

PNM 2020-2039 Integrated Resource Plan

JULY 16, 2019



Talk to us.



AGENDA

2020-2039 IRP KICKOFF MEETING

- Welcome, Introductions and Safety
- IRP Goals
- IRP Process
 - High level roadmap
 - Scenarios & Sensitivities
- How to stay informed

GROUND RULES

MEETING GROUND RULES

01



- Questions and comments are welcome – One Person Speaks at a Time

02



- Reminder; today's presentation is not PNM's plan or a financial forecast, it is an illustration of the IRP process

03



- When asking a question, please speak clearly and slowly as all questions will be logged and labeled with the person and organization responsible for asking the question

04



- These meetings are about the 2020 IRP, questions and comments should relate to this IRP. Any questions or comments related to other regulator proceedings should be directed towards the specific filing.

DISCLOSURE REGARDING FORWARD LOOKING STATEMENTS

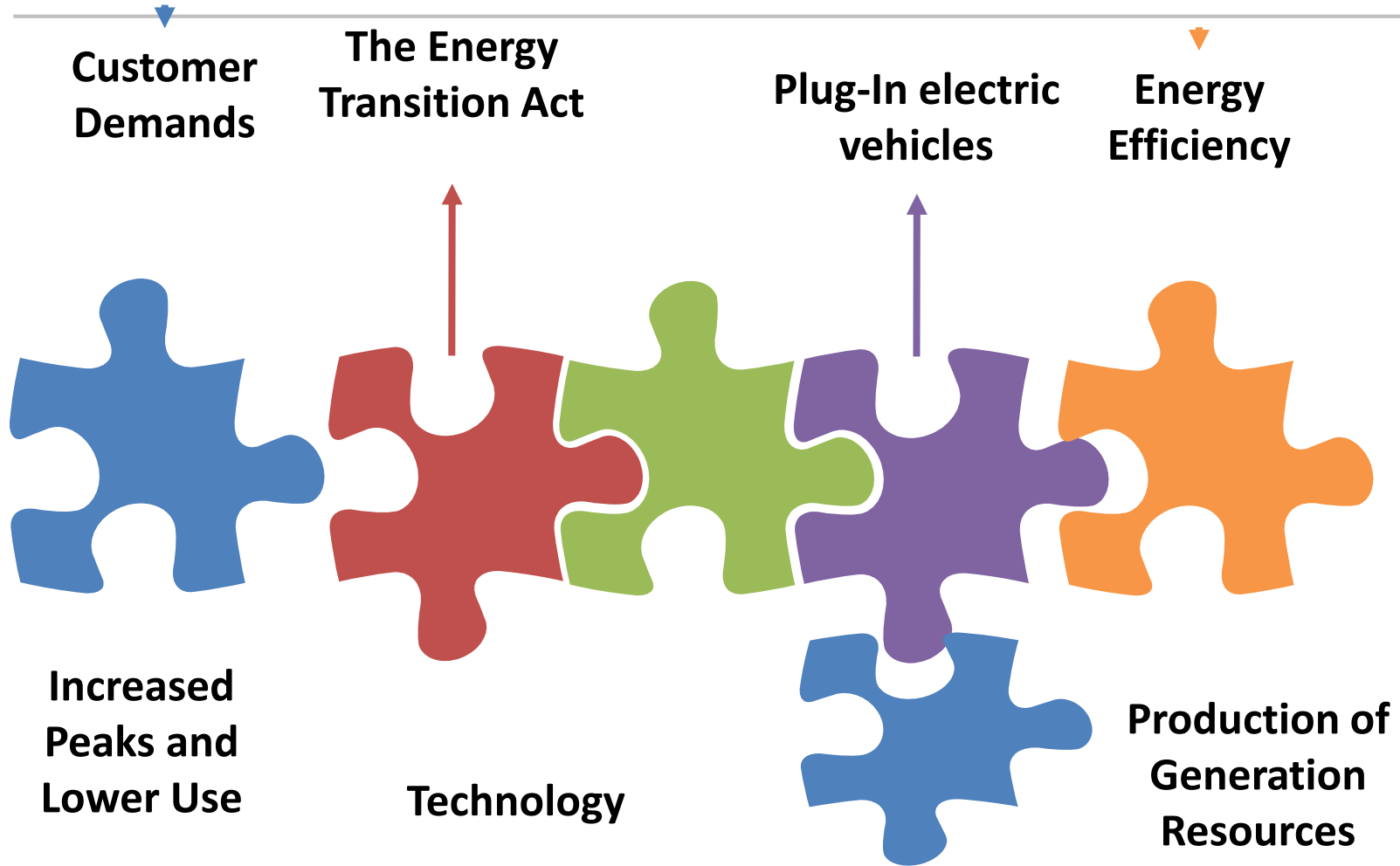
The information provided in this presentation contains scenario planning assumptions to assist in the Integrated Resource Plan public process and should not be considered statements of the company's actual plans. Any assumptions and projections contained in the presentation are subject to a variety of risks, uncertainties and other factors, most of which are beyond the company's control, and many of which could have a significant impact on the company's ultimate conclusions and plans. For further discussion of these and other important factors, please refer to reports filed with the Securities and Exchange Commission. The reports are available online at www.pnmresources.com.

