BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF PUBLIC SERVICE COMPANY OF NEW MEXICO'S APPLICATION FOR APPROVAL OF ITS RENEWABLE ENERGY ACT PLAN FOR 2027 AND PROPOSED 2027 RIDER NO. 36 RATE,	)	**Docket No. 26-0000XXX**
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
Applicant	)	

DIRECT TESTIMONY

OF

SHANE GUTIERREZ

May 28, 2026

NMPRC DOCKET NO. 26-0000XXX
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WITNESS FOR
PUBLIC SERVICE COMPANY OF NEW MEXICO

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SELF AFFIRMATION

DIRECT TESTIMONY OF
SHANE GUTIERREZ
NMPRC DOCKET NO. 26-0000XXX

I. INTRODUCTION

Q. Please state your name, title, and business address.

A. My name is Shane Gutierrez. My business address is Public Service Company of New Mexico ("PNM"), 2401 Aztec Rd NE – Bldg A, Albuquerque, New Mexico 87107. I am a Senior Project Manager, Financial Modeling in PNM's Planning and Resources Department. The Planning and Resources Department is responsible for identifying the future resources PNM will need to provide electric service to retail customers.

Q. Please describe your educational background and professional experience.

A. My educational background and professional experience are summarized in PNM Exhibit SG-1, which includes a tabulation of cases before the New Mexico Public Regulation Commission ("NMPRC" or "Commission") in which I have testified.

Q. Are you sponsoring any other exhibits?

A. Yes. PNM Exhibit SG-2 is a three-page exhibit that contains the calculations supporting my testimony. It summarizes the Renewable Portfolio Standard ("RPS") requirements, and the resources PNM will use to meet those projected requirements in 2027 and 2028 plan years. I also sponsor PNM Exhibit SG-3, which is the Renewable Energy Act Procurement Plan ("2027 Plan" or "Plan").

Q. What is the purpose of your testimony?

A. My testimony:

- Describes the approvals requested in this case and identifies the other witnesses who are presenting direct testimony on behalf of PNM;
- Provides an overview of the 2027 Plan;
- Describes how PNM is positioned to satisfy current RPS requirements and meet future increases in the RPS requirements;
- Presents PNM's projected RPS requirements for 2027 and 2028;
- Demonstrates that the 2027 Renewable Energy Act Procurement Plan meets the requirements of the Renewable Energy Act, NMSA 1978, §§ 62-16-1 to -10 (2004, as amended through 2021) ("REA"), and the applicable requirements of 17.9.572 NMAC ("Rule 572") in 2027 and 2028; and
- Provides an overview of the Lightning Dock Geothermal Facility ("Lightning Dock") and reporting requirements in compliance with the Final Order in Case No. 18-00158-UT.

Q. What Commission approvals is PNM requesting in this case?

A. PNM is requesting the following:

1. Approval of PNM's 2027 Plan;

2. Approval to reset the rate for PNM's Renewable Energy Rider, Rider No. 36 ("Rider 36" or "Renewable Energy Rider") to $0.0058701/kWh, effective January 1, 2027, for recovery of RPS procurement costs anticipated to be incurred during 2027, including costs for registering and

retiring renewable energy certificates ("RECs") in the Western Renewable Energy Generation Information System ("WREGIS");

3. To the extent necessary, a variance from the data filing requirements of 17.9.530 NMAC; and

4. Pursuant to Section 62-16-4(H) of the REA, PNM requests that the Commission approve PNM's Application without a formal hearing if no protests are filed within 90 days of the date of filing its application.

Q. Is PNM proposing any new procurements as part of the 2027 Plan?

A. No.

Q. Please introduce the other PNM witnesses who are presenting direct testimony in this case.

A. The following witnesses are filing direct testimony on behalf of PNM:

- Randall Hackbarth, Project Manager, Cost of Service, presents the revenue requirements that support PNM's proposed new rate for Rider 36; and
- Erica Baca, Senior Pricing Analyst, presents PNM's proposed new rate for Rider 36, to be effective as of January 1, 2027.

