# 2026 PNM Distribution System Plan

## FINAL STAKEHOLDER MEETING – SEPTEMBER 21, 2026

# WELCOME AND SESSION GUIDELINES

- During presentations, please hold your questions until the Q&A sessions.
- **Please state your name and organization when offering a comment or question.**
- Please keep yourself muted to minimize background noise
- This is a process for stakeholder input, not a litigated proceeding.
- Be respectful in your comments.
- We are all working with good intentions; give each other the benefit of the doubt.
- Share your ideas; leave time for others.

# AGENDA

01 Stakeholder comment process and DSP purpose

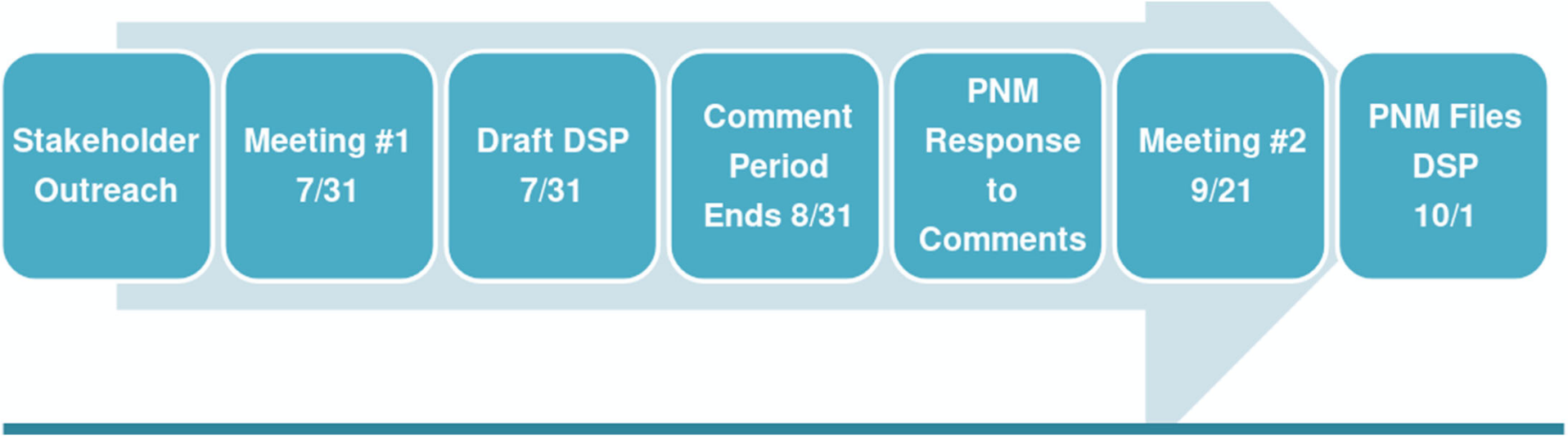
02 Stakeholder feedback themes

03 Distribution Plan updates and discussion

# SAFE HARBOR STATEMENT

*Statements made in this document that relate to future events or Public Service Company of New Mexico's (PNM) expectations, projections, estimates, intentions, goals, targets, and strategies are made pursuant to the Private Securities Litigation Reform Act of 1995. Readers are cautioned that all forward-looking statements are based upon current expectations and estimates. Because actual results may differ materially from those expressed or implied by these forward-looking statements, PNM cautions readers not to place undue reliance on these statements. PNM's business is influenced by many factors, often beyond PNM's control, which can cause actual results to differ from those expressed or implied by the forward-looking statements. For a discussion of risk factors and other important factors affecting forward-looking statements, please see PNM's Form 10-K and Form 10-Q filings with the Securities and Exchange Commission, the factors of which are specifically incorporated by reference herein. PNM assumes no obligation to update this information, except to the extent the events or circumstances constitute material changes in the Distribution System Plan that are required to be reported to the New Mexico Public Regulation Commission.*

# STAKEHOLDER COMMENT PROCESS




Written comments were due August 31, 2026. PNM responded to all comments received by that deadline by September 11.

