



NOTICE TO PNM CUSTOMERS

PNM customers are here notified of the company's May 29, 2026 application to the Commission requesting approval of purchased power agreements and energy storage agreements, issuance of a certificate of public convenience and necessity, approval for abandonment of PNM's generation interest of Four Corners Power Plant ("FCPP") ("Application").

The Application seeks approval of four long-term agreements for purchased power totaling 1,040 MW of capacity, approval of six long-term energy storage agreements totaling 610 MW, issuance of a certificate of public convenience and necessity for 40 MW of utility-owned natural gas capacity, and abandonment of PNM's generation interest at the FCPP.

This notice:

- Describes the various requests in PNM's application;
- Describes the Commission's process for considering PNM's application; and
- Describes how you can participate in this process (if you wish to do so).

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

PNM is making this integrated application to acquire enough capacity to provide reliable service from 2029 through 2032. PNM faces a projected shortfall in the necessary resources to serve customers beginning in 2029. Additionally, as part of PNM's transition to 100% carbon-free generation by 2045 pursuant to the Energy Transition Act, PNM included abandonment of its generation interest in FCPP in its Application. PNM has presented the portfolio of new and abandoned resources to balance the benefits currently available to customers, safe and reliable service, reduction in carbon emissions, and development and deliverability risks in finding replacement resources for retiring generation as well as accommodating load growth. PNM's preferred portfolio resulted from a competitive bid process overseen by an independent monitor.

PNM is not asking the Commission to set base rates in this Application, nor is PNM asking for customer class or cost allocations in this filing. PNM is making this filing because it is required to obtain Commission approval for long-term purchased power and energy storage agreements. It must also obtain Commission approval to abandon resources.

Project Name	Structure	Technology	MW
Palomas - System Resource	PPA	Wind	400
Palomas - SSC	PPA	Wind	400
Cat Hills Solar	PPA	Solar	150
Cat Hills BESS	ESA	BESS	150
Wildcat Solar	PPA	Solar	90
Wildcat BESS	ESA	BESS	50
Gila Monster	ESA	BESS	150
Encino	ESA	BESS	110
TAG II	ESA	BESS	90
Britton	ESA	BESS	60
La Luz II	Utility-Owned	Gas	40

Further information regarding this case may be obtained by contacting PNM or the Commission at the addresses and telephone numbers provided below. The Commission has assigned Docket No. 26-_____ to this proceeding, and all inquiries or written comments concerning this matter should refer to that case number.

Some of the procedural dates for this case are identified below. Individuals interested in these proceedings should review the procedural order issued in this case in its entirety to obtain a complete understanding of the procedures that will govern. The procedural order is found online at _____. The procedural dates and requirements set out below may be changed.

Any person wishing to become a party to this case must file a Motion for Leave to Intervene that conforms with 1.2.2.23(A) NMAC on or before _____, 2026.

Commission Staff, and any intervenor, may file any direct testimony on or before _____, 2026.

Rebuttal testimony must be filed on or before _____, 2026.

A public hearing will be held beginning on _____, 2026, and will continue as needed through _____, 2026, beginning at 9:00 a.m. each day. The hearing may be conducted via the Zoom videoconferencing platform or may be conducted in person.

The procedural dates and requirements provided here are subject to further order of the Hearing Examiner or the Commission.

IF YOU ARE AN INDIVIDUAL WITH A DISABILITY WHO IS IN NEED OF A READER, AMPLIFIER, QUALIFIED SIGN LANGUAGE INTERPRETER, OR ANY OTHER FORM

OF AUXILIARY AID OR SERVICE TO ATTEND OR PARTICIPATE IN THE HEARING. OR FOR A SUMMARY OR OTHER TYPE OF ACCESSIBLE FORMAT OF PUBLIC DOCUMENTS, PLEASE CONTACT THE DIRECTOR OF ADMINISTRATIVE SERVICES OF THE COMMISSION AT (505) 827-8019 AS SOON AS POSSIBLE PRIOR TO THE HEARING.