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Tom Fallgren

Vice President, Generation

MANY FACTORS INFLUENCE PROVIDING POWER 24/7



CHANGES SINCE LAST INTEGRATED RESOURCE PLAN WAS FILED

- 💡 Energy Transition Act
- 💡 Increased solar energy at PNM
- 💡 1,000,000 PNM owned solar panels
- 💡 More Wind Resources
- 💡 Technology Advancements



- 💡 6,000 customers with rooftop solar panels
- 💡 Energy Price Forecasts
- 💡 New RFP Prices
- 💡 CAISO Western EIM
- 💡 Environmental Policy Changes

Nick Phillips

Director, Resource Planning

IRP OVERVIEW

PNM'S 2020-2039 INTEGRATED RESOURCE PLAN

- Examine a 20-year resource planning horizon
- Revisit plan every three years
- Create a four-year action plan
- Improve plan through public advisory process
- File with NM Public Regulation Commission for review & acceptance

Legislation:

- New Mexico Public Utility Act – 62-3-1 et.seq. NMSA
- Efficient Use of Energy Act – 62-17 NMSA
- Energy Transition Act – 62-18 NMSA

NMPRC Rules:

- Integrated Resource Plans for Electric Utilities – 17.7.3 NMAC
- Renewable Energy for Electric Utilities – 17.9.572 NMAC
- Energy Efficiency – 17.7.2 NMAC

OBJECTIVE

IRP PROVIDES A FOUNDATION FOR THE SELECTION OF FUTURE RESOURCES

The integrated resource planning process results in a resource roadmap and documents the actions required to achieve the plan's objectives over the next four years.

Since an IRP can be accepted **rather than** approved, PNM must obtain subsequent NMPRC approval of each resource that PNM proposes for addition to the company's resource portfolio.

Public participation improves the Plan and provides context for future filings and communications.

SCHEDULE

THREE PUBLIC ADVISORY PHASES, ONE DEADLINE

July to October

Build assumptions and discuss scenarios and sensitivities

November to February

Discuss analysis plan and discussion of findings

March to June

Discuss draft report

July 1, 2020

File the report documenting the Plan and process with New Mexico Public Regulation Commission

2019

TENTATIVE TOPICS AND SCHEDULE FOR STATEHOLDER MEETINGS

AUGUST

2019

The Energy Transition Act & the IRP, Utilities 101

Overview of Resource Planning Process: Models, Inputs, Considerations

September

2019

Real World Operations, Transmission, Reliability & Resource Planning considerations with Increasing Renewable Penetration

October

2019

Demand Side Management, Energy Efficiency, Time of Use Rates

November

2019

Forecasting: Load, CO₂ & Fuel

Preliminary Discussions of Scenarios and Resource Technologies

December

2019

Review Technology Input Received from Technical Advisory Group.

Review and Finalize Scenarios

2020

TENTATIVE SCHEDULE CONT'D



All scenarios are due

IRP Process Update

Review and Discuss
Draft IRP

Advisory Group Meeting

File Report

NEAR TERM SCHEDULE

FUTURE MEETING TIME & LOCATION

Start Time: 1:00 PM

Albuquerque Museum

2000 Mountain Road NW

Albuquerque, NM 87104

(505) 243-7255

Dates are being finalized and will be posted on the website along with individual registration links.

NEXT MEETING

- We would like to engage in a round-table discussion regarding how the stakeholders perceive the Energy Transition Act in the context of the IRP. Information regarding the Energy Transition Act: <https://www.pnmforwardtogether.com/plan> and the Act itself can be found at: <https://www.nmlegis.gov/Sessions/19%20Regular/bills/senate/SB0489.pdf>
- We encourage you to send in your thoughts ahead of time to irp@pnm.com so that we can summarize them and distribute them for the next meeting. Please have your submissions in by August 9, 2019.
- After the round-table discussion, we will also have a “Utilities, Power & Energy 101” presentation for those who are not as familiar with the Energy Industry and the Planning Process to make sure basic concepts are understood for our future Stakeholder Meetings.

ANALYSIS ELEMENTS

- Supply, Demand and Pricing
 - More Renewables, Energy Storage Systems and Other New Technologies
 - Energy Efficiency & Demand-side Management
 - Multiple Load Forecast Scenarios
 - Variable Costs including Fuel
 - Impacts of Energy Transition Act and Other Environmental Regulations
 - Capital Costs and Costs to Maintain Existing Resources
- Baseload Plants
 - Four Corners: Examine potential exits in 2024, 2028 and when current fuel contract ends in 2031
 - Palo Verde leased capacity
- Risk Analysis
 - 20 year planning period – look at a wide range of assumptions
 - Scenarios, sensitivities and risk analysis

MAKE SURE WE HAVE UP TO DATE CONTACT INFORMATION FOR YOU

www.pnm.com/irp for documents

irp@pnm.com for e-mails

Register your email on sign-in sheets to receive alerts of upcoming meetings and notices that we have posted to the website.

Thank you