Written responses are posted at pnm.com/distributionsystemplan

# PURPOSE OF THE DSP

**01 FORWARD-LOOKING FRAMEWORK**

Maintain a distribution system that is:

- SAFE
- RELIABLE
- RESILIENT
- FLEXIBLE
- AFFORDABLE

**02 550,000+ CUSTOMERS**

Planning supports service while preparing for:

- Load growth and economic development
- Transportation and building electrification
- Distributed energy resources • Community solar • Storage
- New Mexico's transition toward carbon-free electricity

**03 DER PLANNING NEEDS**

Increasing DER penetration creates needs around:

- Forecasting
- Hosting Capacity
- Voltage Management
- Reverse Power Flow
- Protection & Communications
- System Visibility

**04 GRID MODERNIZATION PROVIDES**

- Advanced Metering Infrastructure
- Telecommunications
- Distribution Automation
- Advanced Distribution Management System
- Distributed Energy Resources Management
- Volt/VAR Optimization
- Cybersecurity
- Improved Network Models

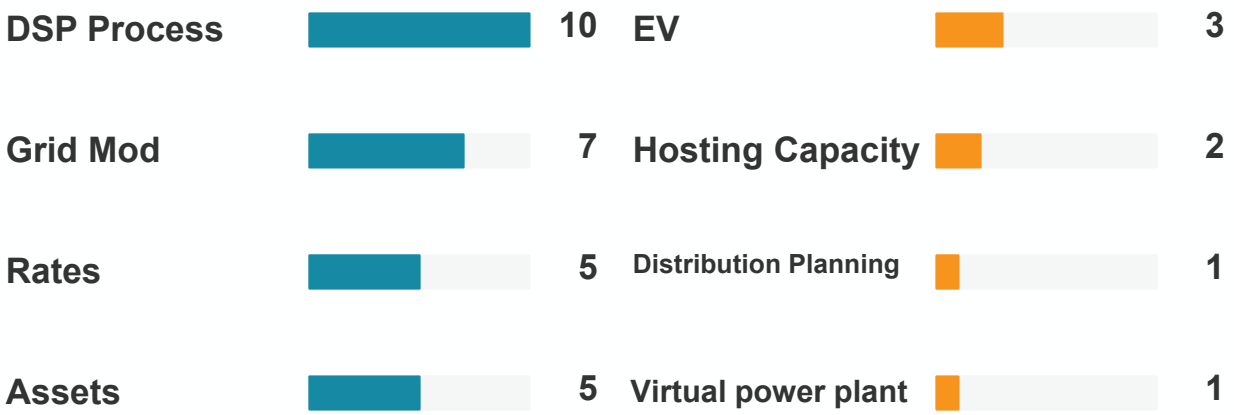
# Stakeholder Feedback and Report Changes

# STAKEHOLDER FEEDBACK OVERVIEW

**34**

**stakeholder questions answered**

## FEEDBACK BY TOPIC




**Four themes guide today's discussion:**

1. Asset condition and reliability
2. Forecasting, costs and investment planning
3. DER interconnection and hosting capacity
4. Grid modernization and customer programs

**Complete written responses: [pnm.com/distributionsystemplan](pnm.com/distributionsystemplan)**

# ASSET CONDITION AND RELIABILITY

**Stakeholder feedback added asset-age context and feeder-level reliability visibility to the DSP.**

## Asset age

Average substation-transformer age: approximately 39 years. Expected service life varies by distribution equipment type - approximately 40-75 years.

**Questions 3–4**

## Condition context

Age is considered with condition, outage history, and operating risk-not by itself. PNM uses asset programs to inspect and replace aging underground cable, distribution poles, and related equipment.

**Questions 17–18**

## Feeder transparency

Section 3.9.1 adds screening tables and identifies recurring high-SAIDI and high-SAIFI feeders.