II. ELEMENTS OF PNM'S 2027 PLAN

Q. Please describe PNM's requirements under the REA.

A. The REA establishes the following RPS requirements for public utilities other than rural electric cooperatives and municipalities in New Mexico:

- No later than January 1, 2020, renewable energy shall comprise no less than twenty percent of each public utility's total retail sales to New Mexico customers;
- No later than January 1, 2025, renewable energy shall comprise no less than forty percent of each public utility's total retail sales to New Mexico customers;
- No later than January 1, 2030, renewable energy shall comprise no less than fifty percent of each public utility's total retail sales to New Mexico customers;
- No later than January 1, 2040, renewable energy shall comprise no less than eighty percent of all retail sales of electricity in New Mexico, provided that compliance with this standard until December 31, 2047, shall not require the public utility to displace any zero carbon resources in the utility's generation portfolio on the effective date of the 2019 amendments; and
- No later than January 1, 2045, zero carbon resources shall supply one hundred percent of all retail sales of electricity in New Mexico.

The REA places some limits on achievement of these requirements, including the need to "maintain and protect the safety, reliable operation and balancing of loads and resources on the electric system" and to "prevent unreasonable impacts to customer electricity bills, taking into consideration the economic and environmental costs and benefits of renewable energy resources and zero carbon resources." NMSA 1978, §§ 62-16-4(A) and (B). The REA requires a utility to "generate or procure renewable energy at or below the reasonable cost threshold… to the extent necessary to meet the applicable renewable portfolio standard." NMSA 1978, § 62-16-4(E). The REA defines the reasonable cost threshold, or RCT, as "an average annual levelized cost of sixty dollars ($60.00) per megawatt-hour at the point of interconnection of the renewable energy resource with the transmission system, adjusted for inflation after 2020." NMSA 1978, § 62-16-3(E).

Q. Please describe PNM's 2027 Plan.

A. The 2027 Plan, which describes how the Company intends to meet the RPS requirement in 2027, is attached as PNM Exhibit SG-3 to my testimony.

PNM's 2027 Plan shows that PNM's projections of RECs will exceed the 2027 RPS requirement. The actual surplus or deficit of RECs will depend on actual generation levels at PNM's various owned renewable facilities, from purchased power agreements ("PPAs"), actual retail sales, and participation in PNM's voluntary renewable energy programs. However, PNM is projecting that it will

have more than sufficient RECs generated from existing resources to meet the RPS in 2027 and 2028. The Plan also proposes a change in the Rider 36 rate effective January 1, 2027. This change reflects the recovery of the costs of REA procurements during 2027 as well as the costs associated with the registration and retirement of RECs through WREGIS. The costs that make up the Rider 36 rate are discussed in the direct testimony of PNM witness Randall Hackbarth and the development of the new Rider 36 rate is discussed in the direct testimony of PNM witness Erica Baca.

Q. Please describe the strategies PNM uses to minimize costs of renewable energy integration, as required by 17.9.572.14(B)(9) NMAC.

A. First, PNM is not proposing any new procurements in this case. Integrating renewable resources requires PNM to maintain and commit increased amounts of flexible capacity—such as battery energy storage systems and flexible gas generation—to help manage the inherent variability and uncertainty of renewable energy sources.[1] Along with the addition of flexible capacity and storage resources, procuring resources in geographically diverse areas can reduce resource output variability of the portfolio. Geographic diversity of resources is also dependent on the availability of sufficient transmission to deliver those resources to serve customer demands. Finally, PNM has participated in the California Independent System Operator's ("CAISO") Western Energy Imbalance Market ("EIM") since

[1] Uncertainty is associated with weather/meteorological forecasts used to predict renewable energy output. Variability reflects the change in output given weather/meteorological conditions. Hence, even if forecasting was perfect, variability would still exist.

