

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF PUBLIC SERVICE)
COMPANY OF NEW MEXICO’S APPLICATION)
FOR APPROVAL OF PURCHASED POWER)
AGREEMENTS, ENERGY STORAGE)
AGREEMENTS, AND CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY FOR 2029-2032) Docket No. 26-0000 ____
SYSTEM RESOURCES AND THE ABANDONMENT)
OF THE FOUR CORNERS POWER PLANT)
)
PUBLIC SERVICE COMPANY OF NEW MEXICO,)
)
Applicant.)
_____)**

**PUBLIC SERVICE COMPANY OF NEW MEXICO’S APPLICATION FOR
APPROVAL OF PURCHASED POWER AGREEMENTS, ENERGY STORAGE
AGREEMENTS, AND CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY FOR 2029-2032 SYSTEM RESOURCES AND THE ABANDONMENT OF
THE FOUR CORNERS POWER PLANT**

Public Service Company of New Mexico (“PNM” or the “Company”) files its *Application for Approval of Purchased Power Agreements, Energy Storage Agreements, and Certificate of Public Convenience and Necessity for 2029-2032 System Resources and Abandonment of the Four Corners Power Plant* (“Application”). Also included in the Application is notification of service life-extension of the Reeves Generating Station through the end of 2044. Foundationally, PNM must provide safe, reliable, and cost-effective service to its customers. Concurrently, New Mexico’s Energy Transition Act (“ETA”) requires PNM to supply one hundred percent of all retail electricity sales with zero carbon resources by January 1, 2045. Building on previous resource approval applications and New Mexico Public Regulation Commission (“Commission”) encouragements, PNM conducted a holistic policy level overview of its system planning to evaluate generation, storage, transmission, near end-of-life resources, and economic load planning in one unified approach. This Application encompasses many of the necessary pieces to facilitate

PNM's continued progress toward meeting the ETA requirements, maintain modern reliability standards, and meet anticipated future load.

PNM requests the Commission approve the resource additions necessary to safely and reliably continue service to customers, meet anticipated future load, and facilitate PNM's transition to carbon free generation by 2045. PNM is seeking approval of: 1) four long-term power purchase agreements ("PPAs"), two for wind resources and two for solar resources; 2) six long-term energy storage agreements ("ESAs"); 3) a certificate of public convenience and necessity ("CCN") for the La Luz II Project, a PNM-owned build-transfer project; 4) abandonment of PNM's generation interest in the Four Corners Power Plant ("FCPP") in 2031, excluding retained transmission-related facilities; and 5) an accounting order under NMSA 1978, Section 62-6-26(E) (2025) for deferred ratemaking treatment of resources or portions of resources identified to meet potential future economic-development load. Additionally, PNM intends to continue operation of the Reeves Generating Station ("Reeves") through the end of 2044.

The portfolio of resources included in this Application will provide cost effective and reliable service while keeping on track to meet the ETA requirements. This portfolio will also bring together complementary pieces to allow PNM to not just meet near-term demands but structure a system designed to adapt to the dynamic energy landscape.

I. SUMMARY AND TIMING OF REQUESTED APPROVALS

PNM's Application seeks Commission approval of a proposed resource portfolio that includes: two PPAs for Palomas Wind facilities in San Miguel and Torrance Counties for a total combined 800 MW of wind energy; a combined PPA and ESA for the Cat Hills facility in Valencia County with 150 MWs of solar capacity and 150 MWs of four-hour battery storage; a combined PPA and ESA for the Wildcat facility in McKinley County with 90 MW of solar capacity and 50

