage and long duration storage categories. In the wind category, there are two proposals from the same project with different size options.

[32] PNM initially included 3 projects on the shortlist in the hybrid solar plus storage category. Merrimack Energy recommended that PNM include three additional proposals in this category which PNM agreed to. As a result, the final shortlist in this category included six proposals.

PPA	1	PPA	2030	42.1 Gas/49.5 Solar
BT (Hybrid)	1	BT	2029	134 Gas/150 BESS
BT Gas (RICE)	1	BT	2029	40 MW

4.16.3 IM Comments on Proposed Shortlist

Merrimack Energy reviewed the evaluation results for the proposed shortlisted proposals as well as other proposals that scored relatively high overall or had high scores for either price or non-price factors. The IM also reviewed the evaluation results from PNM's project team associated with interconnection and transmission network upgrade costs to assess the relative ranking and risks associated with various projects. Merrimack Energy submitted questions and comments to PNM regarding the basis for proposal selection and raised questions in some categories suggesting that PNM may want to consider adding projects to the shortlist. While Merrimack found that PNM's shortlist was generally consistent with rank-ordered combined price and non-price scores and aligned with the objectives of the RFP, the IM suggested that PNM select additional solar plus storage proposals with different solar capacity to storage capacity ratios. For example, the three proposals initially selected by PNM in this category had solar to storage capacity ratios of 1 MW solar to approximately 2 MW of storage. Merrimack Energy suggested that PNM consider 1:1 or 2:1 solar to storage configurations offered by Respondents as well to assess which configurations offered the highest value to PNM's system portfolio. PNM agreed to add three additional solar plus storage projects to the shortlist based on the IM's suggestions. Since project costs are affected by both the size of each component as well as the duration of the storage component, by expanding the selection to different project configurations, this would provide an opportunity to more fully assess which configurations offered the most value to the PNM system.

The Independent Monitor finds that expanding the shortlist to include solar-plus-storage proposals with a broader range of solar-to-storage capacity ratios improved PNM's ability to assess the relative cost, operational flexibility, and system value of alternative configurations. The inclusion of these additional configurations enhanced the robustness of the Phase III portfolio evaluation and supported a more informed selection of preferred resources. As a result, two of the three projects suggested by the IM were selected for the final portfolio.

4.16.4 The One Big Beautiful Bill ("OBBB")

On July 4, 2025, the One Big Beautiful Bill was signed into law and significantly restructured the clean-energy tax incentives established under the Inflation Reduction Act ("IRA"). Key wind and solar tax credits, including the Section 45Y Clean Electricity Production Tax Credit ("PTC") and Section 48E Clean Electricity Investment Tax Credit ("ITC"), were accelerated toward an earlier phaseout date. The updated eligibility was tied to projects beginning construction by mid-2026 (the 12-month window from enactment of the OBBB to begin construction) and generally placed in service by the end of 2027, after which these credits would no longer be available for new facilities.[33] These changes would significantly compress development timelines and tighten qualification criteria for wind and solar investments relative to the longer phase-in and phase-out schedules under the IRA. As a result, the OBBB created a new level of uncertainty in the energy market and dramatically increased project development risk which could result in more and more projects terminating if they are not able to define a clear path forward for their projects.

The Independent Monitor finds that the enactment of the OBBB constituted a material and unforeseeable change in market conditions that reasonably justified PNM's decision to request refreshed pricing and revised COD options from shortlisted Respondents. The Independent Monitor further finds that PNM applied these requests consistently across shortlisted bidders and that the best and final offer ("BAFO") process did not undermine the fairness, transparency, or competitive integrity of the solicitation.

4.16.5 PNM Filing to Extend Date for RFP Completion

On July 9, 2025, PNM filed a Motion for Extension of Time in Case No. 23-00409-UT requesting a 120-day extension to complete its evaluation of bids received in response to the 2023 Integrated Resource Plan ("IRP") Request for Proposals. Under the Commission's IRP Rule (17.7.3.12(H) NMAC), PNM is required to provide its bid evaluation to the Independent Monitor within 120 days of the RFP bid deadline, which would have been September 12, 2025.

PNM explains that it issued the RFP on December 30, 2024, following Commission approval of its Statement of Need and a subsequent variance allowing use of a

[33] Solar and wind projects that are not under construction by July 4, 2026 must be in service by the end of 2027 to qualify for tax credits. Eligible projects that start construction by July 4, 2026 could avoid a deadline to be placed in service by the end of 2027. Such projects would retain a four-year timeline to complete construction following the Begin Construction timeline. Projects could still reach COD in 2029-2030 provided they begin construction in the Begin Construction window.

revised load forecast. Competitive bids were due on May 14, 2025, and the RFP seeks new resources to meet system needs in the 2029–2032 timeframe.

PNM asserts that it cannot adequately complete its bid evaluation within the existing timeframe due to three primary factors: (1) significant federal tax credit policy changes enacted on July 4, 2025, which may materially affect bid pricing for renewable and storage resources and necessitate bid refreshes; (2) the large volume of responses, consisting of over two-hundred (200) proposals across multiple resource types; and (3) the scope and complexity of the procurement, including analysis of replacement resources for the anticipated retirement of the Four Corners Power Plant and consideration of life-extension versus replacement options for the Reeves Generating Station, which provides critical voltage support to the Albuquerque load center.

PNM requested that the deadline for providing its bid evaluation to the IM be extended from September 2025 to January 9, 2026. PNM stated that this extension would allow for a more thorough and accurate evaluation without unduly delaying subsequent regulatory review or compressing other IRP-related deadlines. According to the filing, Commission Staff and the New Mexico Department of Justice do not oppose the request, while the Albuquerque Bernalillo County Water Utility Authority takes no position.

As a result of the Commission's Order from August 21, 2025, the Commission found that an extension of time for PNM to comply with Rule 17.7.3.12(H) NMAC to January 9, 2026, is reasonable. In the Order, the Commission ordered that PNM shall provide the shortlist to the IM by January 9, 2026, and the IM shall issue the Final Report by February 9, 2026.

4.16.6 PNM and IM Discussion Regarding Filing to Extend Date for RFP Completion

PNM's team and Merrimack Energy held a conference call in July to discuss the decision of PNM to request an extension of the shortlist due date. PNM noted that one of the considerations for the extension was to address tranche two resource needs (i.e., 2031-2032). PNM noted that it did not receive a significant response for tranche two resources and it also needed to conduct a more detailed assessment of transmission requirements and timing. PNM also wished to be able to conduct a more informed assessment to investigate if there were benefits for taking proposals with an earlier COD date with expected eligibility for tax credits rather than waiting to when the resources were needed without the possible advantage of tax credits. PNM sought to obtain information to address this issue by asking shortlisted Respondents to submit a price update or best and final pricing with a 2029 and 2031 COD date. PNM also noted it would ask Respondents

to provide best and final prices based upon compliance with the Form Agreement terms and conditions, if they have not already done so. PNM also stated it was planning to meet with the shortlisted Respondents to discuss their proposals and the basis for PNM's requirements. PNM expected that its modeling group would then conduct detailed modeling analysis to assess the lowest cost portfolios. Given the uncertainty in the market over tax credit uncertainty, guidance expected from the Treasury Department, and the potential movement in near term and longer-term prices, the IM agreed with PNM's decision to seek best and final pricing from shortlisted bidders.

4.16.7 Notification to Shortlisted Bidders

In late July 2025 PNM sent notification messages to the selected shortlisted Respondents through the Jaggaer procurement platform. PNM identified the specific proposals that were shortlisted to each selected Respondent and also requested that the Respondents submit a price refresh by no later than August 8, 2025, for a January 1, 2029, COD, or if the Respondent could not support a January 1, 2029, COD, the shortlisted COD. PNM also requested pricing for a COD of January 1, 2031, to the extent that the Respondent was willing to offer this COD. PNM requested that the pricing refresh be based on the terms and conditions outlined in the Form Agreement as well as the current federal tax credits and tariffs. The refreshed pricing should include details of the assumptions around tax credits, tariffs, and any equipment safe harboring measures included in the proposal.

4.16.8 Meetings with Shortlisted Bidders

In late July, PNM held calls with shortlisted bidders to discuss their proposals and PNM's objectives for seeking best and final pricing. The messages conveyed during these meetings by PNM were generally the same to all Respondents in trying to understand the basis for pricing regarding tariffs and tax credits. Additionally, due to recent changes in tax law, PNM reiterated their request for BAFO pricing from all bidders for the COD identified in the notification as well as for a 2031 COD. Merrimack Energy attended a majority of these calls. The IM found the meetings to be very informative and reflected a detailed level of discussion and a cooperative exchange of information between PNM and the Respondents. PNM was transparent with Respondents about the pricing refresh and the basis of the request. In return, several of the Respondents provided information regarding their view of the current market and how it likely affects their projects.

4.16.9 Updated Pricing

All shortlisted bidders provided updated pricing as requested on August 8, 2025. Confidential Appendix F provides a summary of the BAFO pricing compared to the original pricing submitted.