April 2021. As reported in PNM's Annual Report on the Costs and Savings of Participating in the EIM, PNM achieved $136 million in gross savings in 2025. PNM expects its participation in the EIM to continue to help reduce operating costs, including the cost of renewable energy integration.[2] PNM's system is currently in a period of transition due to the rapid increase in the amount of variable renewable generation and energy limited storage on the system. As we address this transition, PNM will continue to utilize these strategies to minimize renewable energy integration costs. PNM will also work with consultants and other industry experts to explore additional strategies to minimize costs of renewable energy integration.

Q. Is the 2027 Plan consistent with PNM's Integrated Resource Plan ("IRP"), as required by 17.9.572.14(C)(10) NMAC?

A. Yes. PNM filed its 2023 IRP on December 15, 2023, which was accepted by the Commission on April 4, 2024. On October 10, 2024, PNM filed its 2023 IRP Supplemental Analysis revising its statement of need and action plan in response to PNM's May 2024 notice of Material Event, which was driven by an update to PNM's demand and energy load forecast. The 2023 IRP and the IRP Supplemental Analysis includes all the REA resources in the 2027 Plan and considers how PNM will cost effectively and reliably be able to meet its RPS goals from 2023 through 2042. The 2027 Plan is consistent with PNM's 2023 IRP and the IRP Supplemental Analysis.

[2] PNM files quarterly and annual compliance reports in Case No. 18-00261-UT, *In the Matter of Public Service Company of New Mexico's Request for a Commission Order Governing the Accounting Treatment of Costs Related to Joining the Western EIM.*

Q. Have any supply chain disruptions impacted PNM's current and future RPS compliance?

A. No. Supply chain disruptions have caused delays in renewable energy and battery storage projects that were originally expected to come online in 2023-2024, including Jicarilla Solar and Arroyo Solar, as identified in recent updates to NMPRC Case Nos. 19-00195-UT and 20-00182-UT. However, even after accounting for these delays, PNM has met its RPS obligations for 2025 and still expects to exceed its projected requirements in 2026, 2027, and 2028. PNM recognizes that the assumptions related to projected renewable energy production included in this Application and testimonies, especially the estimates for 2028, are subject to change, and PNM will continue to provide updates in other dockets as required by the NMPRC.

Q. Have U.S. tariff policies impacted PNM's RPS compliance projections for 2027 or 2028?

A. No. PNM is not proposing to procure any new resources to meet its RPS obligations that would likely be impacted by any tariffs or changes to tariffs in the first quarter of 2026. PNM's existing renewable portfolio is sufficient to meet PNM's RPS obligations for 2027 and 2028 and all approved PPAs are not expected to change.