MW of four-hour battery storage; an ESA for the Gila Monster facility in Sandoval County with 150 MW of four-hour battery storage; an ESA for the TAG II facility in Sandoval County with 90 MW of eight-hour battery storage; an ESA for the Britton (SSC) facility in Torrance County with 60 MW of eight-hour battery storage; an ESA for the Encino facility in Sandoval County with 110 MW of eight-hour battery storage; and a build-transfer agreement for 40 MW of natural gas capacity at the La Luz II Project in Valencia County. PNM seeks approval for the PPAs and ESAs pursuant to 17.9.551 NMAC, Prior Approval of Power Purchase Agreements (the “PPA Rule”). The PPA Rule requires the Commission to issue a final order acting on an application for approval of a PPA or ESA within six months of the date the application is filed, or the application is deemed approved. Further, PNM seeks issuance of a Certificate of Public Convenience and Necessity (“CCN”) for the La Luz II Project pursuant to NMSA 1978, Section 62-9-1 (2019), which requires the Commission issue an order granting or denying an application for a CCN within nine months of the initial filing date, unless the Commission extends the nine-month statutory period for an additional six months for good cause shown.

Additionally, PNM seeks approval to abandon PNM’s generation interest in the FCPP, excluding retained transmission-related facilities, pursuant to NMSA 1978, Section 62-9-5, upon expiration of the Coal Supply Agreement in 2031. PNM also seeks an accounting order under Section 62-6-26, as authorized by SB 170, for deferred ratemaking treatment of resources or portions of resources identified to meet potential future economic-development load. Finally, PNM provides notice to the Commission that the co-optimized portfolio presented herein includes operation of the Reeves Generating Station (“Reeves”) as an existing resource assumption with continued operation through the end of 2044.

While PNM recognizes that this large and diverse Application includes a variety of controlling statutes and rules, PNM respectfully requests approval of all of the included items consistent with the six-month time frame included in PPA Rule. As further explained in PNM's direct testimony, the current supply and tax environment have put PNM in the position of making this request to avoid delays that could jeopardize deliverability and time-sensitive customer benefits.

II. SUPPORT FOR APPLICATION

1. PNM files its Application pursuant to and in accordance with NMSA 1978, Section 62-9-1, Section 62-9-5, Section 62-6-26, and 17.9.551 NMAC. Section 62-9-1 establishes the requirements for a CCN application. Section 62-9-5 establishes the requirements for abandonment of a facility. Section 62-6-26 establishes parameters for recovery for economic development projects. 17.9.551 NMAC establishes general requirements for filing an application for approval of long-term PPAs and ESAs. The testimonies and exhibits filed with this Application discuss PNM's proposed portfolio of resources' satisfaction of these regulatory and statutory requirements.

2. PNM is a New Mexico corporation that owns, operates and controls public utility plant, property and facilities, including generation, transmission and distribution facilities that provide retail and wholesale electric service in New Mexico. PNM is a duly incorporated public utility subject to the jurisdiction of the Commission pursuant to the Public Utility Act, NMSA 1978, Sections 62-1-1 to 62-6-28 and Sections 62-8-1 to 62-13-15 ("PUA"). PNM is authorized to provide utility service within multiple municipalities and communities in various service areas throughout the state. As a public utility, PNM must provide adequate, efficient, and reasonable electric service pursuant to NMSA 1978, Section 62-8-2 (1953).

3. The testimonies and exhibits filed with this Application provide substantial factual support for PNM's request for approval of 1) four long-term PPAs comprising projects totaling 1,040 MWs of solar or wind capacity; 2) three long-term ESAs comprising projects totaling 350 MW of four-hour battery energy storage; 3) three long-term ESAs comprising projects totaling 260 MWs of eight-hour battery storage; 4) a CCN for 40 MW of natural gas capacity; 5) abandonment of PNM's generation interest in FCPP, excluding retained transmission-related facilities; and 6) an accounting order under SB 170 for deferred ratemaking treatment of resources or portions of resources identified to meet potential future economic-development load. To the extent that the Commission must rule on continued operation of Reeves, the testimonies and exhibits likewise support continued operation.