As noted in Confidential Appendix F, many shortlisted Respondents provided additional variants from the originally shortlisted proposals that included different CODs, delivery contract terms, pricing with/without tax credits, and pricing with/without contract redline acceptance. A vast majority of re-pricing for offers with the same attributes resulted in increases in price. In particular, pricing without the availability of tax credit showed an increase in price relative to the initial prices submitted in May 2025, which included tax credit availability.

4.17 PNM PHASE III EVALUATION - PORTFOLIO OPTIMIZATION

On January 6, 2026, PNM sent a slide deck presentation to Merrimack Energy detailing a summary of PNM's preferred portfolio resulting from the RFP. PNM stated that this submission starts the 30-day period for IM review of the final shortlist evaluation. Merrimack Energy reviewed the slide deck and scheduled a meeting with PNM to review the slide deck results and ask questions about the selections.

As PMN noted to the IM, based on the shortlist of the highest-ranking proposals by resource type, various portfolios will be evaluated and analyzed via PNM's system of portfolio modeling tools including the EnCompass and SERVM models previously discussed in this report.

PNM also noted that during this Phase III evaluation, the shortlisted proposals would be evaluated in more detail and subject to SME review and analysis. Additionally, meetings with shortlisted Respondents may be held to validate the proposals. The applicable shortlist scoring matrix may be further refined to identify which projects will evaluate more favorably from a risk perspective. Following the completion of the scoring matrices and portfolio modeling, PNM would issue a recommended portfolio of resources to the IM for review.

The slide deck submitted by PNM to the IM included assessment of the shortlisted projects based on the updated pricing for two cases: (1) Current Trends and Policies Load Forecast ("CTP") portfolios and (2) Economic Development Forecast portfolios. The CTP load forecast is base case with no additional load growth beyond the original forecast detailed in the 2023 IRP and targeted in the RFP. The Economic Development forecast includes the additional capacity need for large load customers such as data centers of roughly 700 MW beginning in 2028.

The IM requested that PNM provide the input files and output files for the portfolio cases evaluated. PNM provided several files with back-up data. The final files provided a summary of the portfolios evaluated which included the portfolio cases, proposals included in each portfolio, and the net present value of total system costs over a 20-year time horizon.

As detailed in Table 5, the CTP Least Cost portfolio contains three resources, and the Preferred Portfolio contains two of the same resources and a different third resource. All of the resources in both cases have 2031 CODs. Since PNM requested that Respondents provide best and final offers for a 2029 and a 2031 COD, this allowed the model to select which of the resource COD dates would be preferrable.

Table 5: CTP Least Cost and Preferred Resources Portfolios

Portfolio Case	Resource	Nameplate Capacity (MW)	Accredited Capacity (MW)	Total Accredited Capacity (MW)
Least Cost	Solar plus Storage – PPA/ESA – 2031 COD	150/150	82.5	210.9
	Standalone Storage – 4-hour duration – ESA – 2031 COD	150	81	
	BESS – 8-hour duration – ESA –2031 COD	60	47.4	
Preferred	Solar plus Storage – PPA/ESA – 2031 COD	150/150	82.5	201.9
	Standalone Storage – 4-hour duration – ESA – 2031 COD	150	81	
	Gas-fired RICE – BT – 2031 COD	40	38.40	

Confidential Appendix G provides more details on the selected resources.

The resources included in the least cost portfolio as well as the same two resources included in the preferred portfolio all appear to be lower cost and reasonably viable projects. The projects selected have fully executed LGIAs and several are associated with an existing project.

The difference between the two portfolios is that the 60 MW 8-hour duration BESS project is replaced by a 40 MW gas-fired Reciprocating Internal Combustion Engine ("RICE") project to be built at a PNM site via a BT agreement. While the preferred portfolio is a slightly higher cost with fewer total MW than the least cost portfolio, PNM's rationale for selecting the RICE project instead of the 8-hour duration BESS is due to the projects' high resilience performance than energy-

limited resources under extreme events, the availability of firm dispatchable capacity which provides greater reliability and flexibility benefits associated with the gas project, and consistency with PNM's 2023 IRP requirements for firm dispatchable capacity. PNM noted to the IM that PNM's 2023 IRP resilience analysis shows that firm dispatchable resources best mitigate load shedding during extreme summer and winter events. In addition, the RICE project was selected in 7 of the 10 lowest cost portfolios.[34] In addition to the resilience benefits, the project can utilize existing electric interconnection and natural gas infrastructure, an existing air permit, is fully-dispatchable in low renewable periods, and offers fast ramping capability to manage variation in load. These factors led PNM to select this project for the Preferred portfolio.

The gas-fired BT site-option proposal was submitted in response to PNM offering several existing sites with the potential for thermal or energy storage options. For BT proposals at a PNM-controlled site, Respondents will be responsible for ensuring that the proposal will satisfy the existing site characteristics and infrastructure. Under a BT structure, PNM will ultimately own the resources after construction and testing.

While the RICE unit was selected in the Preferred Portfolio instead of the 60 MW BESS (8-hour duration) project, the 60 MW 8-hour duration BESS proposal was selected in the Least Cost and Preferred Portfolios for the Economic Development forecast.

As described earlier, PNM developed certain portfolios under an "economic development" case that reflects a larger load forecast than the load assumptions relied upon in the Integrated Resource Plan that informed the need for this RFP. PNM represented to the Independent Monitor that this incremental load forecast was intended to reflect potential additional capacity needs associated with large load customers, such as data centers.

The Independent Monitor is not in a position to evaluate or opine on the validity, reasonableness, or regulatory treatment of the updated load forecast underlying the economic development case. Accordingly, the Independent Monitor's review of these portfolios was limited to assessing whether PNM's evaluation process was applied consistently and whether the resulting portfolio selections were reasonable assuming the load forecast inputs provided by PNM are valid. The Independent Monitor did not assess whether additional Commission approvals or determinations are required with respect to the underlying load

[34] Merrimack Energy requested that PNM provide the output files from the EnCompass model results. PNM provided the IM with the output files for 24 scenarios or cases evaluated by PNM for conducting the portfolio analysis.

forecast assumptions. Table 6 below provides the Least Cost and Preferred Portfolios for the Economic Development forecast.

Table 6: Economic Development Least Cost and Preferred Resource Portfolios

Portfolio Case	Resource	Proposed COD	Nameplate Capacity (MW)	Accredited Capacity (MW)	Total Accredited Capacity (MW)
Least Cost	Wind - PPA	2029	800	76.7	894.0
	Solar plus BESS – 4-hour duration – PPA/ESA	2029	90/50	27.9	
	BESS – 8-hour duration - ESA	2029	60	47.4	
	Generic Frame CT	2029	344	330.2	
	Solar plus Storage – 4-hour duration – PPA/ESA	2030	199/349	164.1	
	Generic Frame CT	2031	172	165.1	
	Solar plus BESS	2029	150/150	82.5	
Preferred	Wind - PPA	2029	800	76.7	842.2
	Solar plus BESS – 4-hour duration – PPA/ESA	2029	90/50	27.9	
	BESS – 8-hour duration - ESA	2029	60	47.4	
	Generic Frame CT	2031	344	330.2	
	BESS – 8-hour duration – ESA	2029	90	71.1	
	BESS – 8-hour duration - ESA	2029	110	86.9	
	Solar plus Storage – PPA/ESA	2031	150/150	82.5	
	Standalone Storage – 4-hour duration - ESA	2031	150	81	
	Gas-fired RICE - BT	2031	40	38.4	

Confidential Appendix H provides more details on the selected resources.

The least cost and preferred portfolios include diverse portfolios of resources to meet Economic Development loads. The Economic Development preferred portfolio contains the same three projects in the CTP preferred portfolio, plus an additional six (6) resources. The portfolios above also include generic gas units that were not bid into the 2029-2032 RFP. The generic gas resources selected in the Phase III evaluation were based upon candidate generic large-frame gas turbine data from the Electric Power Research Institute ("EPRI") in December 2025. Costs and characteristics from these generic units were utilized as early resource cost estimates for PNM's 2026 IRP. PNM noted several factors that drove the selection of the resources included in the preferred portfolio including:

1. The preferred portfolio includes multiple projects from the same bidder who offered a price discount if multiple projects were selected, which was the case;
2. The preferred portfolio contains a diverse mix of resources including wind, solar plus storage, standalone storage (4 and 8-hr duration), gas-fired BT option, and generic gas-fired Frame CTs;
3. The portfolios also include a diversity of project structures including PPAs, ESAs, and BT options;
4. The least cost portfolio includes an additional 172 MW of generic Frame CTs, as well as a large solar plus storage project. The preferred portfolio includes an additional 200 MW of standalone storage as well as the three projects selected in the preferred portfolio from the CTP case. The majority of the projects in each portfolio have executed LGIAs; and
5. PNM also noted that the projects selected include mature projects that are further along in the permitting and interconnection process, with several at existing sites.