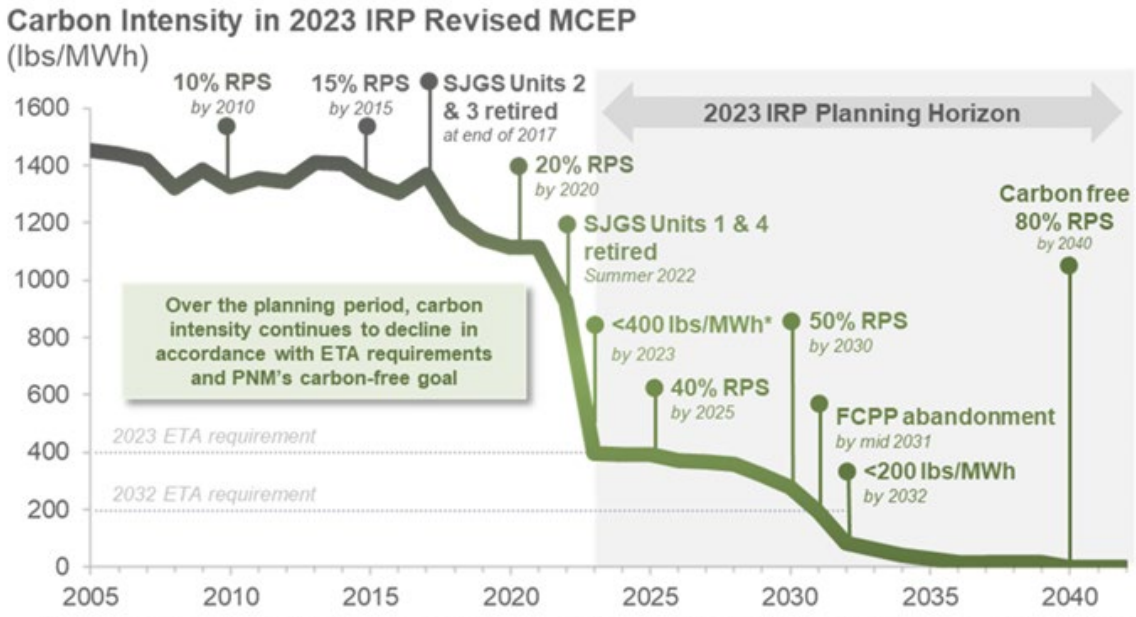
III. REASONABLE AND CONSISTENT PROGRESS TOWARD MEETING THE REA'S INCREASING RPS AND CARBON-FREE STANDARD

Q. Is PNM positioned to make reasonable and consistent progress toward meeting the REA's increasing RPS and zero-carbon resource standard in 2045? [17.9.572.10(A) NMAC and NMSA 1978, Section 62-16-4(A)(6)]

A. Yes. As shown below in PNM Figure SG-1, PNM has met or exceeded the increasing RPS requirements, made significant strides in lowering carbon intensity of its resource portfolio, and expects to meet the zero carbon requirements by 2045.

PNM Figure SG-1 – Carbon Intensity over time under PNM's Revised MCEP

(Source: 2023 IRP Supplemental Analysis – October 10, 2024)



Reported carbon intensity is calculated from modeling results by dividing total emissions from PNM internal generation by total annual energy requirements. Actual outcomes may vary depending on final rules adopted by the NMPRC. Delays of replacement resources for SJGS and PVNGS may also have an impact on PNM's ability to meet ETA carbon intensity requirements in 2023 and 2024.

Q. Is PNM on track to comply with the CO2 emissions standard of the Energy Transition Act?

A. Yes. PNM filed its second annual report with the Commission on March, 13 2026, pursuant to 17.9.561.9 NMAC, which indicated PNM complied with the ETA CO2 standard for the reporting period 2023-2025.

Q. Has PNM provided the capital, operating, and fuel costs for certain resources as required by 17.9.572.14(C)(6) NMAC?

A. Yes, 17.9.572.14(C)(6) NMAC requires utilities to include in their annual REA plans:

> the capital, operating and fuel costs on a per-megawatt-hour basis during the preceding calendar year of each nonrenewable generation resource rate-based by the utility, or dedicated to the utility through a power purchase agreement of one year or longer, and the nonrenewable generation resources' carbon dioxide emissions on a per-megawatt-hour basis during that same year[.]

The required information can be found in Section V of PNM's 2027 RPS plan (PNM Exhibit SG-3).

IV. LIGHTNING DOCK

Q. Please describe the Lightning Dock facility.

A. Lightning Dock is a generation facility owned by Zanskar Geothermal & Minerals, Inc ("Zanskar") located near Lordsburg, New Mexico in Hidalgo County that produces electricity from geothermal resources. The nameplate capacity of the facility is 15 MW and is equivalent to 11 MW of capacity when netted with on-site auxiliary loads (wellfield pumps, motors, and infrastructure). The facility is interconnected to Columbus Electric Cooperative with energy wheeled through Tri-

State Generation and Transmission's system for delivery to PNM at the Hidalgo station.