**Questions 30**

# FORECASTING, COSTS AND INVESTMENT PLANNING

**Questions about missing planning information led to three material additions to the DSP.**

## Five-year forecast

System-level peak demand is shown for 2026 - 2030.

Distribution Planning 10-year forecasting is evolving to be better aligned with the IRP.

**Questions 11, 25–26, 32, 34**

## Projected costs

Capital and O&M forecasts provided using preliminary planning estimates.

**Questions 24, 27**

## Action plan

The report summarizes major substation, transformer, feeder-rebuild, and feeder-tie work.

**Question 27**

# DER INTERCONNECTION AND HOSTING CAPACITY

**Location, minimum-load conditions, and cumulative exports determine whether additional study or upgrades are needed.**

### 1 Screen the location

Review feeder and equipment conditions at relevant minimum load.

### 2 Study cumulative impact

Consider existing DER, queued projects, voltage, protection, and equipment ratings.

### 3 Define the path

Proceed through supplemental review, operating limits, alternate locations, or upgrades as applicable.

# GRID MODERNIZATION AND CUSTOMER PROGRAMS

**Stakeholders asked how smart-grid technology, changing electricity prices, and customer-owned devices would work.**

## Smart meters (AMI)

Smart meters support grid operations, protect customer data, and provide customers with information that can help them manage or control their energy use.

## Rates that change by time of day

Electricity prices may be higher during high-demand hours and lower at other times

## Grid Mod and virtual power plants

Grid Mod, ADMS, and DERMS will coordinate devices. A virtual power plant (VPP) combines many small resources so they can operate together.

## Customer choice and control

Demonstrate coordinated control with utility-owned assets before relying on customer devices; participation remains voluntary.

**Complete responses: [pnm.com/distributionsystemplan](pnm.com/distributionsystemplan)**

# Distribution Plan Updates Since the First Stakeholder Meeting

# DISTRIBUTION PLAN UPDATES

**The DSP now includes seven material additions identified through plan development and stakeholder feedback.**

| | |
|---|---|
| 3.9.1 | Feeder-level reliability performance |
| 4.9 | Operational outage contingency planning |
| 4.12 | DER interconnection review |
| ↳ | Community solar and cumulative DER impacts |
| 3.10.2 | Asset Age Information |
| 5.2 | PNM five-year load forecast |
| 6.2 | Projected capital and distribution O&M costs |
| 8.1 | 2027 and 2028 capital action plan |

# FEEDER-LEVEL RELIABILITY PERFORMANCE

**Section 3.9.1 adds feeder-level screening and makes recurring performance concerns easier to see.**

**21**

**feeders above the 2025 SAIDI threshold**

**20**

**feeders above the 2025 SAIFI threshold**

**6 / 4**

**recurring SAIDI / SAIFI feeders across two years**

**Detailed reliability performance remains in the annual reliability cases and filings; the DSP does not replace those proceedings.**

# OPERATIONAL OUTAGE CONTINGENCY PLANNING

**An annual post-peak review connects operating data to practical restoration and investment decisions.**

### 1 Review peak data

Clean SCADA data and investigate material year-over-year differences.

### 2 Test one contingency

Model one unavailable transformer and practical switching or load-transfer options.

### 3 Document the plan

Define restoration arrangements, targeted improvements, reconfiguration, or a detailed study.

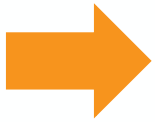
# DER INTERCONNECTION REVIEW PER RULE 568

**Minimum-load screening can send more projects to supplemental review when exports exceed local load.**

**SCREEN**

**100%**

**of relevant minimum load**



**IF THE SCREEN IS NOT PASSED**

Proceed to supplemental review or detailed study to evaluate voltage, protection, equipment ratings, existing DER, and the proposed project.

**FAST TRACK** Most PNM feeders operate at 600 amperes and below 14 kV, so Fast Track eligibility generally limits projects to approximately 2 MW.

**STUDY IMPACT** The minimum-load screen has increased the number of applications requiring studies or supplemental reviews at PNM.