4. Each of the Application's requested approvals is summarized below.

Palomas PPAs - The Palomas PPAs are developed by Pattern Energy and include approximately 800 MW of total wind generation. The two contracts are for 400 MW of wind energy each with one of the two contracts identified to serve PNM's Special Service Contract ("SSC") customer's resource needs. The facilities are located in San Miguel County and Torrance County.

Cat Hills PPA and ESA - The Cat Hills ESA and solar PPA are developed by Exus and include 150 MW of solar energy and 150 MW of 4-hour battery storage. The facility is located in Valencia County.

Wildcat PPA and ESA - The Wildcat ESA and solar PPA are developed by Solariant and include 90MW of solar energy and 50MW of 4-hour battery storage. The facility is located in McKinley County.

Gila Monster ESA - The Gila Monster ESA is developed by EsVolta and includes 150 MW of 4-hour battery storage. The facility is located in Sandoval County.

TAG II ESA - The TAG II ESA is developed by Exus and includes 90 MW of 8-hour battery storage. The facility is located in Sandoval County.

Encino ESA - The Encino ESA is developed by Exus and includes 110 MW of 8-hour battery storage. The facility is located in Sandoval County.

Britton ESA - The Britton ESA is developed by Exus and includes 60 MW of 8-hour battery storage. The facility is located in Torrance County.

Gridworks Contract - The La Luz II Project is a PNM utility project for approximately 40 MW of gas generation to be built next to the existing La Luz Energy Center in Valencia County. Gridworks will be responsible for the construction.

Abandonment

5. PNM used a robust and competitive Request for Proposals (“RFP”) and resource modeling analysis to identify, evaluate, and select for Commission approval the portfolio of new resources presented in this Application. PNM enlisted the services of qualified experts to assist and conduct portions of the solicitation and evaluation processes. These analyses determined that the proposed portfolio of new resources, along with continued use of Reeves and abandonment of FCPP, is the optimum mix of generation resources that can be available between 2029 and 2032 to serve both growing load and PNM’s transition to carbon free generation while economically and reliably serving retail customers. Moreover, the abandonment of FCPP, effective in 2031, is necessary to allow PNM to comply with the reduced carbon emissions requirements under the ETA beginning in 2032.

6. PNM’s RFP resulted in a range of bid proposals to meet these needs. PNM’s economic modeling and resource adequacy and reliability modeling demonstrate that the selected resources

provide a resource portfolio that meets system reliability and customer load needs beginning in 2029 as the lowest total reasonable cost. As a result, customers will benefit from PNM entering into the agreements at issue in this Application.

7. The PPAs, ESAs, and Gridworks Build-Transfer Agreement are sponsored by PNM Witness Barnard and are further supported by analyses detailed in other witness testimonies and exhibits. PNM's supporting testimonies and exhibits provide the necessary detail concerning the terms and conditions of the PPAs, the ESAs, and the associated costs. The evidence presented shows that the PPAs and ESAs are consistent with the provision of safe and reliable service at the lowest reasonable cost, considering both short- and long-term costs and other relevant factors set forth in the PPA Rule.

8. PNM's supporting testimony and analysis shows that the PPAs and ESAs presented in this Application meet the public convenience and necessity standard applicable under the PPA Rule and Commission precedent. PNM has satisfied the information requirements of 17.9.551.8 NMAC and the agreements are needed, reasonable, and in the public interest.

9. PNM expects to recover the energy costs associated with PPAs through its Fuel and Purchased Power Cost Adjustment Clause ("FPPCAC") in accordance with Rule 551.9(A). PNM expects to seek recovery of ESA costs and costs associated with the La Luz II Project in a PNM general rate review filing or other appropriate proceeding where PNM seeks to adjust its base rates. For resources designated for the Special Service Contract customer, recovery is expected to occur through Rider 47, consistent with the Special Service Contract and Rate 36B.