Q. Please describe how Lightning Dock fits into PNM's renewable portfolio.

A. PNM has a PPA for all energy and RECs produced from the Lightning Dock facility (up to 77,000 MWh per year) to help PNM in meeting its existing and future RPS requirements. PNM procured this resource to help meet the REA's non-wind/solar diversity provision, which has since been repealed in statute and Commission rules. Lightning Dock delivers renewable energy to PNM around-the-clock, which distinguishes itself from other renewable energy, like solar and wind, which are intermittent by nature. Also, the output from this geothermal resource provides carbon-free energy during all hours to assist in meeting carbon emission portfolio requirements under the ETA.

Q. Why has Lightning Dock become a major discussion topic in PNM's previous REA Plans?

A. Since its approval by the Commission in 2012 (Case No. 12-00131-UT), the Lightning Dock facility has faced various equipment and resource challenges that have hindered the geothermal plant's expected performance. In 2017, Lightning Dock filed for bankruptcy and proposed to re-power the facility with new equipment with the intent of increasing energy production in line with original plans. In PNM's 2018 REA Plan (Case No. 17-00129-UT), the Commission

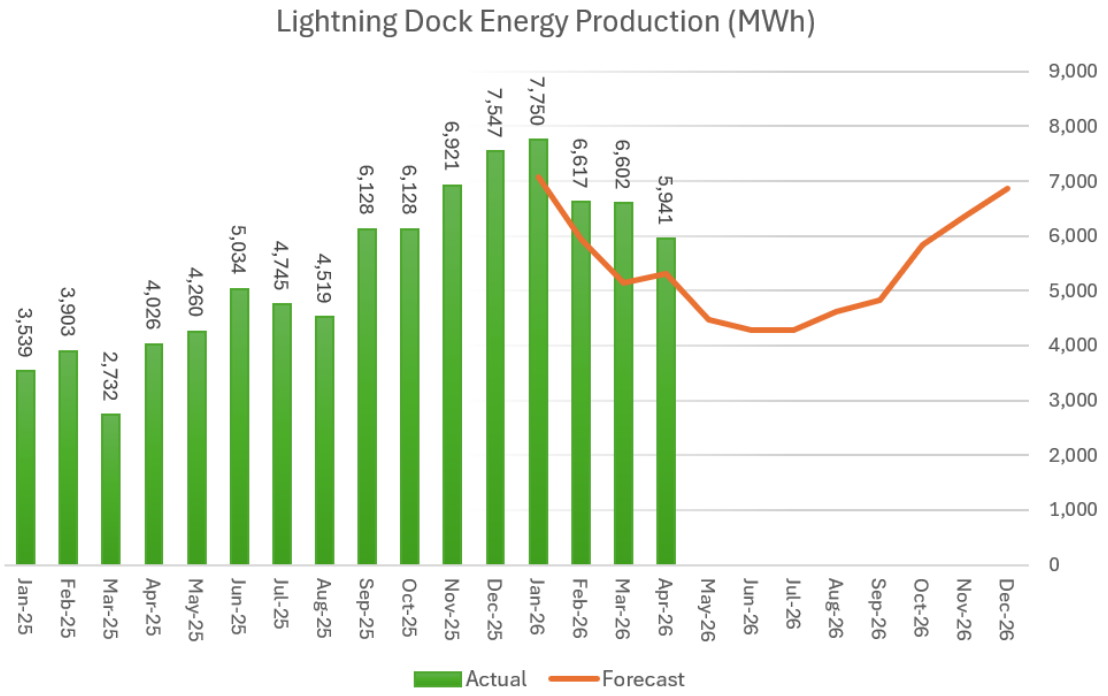
approved an amended PPA to purchase energy from Lightning Dock at the currently approved pricing over a 25-year term. The Commission's approval of PNM's 2018 REA Plan was upheld on appeal by the New Mexico Supreme Court. In light of the various facility and regulatory challenges, PNM and NMPRC Utility Division Staff agreed to provide certain reporting requirements ("Consent Agreement") concerning Lightning Dock in future PNM REA plan filings. These reporting requirements were approved by the Commission in PNM's 2019 REA Plan (Case No. 18-00158-UT).