The Independent Monitor reviewed PNM's Phase III portfolio modeling, including the use of EnCompass and SERVM, and found that the models appear to be applied appropriately to evaluate portfolio cost and reliability. PNM provided files that also address system emissions. The Independent Monitor further finds that PNM reasonably considered non-price factors—such as development risk, transmission constraints, operational flexibility, and policy uncertainty—when selecting preferred portfolios that differ from strictly least-cost outcomes.

4.18 FINAL SELECTION FOR CONTRACTING

PNM noted that it anticipates advancing multiple proposals into a final shortlist selection to maintain leverage and competitive forces and to retain alternative proposals should negotiations with selected Respondents be unsuccessful.

5 OVERALL CONCLUSIONS & RECOMMENDATIONS

5.1 Assessment of the Solicitation Process

Section NMAC 17.7.3.14G(1)(b) requires that in its final report, the IM shall, within 30 days of the utility's submission of its shortlist to the IM, review and report on the reasonableness, competitiveness, and fairness of the utility's solicitation, evaluation, and procurement processes, including but not limited to bid screening, comparison, evaluation, and shortlisting criteria. Section NMAC 17.7.3.12 – Request for Proposal Process identifies the factors that should be included in an RFP (NMAC 17.7.3.12F), and the price and non-price criteria the

utility should consider in evaluating bids (NMAC 17.7.3.12I). NMAC 17.7.3.12J states that additional criteria used by the utility for evaluation may not establish a preference for utility ownership or for projects proposed by a utility-affiliate company. The utility shall not unreasonably discriminate between proposals for a utility-owned or a utility-affiliate-owned resource and proposals for a resource owned by an independent power producer through a purchased power agreement. Lastly, NMAC 17.7.3.14G(b)(i) requires that the IM shall state whether the RFP process implemented by the public utility complied with the requirements of 17.7.3.11 NMAC and 17.7.3.12 NMAC.

This section of the IM Report provides Merrimack Energy's overall assessment of PNM's 2029-2032 Generation Resources RFP solicitation process with respect to (1) the consistency of the process with the New Mexico Administrative Code (2) consistency of the process with industry standards applicable to federal and state procurement processes; and (3) consistency of the process with the overall objectives for an effective competitive procurement process, including the reasonableness of the approach of PNM in dealing with key issues, in particular, issues associated with the fairness, reasonableness, competitiveness and transparency of the PNM's solicitation process.

5.1.1 Industry Standards or Principles Regarding the Guidelines for a Fair and Equitable Solicitation Process

Both federal and state statutes have addressed issues associated with RFP design and implementation for an effective solicitation process, particularly in cases where a utility-ownership, self-build, or affiliate proposal option is competing with independent third-party proposals. The underlying principles utilized in most state regulations pertaining to power procurement processes emanate from the Federal Energy Regulatory Commission ("FERC") Edgar-Allegheny principles. While the Edgar-Allegheny principles were designed to address transactions between affiliates in which the buyer is a regulated utility, the guiding principles articulated in these cases underlie state regulations.[35]

As background, the FERC applied the Edgar case from 1991 to subsequent case involving affiliate transactions[36]. In Docket No. ER 11-3464-000 issued in June 2011, the FERC stated "Under Edgar, the Commission has approved affiliate sales resulting from competitive bidding processes after the Commission has

[35] As an example, the development of California's procurement requirements, including the need for an Independent Evaluator to oversee utility competitive procurement processes, emanates from the FERC guidelines.
[36] In the Edgar case, FERC required that a seller of wholesale electric power making a sale to an affiliated regulated utility for resale at market-based rates was required to demonstrate that the rates and other terms and conditions of the power sales contract are not unduly preferential to the affiliate.

determined that, based on the evidence, the proposed sale was a result of direct head-to-head competition between affiliated and competing non-affiliated suppliers". The FERC further required where there is a competitive procurement process, the Commission requires assurance that:

- A competitive solicitation process was designed and implemented without undue preference for the affiliate;
- The analysis of the bids or responses did not favor the affiliate, particularly with respect to the evaluation of the non-price factors; and
- Selection was based on some reasonable combination of price and non-price factors.

In Allegheny Electric Supply Company, LLC, 108 FERC 61,082 (2004), FERC set forth guidelines applicable to its review of competitive solicitation processes under the Edgar standards. As the FERC stated in Allegheny, the underlying principles when evaluating a competitive solicitation process under the Edgar criteria is that no affiliate should receive undue preference during any stage of the process. The Commission stated that the following four guidelines will help the Commission determine if a competitive solicitation process satisfies that underlying principle:

- Transparency: the competitive solicitation process should be open and fair;[37]
- Definition: the product or products sought through the competitive solicitation should be precisely defined;[38]
- Evaluation: evaluation criteria should be standardized and applied equally to all bids and bidders;[39]
- Oversight: an independent third-party should design the solicitation, administer the bidding process, and evaluate bids prior to the company's selection.[40]

5.1.2 Criteria for an Effective and Compliant Procurement Process

In assessing whether a competitive procurement process is likely to lead to a fair and equitable process and result in a positive outcome which benefits customers,

[37] With regard to transparency, FERC has explained that transparency deals with the free flow of information to all parties and that an affiliate should not have an informational advantage in any part of the solicitation process.
[38] With regard to product definition, the RFP should state all relevant aspects of the products sought.
[39] To fulfill the evaluation principle, RFPs should clearly specify the price and non-price criteria under which the bids are evaluated.
[40] With regard to oversight, the FERC has explained that effective oversight of competitive solicitation processes can be accomplished by utilizing an independent third-party in the design, administration, and evaluation stages of the competitive bidding process. FERC later found it sufficient for the independent third-party to have overseen the design and implementation of the competitive bidding process, rather than to be responsible for the conduct of the process itself.

meets the objectives and criteria established by the utility,[41] and is consistent with regulations and statutes, Merrimack Energy has developed a set of principles and criteria that we generally use to evaluate the performance of the soliciting utility in implementing a competitive solicitation process.[42] This includes the following principles and criteria:

- Is the solicitation process being conducted in a manner that is consistent with pertinent statutes and New Mexico regulatory requirements and objectives included in the New Mexico Administrative Code?
- Was the solicitation process, including the evaluation and selection process fair, equitable, comprehensive, and unbiased relative to bidders and project structures?
- Were the solicitation targets, product definition, eligibility requirements, and principles and objectives underlying the process clearly defined
- Was the solicitation process, including evaluation process, methodology, and criteria reasonably transparent to bidders?
- Did the process likely lead to positive benefits to utility customers?
- Was the process adequately designed to encourage broad participation from eligible bidders?
- Did PNM implement adequate outreach initiatives to encourage a significant and competitive response from bidders?
- Did the RFP documents (specifically the RFP Instructions document and associated Appendices, Bid Forms, and Proforma contracts) adequately define the products solicited, the objectives of the process, bidding guidelines, the bidding requirements to guide bidders in preparing their bids, the bid evaluation and selection criteria of importance, and the risk factors important to the utility issuing the RFP?
- Did the evaluation methodology reasonably identify how qualitative and quantitative measures would be considered in the evaluation and selection process and are consistent with the defined metrics for evaluation and selection?
- Were there differences in the evaluation methods for different technologies that cannot be explained in a technology neutral manner?
- Does the quantitative evaluation methodology allow for consistent evaluation of bids of different sizes, technologies, products and in-service dates?

[41] PNM noted in the 2029-2032 Generation Resources RFP instructions document that the 2029-2032 RFP is focused on securing resources that support PNM's resource plan which is focused on balancing three primary objectives: maintaining affordability, ensuring reliability, and mitigating impacts upon the environment. This focus is consistent with the IRP Rule's objective of prioritizing cost-effective resources that reduce greenhouse gas emissions, foster equitable clean energy development and facilitate grid modernization.

[42] As Merrimack Energy will discuss in its Conclusions, the implementation of all source solicitation processes, such as PNM's 2029-2032 Generation Resources RFP, includes several initiatives that are consistent with industry standards.

- Was the evaluation methodology appropriately applied to the bids submitted?
- Were the bid evaluation and selection decisions reasonable and in accord with the evaluation framework?
- Did PNM adequately document the results of the evaluation and selection process such that the IM could reasonably review and audit the results?

The application of a fair and transparent competitive procurement process is important for creating competition for the overall benefit of customers. Fairness generally means that all bidders are treated similarly, have access to the same information at the same time, and have equal opportunity of effectively competing in the process. A reasonable level of transparency[43] is also another important element leading to a successful solicitation process. In addition to the FERC definition of transparency as free flow of information to all parties, transparency means that there is a reasonable amount of information to guide bidders in preparing a complete proposal to meet utility requirements. Reasonably transparent processes are those that provide information, guidance and direction to bidders about the information required by the utility to evaluate their proposal, provide reasonable guidance on the bid evaluation criteria, and the bid evaluation and selection process. Fair and reasonably transparent processes should encourage competition among potential bidders who can adequately determine if they have the ability to effectively compete in the process and lead to more complete and comprehensive proposals. The greater the level of competition for all products sought by the utility the greater the chance for competitive options and benefits and lower prices for consumers.

