

FOR IMMEDIATE RELEASE: November 14, 2021

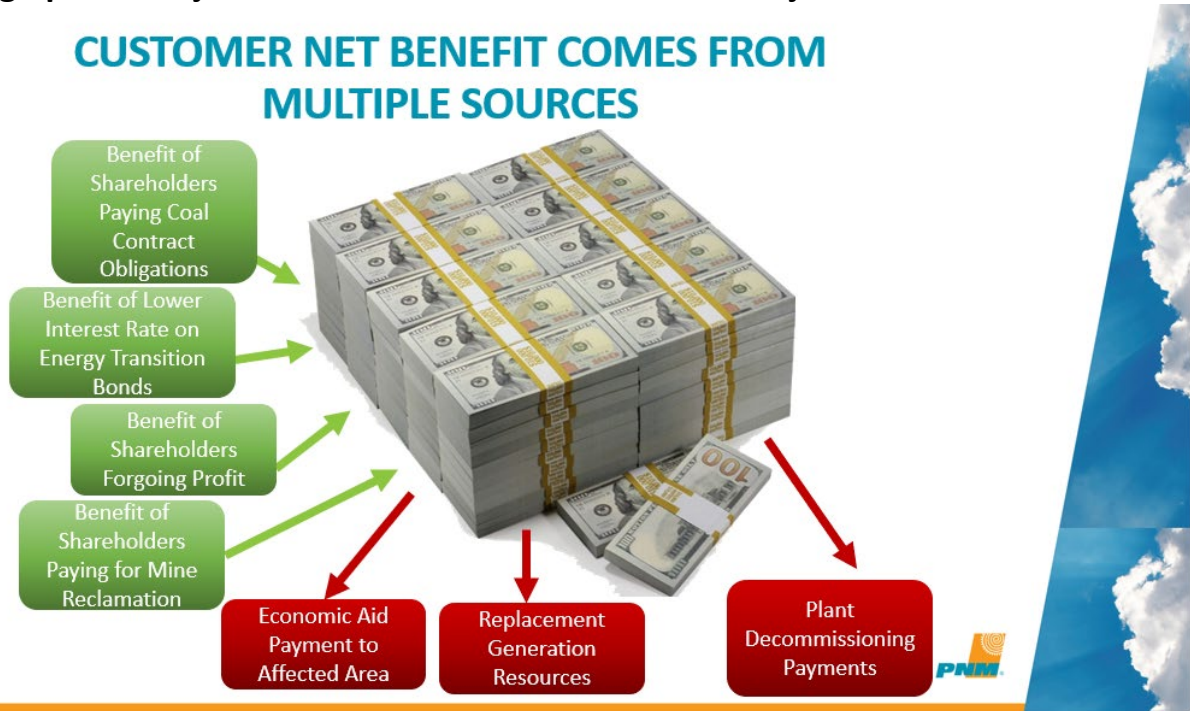
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Recommended Decision accepts PNM’s plan to exit coal seven years early, saving customers millions of dollars, reducing Four Corners Power Plant’s carbon emissions by 20-25% for each year starting in Fall of 2023, and providing over \$16 million in benefits to the Four Corners area/Navajo Nation

(Albuquerque, N.M.) – On Friday, a Recommended Decision was issued that would potentially allow PNM to exit coal seven years early and save customers millions of dollars. PNM is appreciative of this recommendation because it aids in New Mexico’s transition to clean energy and helps achieve the goals of the Energy Transition Act, New Mexico’s landmark energy policy statute.

This is a Recommended Decision, and the New Mexico Public Regulation Commission (NMPRC) must still decide on the final outcome. If the Recommended Decision is approved by the NMPRC, the PNM exit proposal would bring *customers savings on their bills*; customers could save up to \$300 million over a price tag of more than \$788 million to remain in coal until 2031.

PNM worked diligently to save customers money while exiting its final coal generation and living up to Navajo Nation President Nez’s vision for a “just transition” out of coal.