10. The La Luz II Project meets the statutory criteria for issuance of a CCN under NMSA 1978, Section 62-9-1(A). The project will reduce costs to ratepayers by locating the facility near an existing PNM generating station and infrastructure which already has a Large Generator

Interconnection Agreement in place, limiting transmission and substation expansion requirements. The La Luz II Project will aid the grid with increased firm capacity and additional resiliency when renewable resources are unavailable. It is the most cost-effective option among feasible alternatives and provides a balance of utility-owned generation in a portfolio that includes several contracted for energy agreements. This can help to reduce total costs by providing direct control over procurement risk markups and utilizing existing infrastructure. PNM requests that the Commission grant PNM a CCN because the public convenience and necessity require the construction, ownership, and operation of the La Luz II Project, which will ensure PNM's ability to provide reliable and efficient service more cost-effectively than the next-best alternatives.

11. Each of the resources proposed in this Application have approval date provisions written into their associated contracts to ensure project engineering and equipment purchases can occur to meet the respective commercial operation deadlines. Further, some installations may be eligible for federal investment tax credits or production tax credits pursuant to the Inflation Reduction Act, but those credits are tied to "begin construction" requirements. It is important to meet these deadlines because the costs of the projects otherwise may increase and negatively impact customers.

12. An electric utility must obtain the Commission's written approval before becoming irrevocably bound under a long-term PPA, which is defined as a PPA with a term of five years or more and for which the utility intends to seek rate recovery from New Mexico retail customers. 17.9.551.7(E) - 8(A) NMAC. A utility must also file an application for approval with the Commission within thirty days after the execution of a long-term PPA. 17.9.551.8(B) NMAC. The PPAs and ESAs presented in this application are for terms greater than five years. All the agreements were executed on or after May 5, 2026, so PNM's Application is filed timely. In

addition, pursuant to Section 17.3 of each of the ESAs and Section 17.3 of the PPAs, they become effective only after satisfaction of conditions precedent, including Commission approval. Section 7.2 of the La Luz II Build-Transfer Agreement contains a cancellation provision if Commission approval is not obtained.

13. In order to take advantage of the currently available tax credits, PNM requests timely review of this Application. Section 62-9-1(C) of the CCN statute and 17.9.551.10(A) NMAC provide that the Commission may approve a CCN application, a PPA, or an ESA, respectively, without a formal hearing if no protest is filed within 60 days of the date that notice is given for the application. PNM respectfully requests that the Commission consider taking action without formal hearing if no protest is filed pursuant to those provisions. While 62-9-1(C) of the CCN statute allows for a nine-month approval timeframe, with an additional six months if the Commission determines there is good cause, PNM respectfully requests that the Commission consider the entire resource portfolio within the six-month timeframe for PPAs allowed pursuant to 17.9.551.10(B) NMAC.

III. NOTICE AND PROCEDURAL REQUIREMENTS

14. PNM's proposed form of Notice is attached to the Application as Exhibit 1. PNM will publish the approved Notice as may be issued by the Commission in the manner so directed.

15. PNM has served a copy of this Application and supporting pre-filed direct testimony on the New Mexico Department of Justice, the Commission's Utility Division Staff, and parties to Case No. 24-00089-UT, PNM's most recent rate case.

16. The following designated corporate representatives and legal counsel for PNM should receive all notices, discovery requests, objections and responses, briefs, and all other documents related to this case:

Christopher Atencio, Esq.
Corporate Counsel
PNM Resources, Inc.
Corporate Offices – Legal Dept.
Albuquerque, New Mexico 87158-0805
Phone: (505) 241-4929
christopher.atencio@txnmenergy.com

Stacey J. Goodwin
Associate General Counsel
PNM Resources, Inc.
Corporate Offices – Legal Dept.
Albuquerque, New Mexico 87158-0805
Phone: (505) 241-4927
stacey.goodwin@txnmenergy.com

Richard L. Alvidrez
Miller Stratvert P.A.
P.O. Box 25687
Albuquerque, NM 87125
(505) 842-1950
ralvidrez@mstlaw.com