Along with fairness and transparency, another issue of importance is the possibility for bias in the procurement process. Bias can take several forms such as design of a competitive procurement process in which bidders feel that the process unduly favors one type of resource over another. Bias can also come into play with regard to the application of the quantitative and qualitative evaluation processes such as quantitative methodologies that favor projects of different terms, sizes or in-service dates or different transaction types.[44] In this context,

[43] Merrimack Energy always uses the term "a reasonable level of transparency" because a competitive procurement process is very rarely fully transparent. Bidders, for example, don't have access to the utility's models and data used to evaluate other proposals. Likewise, the utility generally doesn't provide the detailed back-up information for all the criteria used to evaluate bids from a qualitative perspective. Typically, the utility will identify the criteria to bidders but will not provide a detailed scorecard with exactly identifying how proposals will be scored.

[44] Probably the most significant areas of focus for assessment of potential bias is the case whereby a soliciting entity has a potential financial interest in the outcome of the procurement process whereby it would potentially receive greater financial benefits if certain bids are

reasonable evaluation criteria reasonably applied do not raise concerns regarding bias.

Merrimack Energy will provide our assessment of the implementation of PNM's 2029-2032 Generation Resources RFP in the Observation and Conclusions section below.

5.2 OBSERVATIONS AND CONCLUSIONS

Based on PNM's administration of the RFP process, Merrimack has the following observations and conclusions:

Consistency with New Mexico Regulatory Requirements - as noted earlier in this report, there are several sections in the NMAC that specifically applies to the implementation of the RFP, including Section 17.7.3.12F, 17.7.3.12I, 17.7.3.12J, 17.7.3.14A, 17.7.3.14G1(b)(i) and (ii). Table 7 below provides the NMAC requirement and the IM's assessment relative to the PNM 2029-2032 RFP.

Table 7: Assessment of PNM's Solicitation Process Relative to NMAC Requirements

NMAC Requirement	PNM 2029-2032 Generation Resources RFP
Sec 17.7.3.12F – the RFP shall include: (1) bid evaluation criteria; (2) amount and duration of power solicited; (3) request for bidders reasonable estimate of new transmission and transmission upgrade costs: (4) dispatchability; (5) utility's proposed contracts; (6) proposed contract term lengths; (7) Applicable discount rate; (8) solicitation schedule for the solicitation period; (9) Security requirements and	In the IM's view, PNM's 2029-2032 Generation Resources RFP meets the requirements listed. PNM provided information to Respondents associated with the informational requirements listed in this section. All the information is either included in the 2029-2032 Generation Resources RFP Instructions document, and/or Appendices A, B, C, H – L (Form Contracts). Appendix C, for example, contains a fairly detailed description of the proposal evaluation process, including details on the price and non-price criteria, the associated weights, a description of the methodology and models used for portfolio optimization modeling, and PNM's discount rate. Appendix C did not include the evaluation scorecard or weights for the individual non-price criteria. However, this level of detail is rarely

selected over other bids. However, in this RFP, no self-build options or affiliates of PNM submitted a bid and the bids submitted for company ownership were not generally competitive with bids submitted by third-parties who would own the generation project and sell energy to PNM under a PPA. As a result, this form of potential bias was not a factor in this solicitation. Only one BT option was selected via a BT for a project on a PNM site.

rationale; and (10) other information necessary to implement a competitive RFP process.	identified explicitly in an RFP process. This information was available in PNM's Internal Proposal Evaluation Methodology which was provided to the IM but not to bidders, which is typical practice. The RFP Instructions Document includes proposed contract terms, amount and duration of power solicited, security requirements, solicitation schedule, requirements for dispatchability, and transmission requirements.
Section 17.7.3.12I – this section requires that the utility shall evaluate bids submitted in response to an RFP using the price and non-price criteria listed in this section of the NMAC.	Merrimack Energy concludes that PNM's RFP documents, notably Appendix C – Bid Evaluation process describe the evaluation criteria in detail including price and non-price criteria. From a price standpoint. Appendix C notes that PNM will rank all proposals from a cost standpoint. This consists of measuring each proposal's total delivered cost of energy and capacity. Appendix C provides a listing of the costs considered in the evaluation process. From a non-price perspective PNM will consider the non-price criteria and evaluation process (i.e., commercial/contract compliance, creditworthiness and financial plan/structure, critical path schedule, interconnection requirements and impacts, social, environmental, and siting impacts, safety issues, project engineering, technology and financing risk) and viability of the project relative to the proposed COD date. There were also other price-related criteria included in the evaluation process consistent with the NMAC requirements listed in this section. This includes cost of the resource portfolio on a Net Present Value basis in the portfolio optimization modeling, system operations and reliability, resource dispatchability and operational flexibility, and interconnection and network upgrade costs associated with each proposal. The IM concludes that PNM followed its proposed evaluation process and applied the price and non-price criteria identified in the RFP documents as well as the internal Evaluation Protocol

	provided to the IM in consistently evaluating eligible proposals submitted. The PNM solicitation process is generally consistent with price and non-price criteria by which utilities should evaluate bids as listed in the NMAC.
17.7.3.12J – Additional criteria used by the utility for evaluation may not establish a preference for utility ownership or for projects proposed by a utility-affiliated company. The utility shall not unreasonably discriminate between proposals for a utility-owned or utility-affiliate-owned resource and proposals for a resource owned by an independent power producer through a purchased power agreement	As noted, PNM did not offer a self-build resource option or an affiliate bid option. The ownership options eligible were Build Transfer options on an identified PNM controlled site and Asset Purchase Agreement ("APA") options which is a proposal to sell all or a portion of a generating asset to the utility. In both these cases the BT provider or APA provider are intended to compete against other bidders in the same category, with the bidders absorbing a large amount of the development risk since such bidders would be responsible for developing, completing and testing the resource before it is transferred to the buyer. Other safeguards implemented by PNM to ensure there is no preference for any type of resource include: (1) PNM's process involves selecting the best scoring resources by resource category (wind, storage, solar plus storage) for shortlist selection based on pre-defined criteria and input assumptions. PNM selected shortlisted resources for both PPAs and utility-ownership options to compete as part of the overall portfolio; (2) In addition, PNM utilized the Jaggaer procurement platform for providing information to all bidders at the same time; (3) One of the issues generally raised by Merrimack Energy in cases where utility ownership is involved is to ensure all reasonable costs are accounted in evaluating the utility option. If not all costs are accounted for a utility ownership project could be selected without including all the appropriate costs that are incurred as a result of the project structure. PNM was also sensitive to this issue and identified the additional costs over and above the bid price that would have to be incorporated in the evaluation process such as O&M costs, property taxes and insurance costs, transmission impacts, owner's

	costs, sales and other taxes, and fuel supply costs. Merrimack Energy reviewed the evaluation results for BT options and concluded that PNM conducted a thorough and consistent evaluation of all proposals The IM did not believe the utility-ownership resources had any competitive advantages associated with access to information to aid utility-ownership options. Since all resource options were allowed to compete for final portfolio evaluation and selections and since the utility-ownership options available were evaluated as competitive options within the broader BT or APA category, Merrimack Energy did not observe any preference for utility-ownership options. One small BT resource was selected in PNM's Preferred portfolio. This was a BT project at an existing PNM site. While the project was not selected in the Least Cost portfolio, it was selected in seven of the ten lowest cost portfolios.
Section 17.7.3.14A – The IM's role is to help the commission determine that the request for proposals design and execution is fair, competitive, and transparent. The IM shall advise the commission and report on the RFP process, but the IM shall not make or participate in the public utility's decisions regarding the procurement process or the selection of resources.	As noted in this Observations and Conclusions section of the IM Report, the IM will demonstrate that the design, implementation and execution of PNM's Generation Resources solicitation process was fair, competitive throughout the process, and reasonably transparent. We would define a solicitation process as reasonably competitive as one in which all the evaluation and selection criteria and quantitative methodologies are provided to the bidders as part of the RFP process. In the IM's view, PNM's solicitation process generally exceeded industry standards from a transparency perspective. The IM also concludes that the solicitation process was fair, competitive
Section 17.7.3.14G(1)(b)(i) – The IM shall state whether the RFP process implemented by the public utility complied with the requirements of Sections	With the exception of any nuances mentioned earlier in this section, the IM believes PNM's 2029-2032 RFP process complies with the requirements of Sections 17.7.3.11 NMAC and 17.7.3.12 NMAC.