The amount PNM asked to securitize is not an added cost to Customers, as interest groups have claimed. The \$299.5 million securitization request is based on \$271 million of

undepreciated investment that is already an existing customer obligation (which comes out of rates when the bonds are issued) and amounts specified by the Energy Transition Act: \$5 million decommissioning costs, \$16.5 million economic development funds and \$7 million in bond financing costs. In fact, not only is PNM's request to securitize not an added cost, **our plan would also save PNM Customers up to \$300 million by replacing coal with lower-cost, cleaner generation.**

The Recommended Decision also recognizes the significant environmental benefits that PNM negotiated as part of its exit. That is a reduction of ongoing emissions for the Four Corners' Power Plant by 20-25% each year beginning in the Fall 2023.

In addition to the customer and environmental benefits, PNM's now-recommended plan includes economic development funds of \$16.5 million to the Four Corners' communities, including our Navajo Nation neighbors. These funds will help the area prepare in advance for the eventual closure of the plant and transition of their economy away from reliance on coal plants. PNM's proposed plan also maintains local jobs and revenues for the Navajo Nation while future solutions are being developed.

"We will not forget those workers who have brought reliable, affordable energy to our customers for decades," said Tom Fallgren, PNM Vice President of Generation. "Making sure we had a plan that retained jobs and revenue for the Navajo Nation was always a critical part of these negotiations. PNM greatly appreciated the leadership of the Nation having a strong voice throughout this process."

Reduces Carbon by approx. 20-25% a year



Seasonal Operation to start in Fall of 2023
if PNM plan approved

2024 20-25% Reduction in CO₂

2025 20-25% Reduction in CO₂

2026 20-25% Reduction in CO₂

2027 20-25% Reduction in CO₂

2028 20-25% Reduction in CO₂

2029 20-25% Reduction in CO₂

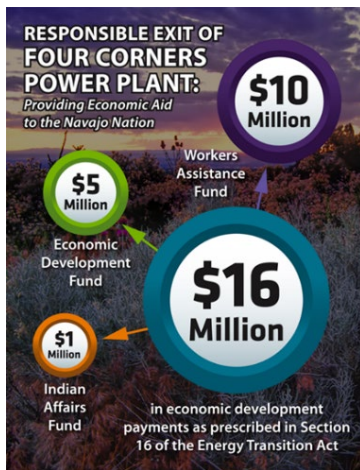
2030 20-25% Reduction in CO₂

2031 20-25% Reduction in CO₂

CONTINUES TO PROVIDE ROYALTY PAYMENTS, MINE AND
PLANT PAYCHECKS DURING SEASONAL OUTAGES



Navajo Nation leadership explained its support for PNM's plan and applauds our exit.



*“As our local units of government have expressed in resolutions, we also support the position of Public Service Company of New Mexico (PNM) in the matters of the Four Corners Power Plant Abandonment case.... PNM and the other plant owners have supported Navajo workers and provided much needed revenue to the Navajo Nation to support essential government services. Generally speaking, **PNM's abandonment of its ownership interest in the Four Corners Power Plant allows the plant to continue operating while the Navajo Nation works on the transition to a post-coal economy.** The Navajo Nation looks to the future and how to continue working with the Navajo Energy Transitional Energy Company to employ our People, continue the revenue stream for government services, and to help our economy grow. We are a Nation in transition.” – Navajo Nation President Jonathan Nez*

Under PNM's proposal, **our shareholders would pay \$75 million to relieve customers of the remaining obligations under the current coal contract and additional funds necessary to provide for final mine clean-up costs when the plant closes.** Under securitization, **PNM shareholders would also forgo any profit on Four Corners investments,** so that PNM can re-direct funds that would have paid for coal to instead support clean energy.

PNM and other parties have an opportunity to raise any objections to the Recommended Decision. The Commission can then either approve the Recommended Decision or make modifications to its recommendations in the NMPRC's own final order.

While PNM is still reviewing each of the detailed recommendations, PNM is hopeful that the Commission will approve a final order that approves PNM's carefully balanced plan to exit coal early.

About PNM

With headquarters in Albuquerque, PNM is the largest electricity provider in New Mexico, serving more than 530,000 customers in dozens of communities across the state. PNM is a subsidiary of PNM Resources, an energy holding company also headquartered in Albuquerque. For more information, visit PNM.com.

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