Eric S. Petrozino
Wilkinson Barker Knauer LLP
2138 W. 32nd Avenue, Suite 300
Denver, CO 80211
(303) 626-2356
epetrozino@wbkllaw.com

All pleadings, correspondence and other documents should be delivered electronically to the following email addresses:

Kyle Sanders
Vice President, Regulatory
PNM
Corporate Offices – Regulatory
Albuquerque, New Mexico 87102-3226
Phone: (505) 241-2219
Kyle.Sanders@txnmenergy.com

Lisa Contreras
Senior Manager, Regulatory Policy and
Case Management
PNM
Corporate Offices – Regulatory
Albuquerque, NM 87102-3226
Phone: (505) 241-4628
Lisa.Contreras@pnm.com

Adam J. Alvarez
Director, Regulatory Policy and Case
Management
PNM
Corporate Offices – Regulatory
Albuquerque, New Mexico 87102-3226
Phone: (505) 241-2849
Adam.Alvarez@pnm.com

17. The following witnesses provide testimonies and exhibits in support of the Application. The testimonies and exhibits are incorporated by reference herein. PNM includes Exhibit 2 for ease of reference for the required statutory or regulatory requirement and which witness addresses the respective requirement.

- Kyle T. Sanders, PNM Vice President, Regulatory
- Laurie A. Williams, PNM Senior Vice President, Integrated Planning and Transmission Development
- Omni B. Warner, PNM Senior Vice President, Operations
- Thomas P. Duane, PNM Director, Integrated Resource Planning
- Gary B. Barnard, PNMR Services Company Executive Director, Renewable Generation and Contracts
- Richard Nicholas Wintermantel, PowerGEM, LLC, Chief Services Officer
- Roger W. Nagel, Aion Energy, LLC, Principal,
- Erfan Hakimian, PNM Director, Transmission/Distribution Planning and Contracts
- Julio C. Aguirre, PNM Director, Pricing Customer Strategy

WHEREFORE, PNM respectfully requests that the Commission issue a notice of this proceeding, conduct all necessary hearings or issue its decision without formal hearings in accordance with pertinent statutory deadlines, approve the Application by December 1, 2026, if no statutory extension of time is required, and among other things determine that:

PNM's request for regulatory approval of the executed four long-term PPAs comprising projects totaling 1,040 MW wind and solar capacity, the request for regulatory approval of the executed three long-term ESAs comprising projects totaling 350 MW of four-hour battery storage, and the request for regulatory approval of the executed three long-term ESAs comprising projects totaling 260 MW of eight-hour battery storage are in the public interest and should be granted in accordance with the PPA Rule; PNM's request for a CCN for 40 MW of natural gas capacity should be approved and a CCN should be issued; PNM's request for the abandonment of PNM's generation interest in FCPP, excluding retained transmission-related facilities, should be approved; and PNM's request for an accounting order under Section 62-6-26 should be approved.

PNM should be granted any other such authorizations necessary to implement the proposed actions in accordance with the requirements of the Public Utility Act, the PPA Rule, and any other applicable Commission rules.

Respectfully submitted this 29th day of May, 2026.

PUBLIC SERVICE COMPANY OF NEW MEXICO

/s/ Christopher Atencio

Christopher Atencio – Corporate Counsel
Stacey J. Goodwin – Associate General Counsel
414 Silver Avenue SW MS 805
Albuquerque, New Mexico 87158
Phone: 505-241-4929; 505-241-4927
Fax: 505-241-2338
Christopher.Atencio@txnmenergy.com
Stacey.Goodwin@txnmenergy.com

Richard L. Alvidrez
Miller Stratvert P.A.
P.O. Box 25687
Albuquerque, NM 87125
(505) 842-1950
ralvidrez@mstlaw.com

Eric S. Petrozino
Wilkinson Barker Knauer LLP
2138 W. 32nd Avenue, Suite 300
Denver, CO 80211
(303) 626-2356
epetrozino@wbklaw.com

GCG#535341