Rule 568 eligibility depends on system safety, physical equipment ratings, and a location-specific review.

# COMMUNITY SOLAR AND CUMULATIVE DER IMPACTS

**Community Solar Phase One allocated 125 MW to PNM. With additional Tribal Community Solar, PNM now has approximately 130 MW allocated.**

**Projects are reviewed individually, but combined output can consume capacity and trigger broader system work.**

**MULTIPLE PROJECTS + EXISTING / QUEUED DER**


**SHARED SYSTEM**

**Feeder & Substation transformer Transmission Hosting capacity**

**Capacity**

can be consumed quickly

**Engineering**

may require Volt VAR limits and system upgrades

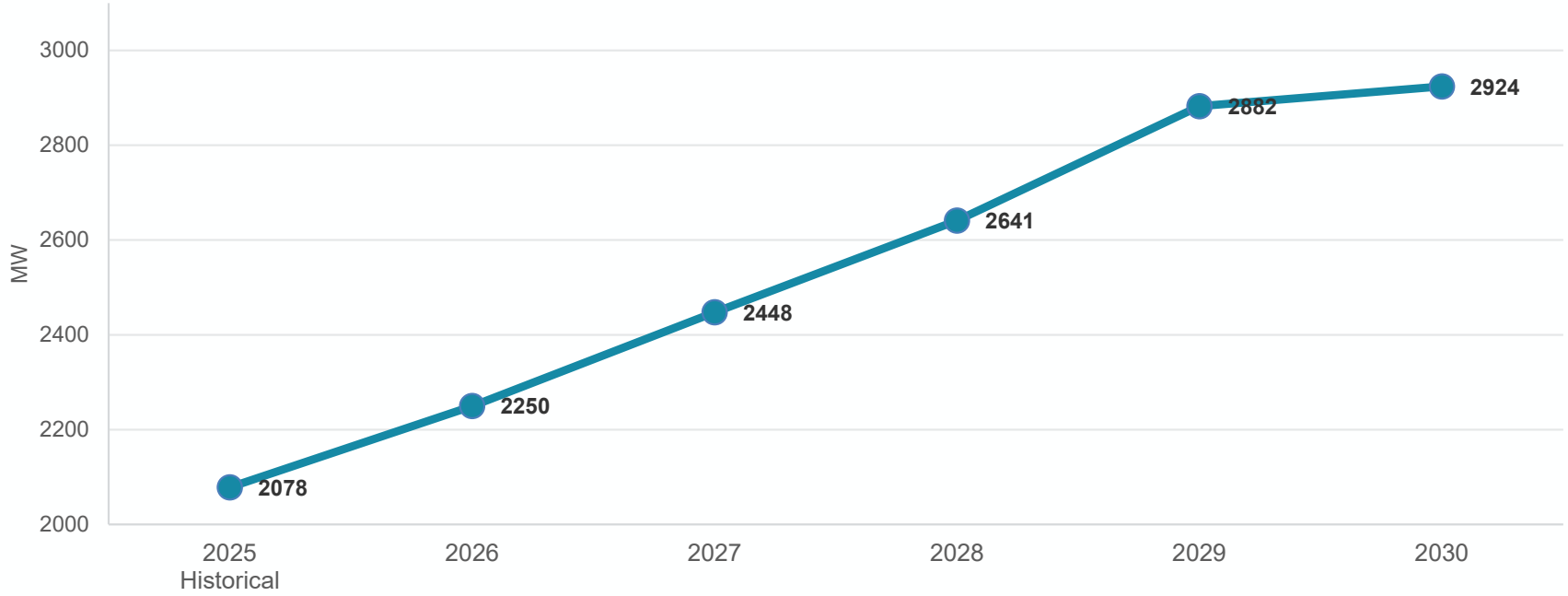
**Cost Causation**

allocation and responsibility shifts for substation or other upgrade costs

**A pre-application report identifies known constraints; it does not reserve capacity or establish queue position.**

# PNM FIVE-YEAR LOAD FORECAST

**System peak demand rises from approximately 2,250 MW in 2026 to 2,924 MW in 2030, an increase of about 30 percent.**




**This system forecast aligns with the IRP. PNM is continuing to integrate forecasting assumptions across its planning processes.**

# INVESTMENT CATEGORY DEFINITIONS

**These categories define PNM's capital investment areas of focus.**

01 **Asset Management**
Improves T&D reliability and security, supports regulatory compliance, and prepares the system for future demand. Includes jointly owned projects, blanket programs, and equipment replacement.