Q. Please provide a description of improvements made to the Lightning Dock facility in 2025 and 2026?

A. Since Zanskar assumed ownership in 2024 there have been $1.2 M of investments made at the Lightning Dock facility to address critical plant issues to enhance performance and reliability of the plant. Investments have been made in turbine and generator repairs, lubrication system improvements, injection well repairs and improvements, repairs to leaks, control system improvements and electric relay improvements. Relay improvements have reduced site trip frequency by 15% in 2025 with a goal to reduce by another 10% in 2026. Facility availability has also increased from 96% in 2025 to 98% in 2026. Additionally, Zanskar invested a minimum of $6.5 M in drilling a new production well that provides additional geothermal water flow, at higher temperatures, allowing for increased energy production. The new production well was drilled and tied into the existing facility in May 2025, showing noticeable improvements to facility production.

Q. Does PNM expect Lightning Dock to meet Zanskar's annual energy projection for 2027?

A. Yes. PNM expects the facility to produce at or above its projected annual energy output for 2027 of approximately 65,000 MWh. A prompt-year projection is provided to PNM annually, designated "Exhibit E" within the PPA, and utilized in PNM's RPS calculations and projections for the plan year. See Figure SG-2 below for a comparison of actual production and estimated production for 2025 and 2026.



Q. Please describe the Commission's order regarding reporting requirements in Docket No. 25-00042-UT.

A. Decretal Paragraph G of the Final Order in Docket No. 25-00042-UT, sets forth a requirement for PNM's 2027 Plan filing: "PNM shall continue reporting about

Lightning Dock in the manner required by Docket No. 18-00158-UT and PNM's subsequent REA plan cases." These reporting requirements and my responses to them are shown in the next five questions/answers in this section of my direct testimony.

Q. What was the facility's energy production in 2025 and the first three months of 2026?

A. Geothermal energy production for the calendar year 2025 was 58,098 MWh. Energy production in 2026 through March was 20,969 MWh.

Q. Has there been any change or supplement, including assignments, of the Lightning Dock PPA or the Consent Agreement since June 4, 2018, the date PNM entered into the Consent Agreement?

A. No.

Q. Have there been any Lightning Dock Events of Default in the prior calendar year and to date in 2026?

A. No. Recent plant enhancements have been completed, and production has significantly improved over historical energy production from the facility . PNM and Zanskar remain in periodic contact to discuss developer plans to maintain increased production from the facility. Also, Zanskar believes that the facility will meet the targeted production in 2027. Therefore, PNM is currently not pursuing any action regarding contractual disputes or events of default.

Q. Have there been any bankruptcy proceedings related to the Lightning Dock procurement in the prior calendar year and to date in 2026?

A. No.

Q. Have there been any changes to PNM's credit analysis of Lightning Dock or Zanskar ?

A. No.

V. PLAN YEAR (2027) RPS COMPLIANCE

Q. What is PNM's RPS requirement for 2027?

A. Pursuant to 17.9.572.10 NMAC and Section 62-16-4(A) of the REA, the RPS requirement for 2027 is 40% of retail sales. PNM's projected retail sales in 2027 are 11,932,769 MWh. For purposes of calculating the RPS, Section 62-16-7(B)(2) of the REA requires PNM to reduce total projected retail sales for sales made under a Commission-approved voluntary program. PNM has two voluntary renewable energy programs that are applicable to the RPS calculation: Rate No. 36B, pursuant to which PNM provides renewable energy to match the load of the Rate No. 36B customer's data center pursuant to the Special Service Contract approved by the Commission in Docket No. 25-00048-UT; and Solar Direct, a voluntary program for large customers, which was approved by the Commission in Docket No. 19-00158-UT. After reducing the retail sales projection by 2,908,052 MWh for sales

under these voluntary programs, PNM's sales subject to the RPS are 9,024,717 MWh. The RPS requirement is therefore equal to 40% of those sales, or 3,609,887 MWh. These calculations are shown on page 1, lines 1-5 of PNM Exhibit SG-2.