17.7.3.11 NMAC and 17.7.3.12 NMAC.	
Section 17.7.3.14G1(b)(ii) - The IM's report shall also provide summary information on the results of the bids, including the number of bids sorted by the following criteria: by resource type, capacity or energy, price range by resource type, and whether there were any deficiencies in those respects that should be addressed by the commission in a future proceeding for approval of the solicited projects.	The IM report includes several tables with information requested by the Commission in the form of Confidential Appendices to the Confidential version of this report: These include: • Confidential Appendix which provides a summary of the proposals submitted, including proposal category, nameplate capacity, contract structure, COD date proposed and contract term; • Confidential Appendix that provides the price ranges for initial proposals submitted; • Confidential Appendix which includes information about the shortlisted bidders and projects; • Confidential Appendix which includes best and final pricing for the shortlisted projects based on PNM's request for shortlisted Respondents to provide Best and Final prices which reflect the form agreement, current tax credits and tariffs. This initiative was discussed by the IM and PNM team given the significant market changes and uncertainties which occurred in the middle of the solicitation process.; • Confidential Appendix with the projects selected in the Least cost and preferred portfolios for the CPT and Economic Development cases.
Section 17.7.3.14J(1) and (2) – For all contacts with the public utility, commission utility division staff, and any parties in the resource plan proceeding, the IM shall maintain a log that briefly identifies the entities communicating with the IM, date and duration of the communications, the means of communication,	Merrimack Energy has prepared a Communications Log in conformance with this section of the NMAC. The Communications log is attached as Confidential Appendix B.

the topics discussed, and the materials exchanged, if any. The Communication log shall be contained in the IM's report to the Commission pursuant to Subparagraph (b) of Paragraph (1) of Subsection G of 17.7.3.14 NMAC.	

The 2029-2032 Generation Resources RFP procedures and processes followed by PNM and the subsequent bid evaluation and selection process and methodologies were in substance consistent with or exceeded industry standards and represented a fair, consistent, and unbiased evaluation and selection process leading to final portfolio selections. The solicitation process and its components were consistent with the procurement provisions and requirements identified in the NMAC. The following summarize some of the major considerations relative to the consistency of the RFP process with regard to industry standards for similar RFPs. Merrimack Energy's assessment of PNM's 2029-2032 Generation Resources solicitation process undertaken by PNM focuses on the implementation of the evaluation and selection process through selection of the final portfolio of resources.

In the opinion of Merrimack Energy, PNM's solicitation process was a thorough, rigorous, and comprehensive bid evaluation and selection processes with every eligible proposal scrutinized thoroughly based on minimum requirements, quantitative and qualitative criteria. The implementation of the solicitation process was very effectively managed by the PNM team and should lead to economic benefits for customers. Both the quantitative and qualitative assessments were effectively undertaken, based on the objectives of creating an initial proposals screening assessment for shortlist selection. The highest ranked proposals within each resource category were selected based on rank order following the process and procedures identified in the Generation Resources RFP documents. The final portfolio of resources generally reflected least cost selection, particularly for the Economic Development portfolio.

Complicating the solicitation process was the passage of the OBBB which significantly restructured the clean-energy tax incentives established under the IRA. This has created uncertainty, challenges and increased risk for project development. As a result, the OBBB created a new level of uncertainty in the energy market and dramatically increased project development risk which could

result in more and more projects terminating if they are not able to define a clear path forward for their projects.

The overall solicitation process was generally conducted in conformance with the process and schedule identified in the RFP. While PNM did request an extension of final portfolio selection, the IM felt that this decision was warranted given significant changes in the power industry as a result of the OBBB. This allowed PNM to receive updated pricing and project status regarding the shortlisted proposals to select a portfolio of resources based on more up to date and recent information. In addition, PNM initiated the delay to also assess the pricing of proposals in the short-term (i.e., 2029) and longer-term (I.e., 2031) based on actual respondent pricing and to investigate if there were benefits for taking earlier COD projects with tax credits rather than waiting to when the resources were actually needed without the advantage of tax credits. As a result, the IM concludes that the solicitation process should lead to overall benefits to customers given the more up to date proposal pricing and project viability assessments undertaken. As described previously, many of the projects on the final least cost and preferred portfolios are reasonably mature projects with executed LGIA's or are existing projects seeking to add storage capacity to an existing site. While there is no guarantee that all projects selected will be successful, PNM's decision to delay the evaluation and selection process to receive best and final offers from the shortlisted respondents was a positive step to allow Respondents to offer more realistic pricing to reflect current market conditions rather than to maintain an artificially low price and once selected to the shortlist may attempt to increase the price or walk away from the project if not allowed to do so. In addition, the PNM team engaged the shortlisted respondents via conference calls to discuss PNM's objectives in seeking an extension and to outline the information PNM is seeking from the respondents. The IM monitored a number of the calls with the shortlisted respondents and found the discussions to be very valuable and informative for both PNM and the shortlisted Respondents.

A list of the important conclusions and findings of the IM relative to PNM's Generation Resources RFP process is provided below.

1. PNM's 2029-2032 Generation Resources RFP resulted in a very robust and competitive process, with much more generating capacity proposed relative to the capacity solicited. The significant response to the RFP led to a competitive process with 71 distinct project proposals from 36 different entities, with over 200 total proposals submitted. Respondents submitted a range of technologies and project structures (e.g., PPA, ESA, BT or APA agreements) as a result of the solicitation accepting all resource options with the exception of coal-fired generation and standalone solar. Some

respondents submitted proposals for PPA and BT or APA options for the same project.

2. The solicitation documents provided by PNM were detailed and transparent documents that clearly identified the nature of the solicitation process and requirements of PNM, the types of products requested, the minimum or eligibility requirements, the amount of capacity required, operating characteristics of importance to PNM, the information required of bidders, schedule for the solicitation process, evaluation and selection criteria and methodology, and the description of the role of transmission cost, access, and requirements in a transparent manner.

3. The role of the IM in the solicitation process was consistent with NMAC requirements. The IM and PNM held regular weekly calls during the solicitation process and communicated frequently during the process The role of the IM was a very active role from issuance of the RFP documents through initial shortlisting and portfolio assessments. PNM provided several iterations of its evaluation results, the suggested shortlist and portfolio evaluation results to the IM for review and questions during the solicitation process. PNM was very responsive to the IM's request for information and promptly responded to follow-up questions from the IM regarding evaluation and selection results. The IM found the process to be fair, well-structured, and well managed within a consistent framework whereby all respondents had access to information at the same time via the Jaggaer procurement platform and an adequate amount of information upon which to base a well-designed proposal.

4. The PNM team actively engaged with the Respondents to attempt to cure any deficiencies in project proposals to provide the opportunity for all Respondents to be compliant with the minimum RFP requirements. The PNM team was also very responsive to Respondent questions and provided a quick turnaround on its responses. PNM responded to one hundred fifteen (115) Q&As during the proposal development process and 340 Q&As after proposals were submitted. PNM engaged with all thirty-six (36) Respondents to request clarification information about their proposals or attempt to cure any issues associated with incomplete proposals or missing information. PNM's objective was to develop a complete base of accurate and detailed information on all proposals for undertaking the evaluation process. While PNM engaged with the Respondents to cure deficiencies, nine proposals were classified as non-compliant with a few Respondents not willing to submit pricing consistent with PNM's requirements. The level of engagement between PNM and the Respondents was exemplary and provided the opportunity for Respondents to meet minimum requirements.

5. The outreach process and related activities implemented by PNM were broad reaching and were targeted to a large number of potential bidders based on past solicitations and bidder contacts. The outreach activities were designed to attract a wide range of Respondents. The types of outreach activities initiated included marketing of the Generation Resources RFP via direct contacts with known Respondents, issuance of a press release associated with release of the RFP, Respondent access to a webpage for the RFP on PNM's website, the inclusion of a Bidders Conference, and responses to Respondent questions.

6. PNM's competitive procurement process was closely linked to its 2023 IRP process which served to initially define the amount of capacity required, the timing of the capacity need, and the characteristics of the resources as defined in the IRP. The IRP process includes input from market participants and stakeholders in the assessment of the need for power and the assessment of resource requirements.

7. PNM implemented a multi-phase proposal evaluation and selection process which included an initial screening of proposals received for compliance with the RFP defined minimum requirements, price and non-price evaluation of proposals which met minimum requirements, shortlist selection based on the combined price and non-price scores for similar resources by resource category and contract structure, and final selection based on portfolio optimization modeling using the EnCompass and SERVM model to develop least cost and preferred portfolios when combined with project viability assessment for selected resources. Based on Merrimack Energy's experience, this methodology is consistent with the approaches used by other utilities implementing All-Source solicitation processes. The evaluation and selection of shortlisted resources by resource category also allows the utility to select the best resources in each category to compete for final evaluation and selection for the least cost portfolio of resources overall. As a result, all resource options submitted have an opportunity to compete in the final system assessment as part of a least cost or preferred solution.

8. PNM's weights for price and non-price scoring for initial shortlist selection generally are more heavily targeted toward non-price factors, which differs from other All-Source solicitation processes where price and non-price factors have either the same weights or price is weighted slightly more than non-price. In the current market project viability assessments are crucial because there are a number of factors that can cause a project to fail. While price is still very important, more detailed non-price assessments as

developed and utilized by PNM can be valuable in identifying important distinctions between projects.

9. The initial shortlist selected by PNM was a robust shortlist that contained all technology types and most transaction structures submitted, including accepting the IM's suggestion to include additional proposals in the solar plus storage category that included options with different solar to storage ratios. The shortlist selected by PNM included the best proposals based on total price and non-price scores using PNM's scoring matrix in rank order for all resource categories. The shortlist selected totaled more capacity than PNM required to allow for a variety of resource combinations for portfolio optimization.

