PUBLIC SERVICE COMPANY OF NEW MEXICO
NMPRC CASE NO. 23-00___-UT
EXECUTIVE SUMMARY

PNM is seeking approval for 100 MW of solar energy and 310 MW of battery storage projects to ensure adequate resources are available to meet summer 2026 customer needs. Approval of these resources is necessary to ensure PNM's planning reserves are in line with industry standards and resource adequacy requirements, as discussed in PNM's 2020 IRP and recent resource applications. Achieving this industry standard ensures that adequate capacity exists to meet our customers' needs in a safe and reliable manner.

PNM recently hit two new peak demand requirements in summer 2023, 2,131 MW retail system peak on July 17 and July 18 consecutively. The continued increase in peak demand, combined with the rapidly changing characteristics of the resource fleet, provides further evidence and support for PNM's need to acquire additional resources to continue to be able to reliably meet our customers' needs.

The resources selected in this filing are the result of a competitive RFP process that was overseen by an independent evaluator. The resources selected represent the lowest-cost portfolio, providing for 60 MW of utility-owned battery storage through an engineer, procure, construct ("EPC") agreement, 250 MW of battery storage projects contracted through energy storage agreements ("ESAs"), and an additional 100 MW of solar through a power purchase agreement ("PPA"). The cost evaluation included consideration of financial implications of the fixed price ESAs and assessment of the incremental costs associated with the fixed price ESAs on our customers. These resources were also selected based on the high likelihood of deliverability by summer of 2026, minimizing developer risks seen in earlier agreements. PNM is proposing, for the first time, a volumetric pricing structure for the ESAs to address the incremental costs associated with fixed price ESAs.

PNM's application seeks approval of one PPA and three ESAs pursuant to 17.9.551 NMAC, which outlines the requirements for filing an application for approval of long-term PPAs and ESAs. PNM seeks approval of a certificate of public convenience and necessity ("CCN") for the utility-owned battery storage pursuant to NMSA § 62-9-1 (1978) which outlines the requirements for a CCN application, including specific requirements for energy storage systems. PNM is requesting approval by May 1 or within 6 months to provide developers notice to proceed to ensure resources are available for summer of 2026. The resources that are the subject of this application are necessary for PNM to meet its peak load requirements in 2026, and to provide safe and reliable service including meeting a reliability standard of 0.1 loss of load event, a "best practices" industry standard, equivalent to one loss of load event every ten years.

PNM's application includes the testimony of nine witnesses which supports the all-resource request for proposals, the analysis of the bids received, and the selection of the most cost-effective portfolio of resources that are proposed therein. Cost recovery of the PPA will be through PNM's fuel and purchased power cost adjustment clause; PNM will

seek cost recovery of the ESAs and the EPC project through a general rate case proceeding following completion of the projects.