

**PUBLIC SERVICE COMPANY OF NEW MEXICO
RENEWABLE ENERGY PORTFOLIO PROCUREMENT PLAN FOR 2010**

NOTE: On December 17, 2009, in Case No. 09-00260-UT, the New Mexico Public Regulation Commission (“NMPRC” or “Commission”) issued a Final Order Partially Adopting Recommended Decision of Hearing Examiner that approved certain projects proposed in PNM’s Renewable Energy Portfolio Procurement Plan for 2010 (“2010 Plan”) that had been filed on July 1, 2009. The approved projects are described below.

A. SPS WIND REC PURCHASE

PNM will make a one-time purchase in 2010 of 50,000 MWh of wind RECs generated in 2008 from SPS for wind energy generated in New Mexico. These RECs will not be registered with the Western Renewable Energy Generation Information System (“WREGIS”) but will be attested by Green-e Energy and are covered under the Commission’s order for approval of a variance in Case No. 07-00157-UT, dated June 16, 2009.

B. BIOGAS PROGRAM

PNM will implement a Biogas Program under which PNM would generate energy and RECs at its Luna Energy Facility using pipeline quality, synthetic natural gas produced from farm and dairy animal waste biomass. Contracts entered into under the Biogas Program would have a minimum term of five (5) years and the offered price premium over the market price of natural gas would be \$1.30 per million Btu, which is roughly equivalent to \$0.01 per kWh per REC generated at Luna. PNM will determine the appropriate number of associated RECs by measuring the Btu content of the biogas delivered to the Luna Energy Facility and applying the Luna heat rate for conversion of the fuel to electricity. Pursuant to Rule 572, the generated RECs would be registered by PNM in WREGIS. For the Biogas Program, PNM does not anticipate any need to construct additional infrastructure.

The Biogas Program will encourage new biomass resource development in New Mexico, thereby providing important economic and environmental benefits, including in areas of the state

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that are outside of PNM's electric service area. This program will contribute towards meeting both the RPS and resource diversity requirements of Rule 572. Assuming that there will initially be only one supplier of biogas, PNM estimates the cost for calendar years 2010 and 2011 would be \$76,160 and \$223,020, respectively, although these costs will ultimately depend upon the number of suppliers and the amount of actual biogas generation.