10. PNM evaluated the shortlisted proposals using the EnCompass capacity expansion and production simulation model to evaluate portfolios of resources that provide the capacity and energy requirements to meet system reliability objectives at the lowest reasonable cost. PNM conducted 24 scenarios and selected least cost and preferred portfolios for both the Current Trends and Policies Load Forecast ("CTP") and Economic Development forecasts. In addition to evaluating the least cost portfolios, PNM also conducted project viability assessments to select a preferred portfolio of resources for the CTP case.

11. PNM followed its proposed multi-phase evaluation and selection process for the most part. However, due to the significant changes in federal tax credit policies and tariff impacts which occurred after proposals were submitted, PNM decided to allow shortlisted Respondents to offer best and final pricing and also offer pricing based on their proposal COD as well as a later date of 1/1/2031 to allow PNM to investigate if there were benefits for taking earlier COD projects with tax credits versus waiting for a later COD when the resource was needed without the advantage of tax credits. PNM also filed for an extension for RFP completion to allow time to conduct a thorough investigation if there were benefits for taking earlier COD projects with tax credit benefits versus waiting to when the resource was actually needed but without the advantages of having tax credits.

12. PNM took steps to ensure that there were no inherent advantages to utility ownership options in its solicitation process. Since there were no self-build options or affiliate proposals, the focus turned only to BT options. In that regard, PNM included separate events on the Jaggaer procurement platform for market proposals and BT/APA options. This ensures that Respondents would only have access to information that pertains to the event they register for. In addition, from a governance and organizational

standpoint, PNM established two engineering teams, one team focused on the assessment and evaluation of BT proposals and the other team to the assessment and evaluation of market proposals. The Governance document included on PNM's website for the RFP establishes the recommended procedures to be applied to ensure the fairness and integrity of the PNM competitive bidding process. The document also addresses access to confidential information and applies to all employees and consultants involved in the process. Finally, one of the issues which Merrimack Energy focuses on with regard to comparability between utility-ownership options and third-party proposals is to ensure a level playing field for such resources. One of the key factors is to ensure that all reasonable costs are accounted for in a utility-ownership option consistent with a market-based option which submits a pricing proposal to cover its costs. The IM concluded that PNM accounted for all potential costs associated with the operations of a BT option including property taxes and insurance, owners' costs, and fixed and variable O&M costs to ensure a fair and equitable comparison of BT and market-based options.

13. PNM implemented a transparent RFP process, providing detailed information about the requirements for bidding, the products requested, the evaluation methods and methodology, the evaluation process, bid evaluation criteria (price, non-price, and economic impacts), the weights for the criteria, information required of the bidder, requirements of the bidder for submitting its proposal, the schedule for undertaking the process, and risk parameters of the Company as identified in the RFP and related contract. In our view the transparency of the process met or generally exceeded industry standards for other competitive bidding processes. In addition, all reasonably available data and information necessary in order for a potential bidder to submit a bid was provided.

14. PNM thoroughly documented the results of the evaluation process for both price and non-price evaluation criteria. PNM provided detailed information to the IM including evaluation results and spreadsheets, explanation of the basis for non-price scores and the scorecards for each eligible proposal. This level of documentation was very helpful to the IM in reviewing and assessing PNM's evaluation results.

15. With respect to portfolios evaluated under the economic development case, the Independent Monitor's conclusions are based on an assumption that the load forecast inputs provided by PNM are valid, and the Independent Monitor was not tasked with evaluating the reasonableness or regulatory treatment of those load forecast assumptions and parameters. As discussed in Section 4.17, the Independent Monitor's review

was limited to the consistency and reasonableness of the portfolio evaluation and selection process under the stated assumptions. The IM concluded that overall, the resources selected for the least cost and preferred portfolios were reasonable, comprised of the lowest cost resources and more viable options given that most proposals have executed LGIAs and/or are projects to be developed at existing plant sites. One project selected for the preferred portfolio for the CTP case was not included in the least cost portfolio. PNM concluded that this project offered value as identified in its IRP in terms of resilience performance, dispatchability, operating flexibility, and integration of renewable resources.

16. Based on its review of the full solicitation process, the Independent Monitor concludes that PNM's 2029–2032 Generation Resources RFP was conducted in a fair, competitive, and transparent manner and in compliance with applicable provisions of the New Mexico Administrative Code. The Independent Monitor did not identify any material deficiencies in the solicitation, evaluation, or selection processes and does not recommend Commission-directed corrective action with respect to this RFP

For the reasons stated in this IM Report, Merrimack Energy is satisfied that PNM appropriately evaluated the bids submitted pursuant to the 2029-2032 Generation Resources RFP and made appropriate initial and final shortlisting evaluation and selection decisions. In the IE's opinion, the selection of the initial shortlisted proposals was based on rank order as the best scoring proposals in each category were selected as intended, and the decisions to select these proposals for the initial and final shortlist evaluation were reasonable and appropriate and are supported by the evaluation results. The final selection based on portfolio optimization modeling identified a least cost and preferred portfolio for the CTP Load Forecast and the Economic Development forecast. One project selected in the least cost portfolio in the CTP load forecast was replaced by a gas-fired BT proposal in the preferred portfolio. However, the proposal in the least cost plan that was not included preferred plan was selected for the least cost plan in the Economic Development Forecast case.

5.3 RECOMMENDATIONS

For future solicitations, Merrimack Energy has the following recommendations:

- The IM suggests that PNM consider reassessing the weights between price and non-price categories and consider changing or eliminating the awarding of 50 price points to the highest cost proposal within each category. The IM notes that a narrow range could result in less deviation in

point allocations based on price. To avoid outliers instead skewing the results, PNM could consider setting the minimum at 25 or 30 points instead of 50 for the low end of the price point scale. The IM also suggest that PNM review whether the inclusion of Guarantees/LDs/Warranties and General Acceptance of Terms should be included in the non-price rather than price categories.

- The IM suggests that either additional time be allocated for the IM report due date after receipt of final portfolio results, or the due date be set at the time the utility provides all the back-up information regarding the final portfolio selection to the IM, as required, to prepare the final report. While Merrimack Energy did not receive all the information it was seeking to conduct its review of the final portfolio optimization, we recognize it may be necessary to initiate discussions with the utility before the 30-day trigger date is determined to at least be aware of the back-up information the IM can expect to receive or request additional information.

- PNM developed a clear evaluation methodology for the solicitation that incorporated both price and non-price considerations during the proposal evaluation and shortlisting phases and generally adhered to that methodology. During the portfolio evaluation stage, PNM exercised judgment in selecting a preferred portfolio that was not strictly least-cost based on qualitative considerations and factors. For future solicitations, the Independent Monitor recommends that PNM further define, in advance, how qualitative or non-price criteria may be considered and applied during the portfolio evaluation and selection stage in order to enhance transparency and clarity regarding how such considerations may influence portfolio outcomes. For example, we have seen other utilities conduct more detailed due diligence assessments on shortlisted projects at the portfolio evaluation stage as a deeper dive into the value of a proposal to the utility system in combination with other resources selected for the preferred portfolio. PNM may want to consider such a process for future solicitations.

MERRIMACK ENERGY GROUP, INC.

Appendix A – Summary of Key Provisions of the PNM 2029-2032 Generation Resources RFP

RFP Characteristics	Provision Description
Resource Timing – On-line Date	PNM is seeking to acquire bulk transmission level and distribution level capacity resources to serve PNM's forecasted system needs between 2029 and 2032. The RFP is requesting resources that are guaranteed by the Respondent to achieve commercial operation and delivery of new, incremental capacity to PNM's system by or before: 1. January 1, 2029; 2. January 1, 2030; 3. January 1, 2031; or 4. January 1, 20232.
Purpose of the RFP	PNM's resource plan is focused on balancing three primary objectives: maintaining affordability, ensuring reliability, and mitigating impacts upon the environment. This focus is consistent with the IRP Rule's objectives of prioritizing cost-effective resources that reduce greenhouse gas emissions, foster equitable clean energy development, and facilitate grid modernization.
Eligible Proposals	The following types of proposals are eligible for consideration under the RFP: • Proposals to sell energy, capacity, and/or ancillary services under a Power Purchase Agreement ("PPA") or Energy Storage Agreement ("ESA") without an option to purchase the facility. PPA and ESA proposals must utilize facilities located on a site controlled by the Respondent; • Proposals to sell all or a portion of a generating asset under an Asset Purchase Agreement ("APA") with rights to all products and attributes associated with the asset; • Proposals for Build-Transfer ("BT") Agreements for projects on a site controlled by PNM. For a BT proposal to be considered, the Respondent must submit proof of having a valid New Mexico Contractors license;

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- Proposals for demand-side resources ("DSR") sourced from PN retail customer load as long as the offering meets the requirements identified in Appendix F.