Q. Has the RPS requirement been adjusted to account for PNM's Sky Blue voluntary program?

A. No. In Docket No. 25-00071-UT PNM has proposed the termination of the Sky Blue voluntary renewable energy program no later than December 31, 2026, and is awaiting approval in that case. For purposes of the RPS calculations, PNM no longer assumed an adjustment to the RPS requirement and that the RECs formerly associated with that program will be used to meet RPS compliance beginning January 1, 2027, in anticipation of the commission's approval.

Q. Will PNM's existing renewable resources provide sufficient RECs to meet the RPS in 2027?

A. Yes. PNM anticipates exceeding its 2027 RPS requirements by 655,663 RECs, as shown on page 1, line 7, in PNM Exhibit SG-2. PNM expects to bank its 2027 surplus RECs, which it will add to the prior year's bank, to help meet future RPS compliance. The actual surplus and banked RECs will depend on actual renewable production, actual retail sales, and participation in PNM's voluntary renewable energy programs.

Q. What are the costs of PNM's portfolio of RPS resources in 2027?

A. Total costs for 2027 are $52.9 M as shown on page 1, line 17 of PNM Exhibit SG-2. Page 2 of PNM Exhibit SG-2 further details the resources and their projected costs for 2027. PNM witness Randall Hackbarth provides the 2027 revenue requirement for the portfolio in his direct testimony.

Q. What types of resources will comprise PNM's RPS portfolio in 2027?

A. I will describe the specific renewable resources in more detail later in my testimony. The portfolio will be comprised of 24 % wind, 74% solar photovoltaic ("PV"), 2% "other" (non-wind, non-solar), and 1% contracted distributed generation resources before any REC banking projections are accounted for. The components above are rounded to the nearest percentage.

VI. NEXT PLAN YEAR (2028) RPS COMPLIANCE

Q. What is PNM's projected RPS requirement for 2028?

A. PNM's projected retail sales in 2028 are 13,134,726 MWh. After reducing the retail sales projection by 2,899,517 MWh for projected sales under voluntary programs, PNM's sales subject to the RPS are 10,235,208 MWh. The RPS requirement is therefore equal to 40% of those sales, or 4,094,083 MWh. These calculations are shown on page 1, lines 1-5 of PNM Exhibit SG-2.

Q. Will PNM's existing renewable resources provide sufficient RECs to meet the RPS in 2028?

A. Yes. PNM anticipates exceeding its 2028 RPS requirements by 460,912 RECs, as shown on page 1, line 7, in PNM Exhibit SG-2. PNM expects to bank its 2028 surplus RECs, which it will add to the prior year's bank, to help meet future RPS compliance. The actual surplus and banked RECs will depend on actual renewable production, actual retail sales, and participation in PNM's voluntary renewable energy programs.

Q. What are the projected costs of PNM's portfolio of RPS resources in 2028?

A. Total costs for 2028 are projected to be $53.2 M, as shown on page 1, line 17 of PNM Exhibit SG-2. Page 3 of PNM Exhibit SG-2 further details the resources and their projected costs for 2028.

Q. What types of resources will comprise PNM's RPS portfolio in 2028?

A. I will describe the specific renewable resources in more detail below. The portfolio will consist of 22% wind, 75% solar PV, 1% "other", and 1% distributed generation before any REC banking projections are accounted for. The components above are rounded to the nearest whole percentage point.

VII. RESOURCES FOR RPS COMPLIANCE

Q. Have you prepared an overview of PNM's existing renewable resources intended to comply with PNM's RPS requirements?

A. Yes. PNM's existing renewable resources for RPS compliance include wind, solar PV, geothermal energy, and purchases of RECs associated with customer-sited solar PV facilities on PNM's system. REC projections and cost information for these resources are provided on pages 2 and 3 of PNM Exhibit SG-2.