02 **Customer Programs**
Supports new service and customer programs, including EVs, energy efficiency, facility relocation, lighting, and electrification.

03 **Economic Development**
Supports new economic development customer load, service, and facilities.

04 **Grid Modernization**
Modernizes the distribution system through investments included in PNM's Grid Mod filings.

05 **T&D Planning**
Uses planning studies to identify capacity expansions and other improvements needed to provide safe, reliable service and serve customer load.

06 **Wildfire Mitigation**
Reduces wildfire risk through system and equipment resilience investments.

# PROJECTED CAPITAL COSTS, 2027-2031

**Projected capital is outlined directly below:**

| Rate Case Category | 2027 Estimated Capital Spend | 2028 Estimated Capital Spend | 2029 Estimated Capital Spend | 2030 Estimated Capital Spend | 2031 Estimated Capital Spend | 2027–31 Estimated Capital Spend |
|---|---|---|---|---|---|---|
| Asset Management | $101,513,276 | $134,104,342 | $135,695,993 | $148,915,465 | $163,581,285 | $683,633,038 |
| Buildings | $1,150,395 | $758,866 | $785,321 | $785,284 | $800,948 | $4,280,815 |
| Customer Programs | $71,352,131 | $84,495,857 | $81,587,361 | $88,453,260 | $87,858,893 | $413,747,502 |
| Economic Development | $13,475,307 | – | – | – | – | $13,475,307 |
| Grid Mod | $112,017,742 | $96,631,262 | $45,732,084 | $32,902,948 | $4,559,130* | $291,843,166 |
| Transmission and Distribution Planning | $50,998,350 | $86,703,866 | $48,639,927 | $91,841,130 | $52,134,563 | $330,317,836 |
| Wildfire Mitigation | $15,570,359 | $37,312,090 | $31,511,354 | $32,054,372 | $32,704,201 | $149,152,386 |
| **Total estimated capital spend** | **$366,077,569** | **$440,006,284** | **$343,952,040** | **$394,952,460** | **$341,639,021** | **$1,886,450,050** |

The 2027-2031 Projected capital budget shown above is subject to change as system conditions evolve.
* Grid Mod will be updated going forward as the program continues over its projected 11-year rollout.

# PROJECTED O&M COSTS, 2026-2030

**Projected distribution O&M is outlined directly below:**

| | 2026 Forecasted O&M Spend | 2027 Forecasted O&M Spend | 2028 Forecasted O&M | 2029 Forecasted O&M Spend | 2030 Forecasted O&M Spend | 2026–30 Forecasted O&M Spend |
|---|---|---|---|---|---|---|
| Forecasted O&M | $40,191,575 | $51,557,301 | $53,200,476 | $54,913,261 | $58,927,571 | $258,790,185 |

The 2027-2031 projected distribution O&M budget is not provided yet due to timing of PNM Board approval.

# 2027 AND 2028 CAPITAL ACTION PLAN

**Beyond continuing GridMod, wildfire-mitigation, and asset-management programs, the plan identifies four major infrastructure workstreams.**

**3** **new distribution substations**

5 transformers

**11** **existing substations**

12 transformers added or upgraded

**6** **distribution feeder**

rebuild / upgrade projects

**4** **new feeder ties**

new backup capability

**Question 27**

# Thank You

Questions and Discussion

Planned DSP filing: October 1, 2026
Stakeholder questions and PNM responses are posted at:
pnm.com/distributionsystemplan

Email: distributionsystemplan@pnm.com