</td></tr>
<tr><td>Quantity of Resources Requested</td><td>PNM identifies the types of resources and need by period and also describes the characteristics of the resources within each identified resource type as listed below:

<table>
<tr><th>Resource Type</th><th>Need by 2030 (MW)</th><th>Need by 2032 (MW)</th></tr>
<tr><td>Wind</td><td>200-400</td><td>400-800</td></tr>
<tr><td>Non-Wind Carbon-Free Energy[1]</td><td>0</td><td>100-500</td></tr>
<tr><td>Dynamic Balancing[2]</td><td>200-700</td><td>300-900</td></tr>
<tr><td>Firm Generating[3]</td><td>100-400</td><td>100-700</td></tr>
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</td></tr>
<tr><td>Resource Types</td><td>The RFP is structured as an All Source RFP. Other than as excluded within the RFP, any resource type or project ownership structure that guarantees the ability to contribute new incremental capacity to PNM's system prior to one of the guaranteed start dates identified above will be considered and evaluated under this RFP.

PNM noted that the following types of resources are of specific interest to PNM under this RFP:

- Standalone short-duration and long-duration energy storage and hybrid-renewable-storage projects that maximize benefits to PNM ratepayers by capitalizing on the Inflation Reduction Act provisions for tax credits, maximization of domestically sourced materials, and compliance with prevailing wage and apprenticeship requirements thresholds ;

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[1] Non-wind carbon free energy includes renewable resources, such as solar PV and energy efficiency.
[2] Dynamic balancing resources include short duration energy storage and demand response.

[3] Firm generating resources include long duration storage, hydrogen and fossil fuels

	• Proposals that are located within the Navajo Nation or Central Consolidated School District. Projects with this locational preference will be evaluated separately through Phase II of the evaluation process; • Wind generation projects which can reliably deliver power to PNM's load center with reasonable deliverability and curtailment risk. • Resources located near PNM's load center or load-side resources that avoid transmission curtailment risks and/or the need for significant transmission upgrades; • Proposals that have committed financing partners and a willingness to post contractual development security; Appendix B of the RFP contains a more detailed description of the preferred characteristics of the resource/technology types.
Proposal Submission Requirements – Appendix E	Appendix E outlines the content and format requirements for all Proposals submitted in response to this RFP. The Proposal information required varies depending on the type of product – Market Bids, Built Transfer, and DSR Bids: • Executive Summary • Complete Set of Applicable Bid Forms o Bid Forms vary between BT, DSR, and all other proposals; o Separate Bid Forms shall be submitted for each proposal alternative offered by the Respondent; Appendix E also includes a detailed listing of the information to be included in the Bid Form by Proposal Type. • Form Attachments – Applicable to All Product Types o Attachment A – Bid Profile o Attachment B – Minimum Requirements Checklist o Attachment C – Bid Certification Form o Attachment D – Proposal Data Forms o Attachment E – Technical Description

	○ Attachment F – Electrical Interconnection and Power Delivery ○ Attachment G – Fuel Information (if applicable) ○ Attachment H – Permitting, Land Use, Zoning and Community Engagement ○ Attachment I – Project Milestones ○ Attachment J – Contracting/Employment Plan ○ Attachment K – Conflict of Interest Form ○ Attachment L - Technical Submittal Checklist
Requirements Applicable to All Proposals	Section 4 includes a list of the proposal content requirements for all proposals submitted as well as specific requirements depending on the project structure (i.e., PPA, ESA, or BT proposals). The requirements applicable to all proposals include: • Proposals must be submitted in a form consistent with Appendix E; • Respondents are requested to identify the earliest achievable Guaranteed Start Date for the project offered; • Respondents are required to submit a base bid for a contract term duration ranging from a minimum of 10 years to a maximum of 20 years at the Respondents discretion. After submittal of a base bid, Respondents may also offer alternative bids with a contract term up to 30 years. For hybrid project proposals, the quoted contract term for both components of the hybrid resource shall be of an equivalent duration; • Proposals must include all applicable taxes identified in the RFP; • Respondents must identify their willingness to provide the amounts of Development Security and Delivery Term Security for PPA and ESA offers, or Performance Bond for BT offers; • Proposals must comply with the requirements of Appendix G regarding SCADA system requirements;

	• Proposals must include all costs of shipping and related expenses associated with the Respondent Scope of Work; • Proposals must identify assumed insurance types and levels; • Proposals that result in a successful project are required to obtain registration for all applicable NERC functions; • Proposals must clearly identify the environmental characteristics of the project listed in this section; • Proposals must include a US EPA EJScreen report with accompanying plan for stakeholder engagement. In addition to the requirements for all proposals, the Main RFP document also lists requirements for specific proposals such as PPA, ESA, and BT options.
Minimum Requirements	In order for a proposal to pass the initial screening phase (Phase 1) of the RFP evaluation, the Respondent and Proposal must satisfy the following minimum requirements among others listed in the RFP. Proposals failing to satisfy or comply with these criteria will be excluded from further consideration. Respondents were also required to complete the Minimum Requirements checklist. • Meet proposal due date; • Proposal must offer a complete and fully functional electric generation, storage or DSM resources that provides new, incremental capacity; • Suppliers must acknowledge and execute an NDA and Supplier Code of Conduct; • Respondents shall satisfactorily comply with the Supplier Risk Security Screening Questions included in the mandatory "Questions" section of the applicable RFP module • Comply with one or more of the guaranteed start dates: • Proposals must identify compliance with the hiring of apprentices per Section 62-13-16 of the PUA;

	• Proposals must include a completed Bid Certification Form Bid Form stating that the Respondent has obtained all necessary approvals; • Proposals must comply with all applicable federal, state, and local laws; • Prices must be quoted in nominal US dollars in the year incurred; • Technologies proposed must be commercially available and commercially operating at the size and scale proposed; • Respondents offering projects under a bT structure must possess and include in the proposal a valid New Mexico contractor licenses as required; • Meet investment grade rating qualification or have sufficient equity security to cover obligations; • Proposals shall include completed (or reasonably completed) bid forms and supplemental information that allow the RFP evaluation team fully evaluate the proposal; • Submit firm fixed price bid not subject to escalation or change for a period of 24 months after submittal; • Proposals must include a completed version of the Commercial Term Summary Bid Form, Minimum Requirements checklist, and redline of the applicable form agreement; • Meet interconnection requirements listed in the RFP. Projects interconnecting to PNM's transmission system must be active within PNM's Generator Interconnection Queue in or before Cluster 17; • Transmission Deliverability – provide proof that the quoted capacity can be delivered via the electric transmission system to PNM's load; • Respondents must identify and include in its proposal all interconnection and network upgrade cost PNM will incur as transmission provider associated with its proposal; • Standalone solar projects and projects fueled with coal will not be considered. Solar

	generation must be offered with a capacity-firming component; • Respondents must have successful and completing experience within the US with projects of the same technology at a total installed capacity of all projects of at least twice the capacity proposed in response to this RFP; • Respondents must have completed at least one project with the technology and project structure at a scale that is at least 75% of the size and scale proposed; • Respondent shall not have defaulted on an executed contract with PNM within the past five years; • Respondent must be willing to post required development security at the amount identified in the applicable form agreements; • Proposal must include a credible critical path, Gantt Chart, or implementation schedule for project fully representing the sequence of events and key project implementation milestones required to deliver new capacity by the Guaranteed Start Date proposed; • Identify all federal, state, local, and tribal tax incentives relied upon in preparing proposal; • Proposals must identify the applicable governmental tariffs and duties accounted for in the proposed pricing; • Verify compliance with all tax requirements in New Mexico; • Except when maximum dispatch may be limited by the availability of a renewable resource, projects shall be fully dispatchable by PNM, including intra-hour dispatch changes, and be able to operate under Automatic Generation Control ("AGC") with the ability to respond to dispatch and disconnection signals from the PNM operation center; • Respondents shall not offer PPA or ESA proposals on existing PNM controlled sites; • The proposal must provide proof of site control of the required land for the project and off-site

	infrastructure via (i) a title to the site; (ii) an executed lease agreement; (iii) an executed easement; or (iv) a executed option agreement applicable to at least 75% of the necessary land; • If applicable, the proposal must provide proof that all NEPA permitting and approval from the applicable agencies is completed; • Proposed projects must be designed for an be capable of both full load and idle operation over an ambient temperature range of -20 degrees F to 110 degrees F; • All Respondents must provide a comprehensive proposal that complies with the Technical Specifications included in Appendix L as applicable to the technology proposed; • ESA proposals must be structured such that the project entity executing an Agreement does not incur, assume, or carry any debt in connection with the project after the COD.
Bidding Process/Evaluation and Selection (Appendix C – Bid Evaluation Process)	The Company will conduct a multi-stage bid review and evaluation process. The objective of the RFP is to procure resources that can provide new, incremental energy and capacity, comply with the required Guaranteed Start Dates, support overall reliability of system service, and result in a portfolio of generating resources capable of meeting capacity and energy needs of PNM's customers at a low cost. The objective of the evaluation is to fairly and competitively select projects that bring the most value to PNM's customers while remaining consistent with the objectives of the Public Utility Act ("PUA"), Efficient Use of Energy Act ("EUEA"), and the Integrated Resource Plan Rule ("IRP Rule"), preferring resources with the least environmental impacts, those that maximize employment of New Mexico work force including minority and woman-owned businesses, and those that utilize apprentices for project construction. The evaluation process consists of the following three Phases: • Phase 1 – Initial Screening – composed of a completeness review, supplier clarification