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

GCG#535340

Rule 551.8 General Requirements for Filing an Application for Approval of a PPA				
			In Testimony Of	Reference
551.8(D)	An application for commission review and approval of an LTPPA shall be accompanied by supporting testimony and exhibits that provide:			
1		A copy of the LTPPA; and	Gary B. Barnard	PNM Exhibits GBB-2 GBB-3 GBB-4 GBB-5 GBB-6 GBB-7 GBB-8 GBB-9 GBB-10 GBB-11
2		An explanation of key terms and conditions of the LTPPA containing:		
	a	the term of the LTPPA including any options to extend the agreement;	Gary B. Barnard	Section II: Requested Approvals for 2029-2032 Recommended Resources
	b	the size in MW of capacity and the amount of energy in MWh or kWh per month and any conditions regarding the minimum or maximum amount of energy or capacity made available or required to be purchased;	Gary B. Barnard	Section I: Introduction and Purpose – PNM Table GBB-1 and Section II: Requested Approvals for 2029-2032 Recommended Resources

Rule 551.8 General Requirements for Filing an Application for Approval of a PPA			
		In Testimony Of	Reference
551.8(D)		An application for commission review and approval of an LTPPA shall be accompanied by supporting testimony and exhibits that provide:	
	c	the price or pricing formula under which the electric utility will pay for the power and energy contracted for, including identification of when charges begin to be incurred, any price reopeners and any price escalation provisions;	Gary B. Barnard Section I: Introduction and Purpose – PNM Table GBB-1 and Section II: Requested Approvals for 2029-2032 Recommended Resources
	d	obligations by the electric utility to pay for any fixed or variable administrative, transactional or operation and maintenance costs incurred through the operation of the generation facility, including start-up costs, taxes, insurance, environmental or reclamation-related costs, fuel costs and any other costs that the electric utility may incur; and	Gary B. Barnard Section II: Requested Approvals for 2029-2032 Recommended Resources
	e	provisions related to non-performance by the counter-party and the remedies provided.	Gary B. Barnard Section II: Requested Approvals for 2029-2032 Recommended Resources
3		a description of transmission costs the electric utility will incur or pay to receive the purchased power, which may include the costs of third-party transmission wheeling, or construction of transmission to facilitate purchases under the LTPPA or both;	Erfan Hakimian Section IV: Rule 551 Requirements
4		an explanation of how the electric utility proposes to recover from ratepayers the costs incurred and an estimate of the effect on rates to customers;	Kyle T. Sanders Section XI: Cost Recovery
5		A general description of:	

Rule 551.8 General Requirements for Filing an Application for Approval of a PPA				
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551.8(D)	An application for commission review and approval of an LTPPA shall be accompanied by supporting testimony and exhibits that provide:			
	a	the generating facility or facilities that will generate the purchased power; or	Gary B. Barnard	Section I: Introduction and Purpose – PNM Table GBB-1 and Section II: Requested Approvals for 2029-2032 Recommended Resources
	b	if the power is to be generated from one or more specific generating units to be constructed outside New Mexico, a description of the anticipated siting of the generating unit, expected construction time the expected commercial operation date;	Not Applicable	
	c	if the power is to be generated from one or more specific generating units to be constructed within New Mexico, a description of:		
		i the approvals required to construct and operate the generating unit, including air quality and other environmental permits;	Gary B. Barnard	Section II: Requested Approvals for 2029-2032 Recommended Resources
		ii the expected construction time;	Gary B. Barnard	Section I: Introduction and Purpose – PNM Table GBB-1 and Section II: Requested Approvals for 2029-2032 Recommended Resources

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	iii	the expected commercial operation date;	Gary B. Barnard	Section I: Introduction and Purpose – PNM Table GBB-1 and Section II: Requested Approvals for 2029-2032 Recommended Resources
	iv	the fuel type and supply sources; and	Gary B. Barnard	Section I: Introduction and Purpose – PNM Table GBB-1 and Section II: Requested Approvals for 2029-2032 Recommended Resources
	v	other provisions addressing the electric utility’s ownership options for the generating unit during or after the term of the agreement.	Gary B. Barnard	Section II: Requested Approvals for 2029-2032 Recommended Resources
6		evidence that entering into the LTPPA is consistent with the provision of safe and reliable electric utility service at the lowest reasonable cost, considering both short and long-term costs and all other relevant factors;	Thomas P. Duane	Section IV: Consistency With Safe And Reliable Transition To Carbon-Free Resources And PNM’s IRP