	questions and responses, and conformance to RFP Minimum Requirements (See Above); • Phase 2 – Proposals that have provided the required data and satisfied the Minimum Requirements will be passed to Phase 2 of the evaluation. This phase of the process will focus primarily on price and deliverability, including consideration of pricing factors associated with each proposal, the overall viability of the proposal with respect to its ability to achieve commercial operations by the Guaranteed Start Date, and overall compliance with the objectives of PUA, REA and the IRP rule. In Phase 2, both price and non-price bid evaluation criteria for each proposal will be summarized and evaluated. Proposals will be ranked on total evaluated delivered cost of energy and capacity with non-price factors considered in establishing a shortlist of proposals. The specific non-price criteria included in the evaluation are identified in Appendix C. Proposals will be evaluated and ranked based on Combined price and commercial/Contract compliance at 45% and all remaining non-price factors weighted at 55%. This process will lead to the establishment of a proposal shortlist. A sufficient quantity of "best-in-class" Proposals for each proposed technology will be carried into the selected short-list for each of the requested guaranteed start dates; • Phase 3 – Proposals shortlisted from the Phase 2 process will undergo further assessment in Phase 3. This will involve system modeling of the shortlisted projects to determine the best performing portfolios. Top Portfolios will undergo both quantitative and qualitative assessments. Portfolios will be determined via capacity expansion modeling and portfolio costs will be determined in hourly production cost modeling. The lowest cost portfolios that also meet reliability requirements, ETA emission requirements, RPS requirements, or other requirements will be identified.

Initial Screening	Phase One will consist of a completeness review for compliance with the RFP Minimum Requirements, including compliance with the Supplier Risk Security Screening Questions. This Phase will consist of initial Supplier questions and clarifications and review of associated responses.
Price Evaluation	For the price evaluation portion of this process, PNM will rank all Proposals from a cost standpoint. The price screening consists of measuring each Proposals' total delivered cost of energy and capacity, including: • Capital costs and/or capacity costs • Fixed operation and maintenance costs • Variable production costs • Fuel and water costs • Transmission costs, including third-party wheeling costs • Operational costs, including system regulation requirements • Other system benefits, including accounting for availability of RECs • Opportunities for marketing of excess energy • Financial implications of accounting and tax treatment In Phase 2, proposals will be ranked on the basis of minimizing the total evaluated delivered cost of energy and capacity (i.e., total cost impact) from the resource. Proposals with a low total cost impact on the PNM system will receive a higher score. The ranking of energy resources (e.g. solar and wind) will be based on the levelized cost of energy, and capacity resources (e.g., batteries and thermal resources) will be based on the levelized cost of capacity. Price rankings will be between 50 and 100.
Non-Price Evaluation Process	The following non-price factors will be given consideration in the Phase Two evaluation process via a weighted ranking matrix with rankings between 0 and 100 for each category. These factors are established as a measure of viability of the project and the Supplier's ability to deliver the project, as proposed:

	• Commercial and Contract Compliance, including degree of acceptance of PNM's commercial terms • Respondent Characteristics (creditworthiness, ownership structure, financing plan, etc.) • Respondent Qualifications and Experience • Social, Environmental, and Siting Considerations • Electrical Interconnection Plan, Transmission System Benefits, Project Performance Viability, and Operational Flexibility For the weighting of scores during the Phase Two process, 45% will be a combination of price and commercial/contract compliance with the other 55% being from the remaining non-price factors. At the end of Phase Two, a short-list of projects will be determined based upon the above criteria.
Final Shortlist Evaluation and Negotiations	The shortlisted Proposals will be subject to additional review, evaluation, and financial analysis. Based on the Phase Three evaluation, negotiations may advance with one or more Suppliers, leading to potential selection. The Phase Three evaluation will involve system modeling of shortlist projects to determine the best performing portfolios, which will undergo both quantitative and qualitative assessments. Portfolios will be determined via capacity expansion modeling and portfolio costs will be determined in hourly production cost modeling. The portfolio modeling will utilize EnCompass and SERVM. For the Phase 3 evaluation, EnCompass capacity expansion module is configured to identify least-cost portfolios of resources over a 20-year study horizon while meeting a number of constraints. Once portfolios of projects are validated in terms of costs, reliability, and deliverability, projects will be subject to PNM management approval processes and external stakeholder feedback. Thereafter, Respondents will be notified that their projects have been chosen and will be notified to begin contract negotiations to secure those resources.
Credit Requirements	The Respondent must be able to satisfy PNM's credit standards to ensure the Respondent has adequate

	financial capability. PNM requires qualified Respondents to either have an investment grade rating (S&P BBB- or above, or Moody's Baa3 or above) or have sufficient equity security to cover Respondent's anticipated delivery obligations under any agreement entered into as a result of this RFP process. PNM will utilize the lower of the published credit ratings from S&P or Moody's for long-term senior unsecured debt to determine a Respondent's credit rating. PNM may also consider credit rating by other credit rating agencies serving the US market. If Respondent is unable to satisfy the foregoing credit standards, Respondents may designate a credit support provider/guarantor satisfactory to PNM. Execution of a final, definitive agreement under this RFP will be conditional upon full satisfaction of PNM's credit requirements.
Security Requirements	Respondents must identify their willingness to provide the amounts of Development Security and Delivery Term Security for PPA and ESA offers, or Performance Bond for BT offers identified within the applicable form agreement from Appendices H through J (Article 19). Development Security for solar, wind, storage, and hybrid options is $100/kW and Delivery Term Security is $125/kW for PPAs. For BT agreements, a Performance Bond is required at 100% of the contract price, while a Warranty Bond is required at 10% of the contract price. For DSR Agreements, Performance Security is 16% of the contractor's gross revenue expected over the term of the agreement.
Contracts	PNM provides the following Form Agreements: • Appendix H-1 – Solar PPA Form Agreement • Appendix H-2 – Wind PPA Form Agreement • Appendix H-3 – Natural Gas Facility PPA Term Sheet • Appendix I-1 – Stand-Alone ESA Form Agreement • Appendix I-2 – Hybrid ESA Form Agreement • Appendix J-1 – Solar/ESS BT Form Agreement • Appendix J-2 – Gas/Thermal BT Form Agreement • Appendix K – APA Term Sheet
BT Site Options	PNM identified four PNM controlled sites as eligible BT site options for solar/energy storage, standalone

	Energy Storage, or thermal and/or energy storage options.
Accounting and Tax Treatment	One factor noted in the RFP in Appendix C under the price evaluation is the financial implications of accounting and tax treatment. In Appendix E.1.1, PNM also requests that bidders are required provide details on lease liability and VIE treatment in their Executive Summary.
Bid Submission Fees	A non-refundable bid submission fee must accompany each Proposal in order to qualify the proposal for consideration. The bid submission fee will be $10,000 for each proposal in response to the RFP. Proposals for projects at different locations, projects of different technology types or technology combinations or proposals for projects with different contracting structures (e.g., PPA, ESA, DSR, APA, BT) will require a separate bid fee. Proposals for projects with variations in the following factors will not be considered to be separate proposals and will not require an additional bid submission fee – different guaranteed start dates, different pricing structures, or different project capacity/size.
Schedule for the RFP Process	1. RFP Released – December 30, 2024 2. Pre-Bid Conference – January 22, 2025 3. Deadline for Questions from Respondents – April 24, 2025 4. Proposal Due Date and Submission Fees – May 14, 2025 5. Phase 2 Shortlist Notification – July 20, 2025 6. Recommended Resource Portfolio – September 11, 2025 7. Estimated Agreement Execution Date – January 8, 2026 8. Estimated Filing for Regulatory Approval
Non-Disclosure Agreement	While prospective bidders can access the Main RFP or Instructions Document on the Company's website, interested parties will be required to execute a non-negotiable non-disclosure agreement in order to receive additional bid documents.


MERRIMACK
ENERGY GROUP, INC.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF PUBLIC SERVICE COMPANY OF NEW MEXICO'S APPLICATION FOR APPROVAL OF PURCHASED POWER AGREEMENTS, ENERY STORAGE AGREEMENTS, AND CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR 2029-2032 SYSTEM RESOURCES AND THE ABANDONMENT OF THE FOUR CORNERS POWER PLANT	)	**Docket No. 26-00000___**
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
Applicant.	)	

AFFIDAVIT

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

ROGER W. NAGEL, Principal, Aion Energy LLC, upon being duly sworn according to law, under oath, deposes and states: I have read the foregoing **Direct Testimony of Roger W. Nagel,** and it is true and accurate based on my own personal knowledge and belief.

DATED this 29th day of May, 2026.

/s/ **Roger W. Nagel**
ROGER W. NAGEL

GCG #535002