Rule 551.8 General Requirements for Filing an Application for Approval of a PPA			
		In Testimony Of	Reference
551.8(D)	An application for commission review and approval of an LTPPA shall be accompanied by supporting testimony and exhibits that provide:		
7		evidence of the LTPPA's impact on the electric utility's financial condition and financial metrics;	Kyle T. Sanders Section X: Regulatory Requirements
8		evidence that the LTPPA is consistent with the electric utility's most recent commission-accepted integrated resource plan unless, as described in Section 17.7.3.10 NMAC, material changes that would warrant a different course of action by the electric utility have occurred; in which case, the testimony shall include justification for deviation from the integrated resource plan;	Thomas P. Duane Section IV: Consistency With Safe And Reliable Transition To Carbon-Free Resources And PNM's IRP
9		evidence addressing whether a utility-owned generation resource could have been constructed as an alternative to the LTPPA with greater benefit to ratepayers;	Gary B. Barnard Section II: Requested Approvals for 2029-2032 Recommended Resources
10		evidence addressing the methodology and criteria by which the purchased power agreement was selected; and	Roger W. Nagel Section IV: RFP Bid Evaluation And Section Process
11		any other information or evidence that the electric utility believes will assist the commission in its review of the LTPPA.	Gary B. Barnard Section II: Requested Approvals for 2029-2032 Recommended Resources

<u>Rule 551.9 Ratemaking Treatment For All Purchased Power Agreements</u>				
			In Testimony Of	Reference
551.9(A)		The following ratemaking treatment shall apply to all purchased power agreements unless otherwise expressly authorized by order of the commission:		
1		Energy costs incurred under a purchase power agreement are recoverable through a fuel and purchased power cost adjustment clause ("FPPCAC") according to the provisions of the FPPCAC approved for the electric utility; and	Kyle T. Sanders	Section XI: Cost Recovery
2		Capacity costs and fixed costs incurred under a purchased power agreement, as well as energy costs incurred by an electric utility without an approved FPPCAC, may be recoverable through base rates when the commission issues an order authorizing a change in base rates that includes recovery of the capacity costs and fixed costs, and energy costs in the case of an electric utility without an approved FPPCAC.	Kyle T. Sanders	Section XI: Cost Recovery
551.9(B)		An electric utility may include in an application for approval of an LTPPA a request that the commission determine other ratemaking principles and treatment that will apply to the LTPPA.	Not Applicable	

<u>Public Utility Act Section 62-9-1 New Construction; Ratemaking Principles</u>			
<u>Public Utility Act Section 62-9-5 Abandonment of Service</u>			
		In Testimony Of	Reference
62-9-1 (A)	No public utility shall begin the construction or operation of any public utility plant or system or of any extension of any plant or system without first obtaining from the commission a certificate that public convenience and necessity require or will require such construction or operation. This section does not require a public utility to secure a certificate for an extension within any municipality or district within which it lawfully commenced operations before June 13, 1941 or for an extension within or to territory already served by it, necessary in the ordinary course of its business, or for an extension into territory contiguous to that already occupied by it and that is not receiving similar service from another utility. If any public utility or mutual domestic water consumer association in constructing or extending its line, plant or system unreasonably interferes or is about to unreasonably interfere with the service or system of any other public utility or mutual domestic water consumer association rendering the same type of service, the commission, on complaint of the public utility or mutual domestic water consumer association claiming to be injuriously affected, may, upon and pursuant to the applicable procedure provided in Chapter 62, Article 10 NMSA 1978, and after giving due regard to public convenience and necessity, including reasonable service agreements between the utilities, make an order and prescribe just and reasonable terms and conditions in harmony with the Public Utility Act [Articles 1 through 6 and 8 through 13 of Chapter 62 NMSA 1978] to provide for the construction, development and extension, without unnecessary duplication and economic waste.	Gary B. Barnard	Section I: Introduction and Purpose And Section III: Requested Approval for 2029 CCN Resource
62-9-5	No utility shall abandon all or any portion of its facilities subject to the jurisdiction of the commission, or any service rendered by means of such facilities, without first obtaining the permission and approval of the commission. The commission shall grant such permission and approval, after notice and hearing, upon finding that the continuation of service is unwarranted or that the present and future public convenience and necessity do not otherwise require the continuation of the service or use of the facility; provided, however, that	Kyle T. Sanders	Section VIII: Four Corners Abandonment in 2031

<u>Public Utility Act Section 62-9-1 New Construction; Ratemaking Principles</u>			
<u>Public Utility Act Section 62-9-5 Abandonment of Service</u>			
	ordinary discontinuance of service or use of facilities for nonpayment of charges, nonuser or other reasons in the usual course of business shall not be considered as abandonment. In considering the present and future public convenience and necessity, the commission shall specifically consider the impact of the proposed abandonment of service on all consumers served in this state, directly or indirectly, by the facilities sought to be abandoned.		