Q. Please describe PNM's existing wind resources.

A. PNM has three existing sources of wind generation:

1) PNM has a PPA for all the output of the 200 MW New Mexico Wind Energy Center ("NMWEC") located in Quay County, New Mexico. Energy production from NMWEC is expected to be approximately 481,000 MWh and associated RECs annually.
2) PNM has a PPA for the entire output of the Red Mesa Wind Energy Center ("Red Mesa"), a 102 MW facility in Cibola County, New Mexico. Energy production from Red Mesa is expected to be approximately 150,000 MWh in each of 2027 and 2028.
3) PNM has a PPA for the entire output of the La Joya II wind facility located in Torrance County, New Mexico. Energy production from La Joya II is expected to be approximately 388,000 MWh in each of 2027 and 2028.

Q. Please describe PNM's existing solar RPS resources.

A. PNM owns 117 MW of solar PV generation that has been procured solely to meet RPS compliance. The 117 MW of solar PV is comprised of the following:

a) Energy produced by 22.5 MW of solar PV facilities that were constructed in 2011 ("2011 PNM Solar PV"). This includes the 0.5 MW Prosperity solar PV with battery storage project. The production from these facilities is projected to be approximately 46,000 MWh in each of 2027 and 2028.[3]

b) Energy produced by 21.5 MW of solar PV facilities that became operational in 2013 ("2013 PNM Solar PV"). PNM allocates the energy produced from 1.5 MW of the 21.5 MW of 2013 PNM Solar PV to PNM's Sky Blue program. The energy production from 20 MW of the 2013 PNM Solar PV is projected to be approximately 44,000 MWh in each of 2027 and 2028.[4]

c) Energy produced by 23 MW of solar PV facilities that became operational in 2014 ("2014 PNM Solar PV"). The energy production from the 2014 PNM Solar PV is projected to be approximately 58,000 MWh in 2027 and 57,000 MWh in 2028.[5]

d) PNM owns solar PV facilities at its Algodones site (25 kW) and its Aztec building in Albuquerque (5 kW). The MWh-RECs associated with the energy from these facilities have a grandfathered 3-1 weighting and the

[3] PNM assumes that production will decline 0.5% annually due to degradation of these solar PV panels.
[4] PNM assumes that production will decline 0.5% annually due to degradation of these solar PV panels.
[5] PNM assumes that production will decline 0.5% annually due to degradation of these solar PV panels.

combined annual output from these facilities is projected to be approximately 52 MWh in each of 2027 and 2028.[6]

e) Energy produced by 50 MW of solar PV facilities that became operational in 2019 ("2019 PNM Solar PV"). The energy production from the 2019 PNM Solar PV is projected to be approximately 134,000 MWh in 2027 and 133,000 MWh in 2028.[7]

Q. What system resources is PNM expected to use for RPS compliance?

A. PNM has procured many system resources in other dockets in which PNM can utilize the RECs from these resources to meet our RPS requirements. Additionally, the Commission approved PNM's ability to use RECs for RPS compliance per the Community Solar Act, NMSA 1978, §§ 62-16B-1 to -8, and 17.9.573 NMAC which provides for PNM's share of community solar projects totaling 310 MW of solar installations. These system resources are described in more detail below:

a) PNM uses RECs produced by 40 MW of solar PV facilities that became operational in 2015 ("2015 PNM Solar PV") for RPS compliance. The energy production from the 2015 PNM Solar PV is projected to be approximately 100,000 MWh in each of 2027 and 2028.[8]

b) PNM has a PPA for all the output from the 50 MW Jicarilla Solar I facility. This PPA was approved in Case No. 19-00195-UT. The energy

[6] PNM assumes that production will decline 1.0% annually due to degradation of these solar PV panels.
[7] PNM assumes that production will decline 0.5% annually due to degradation of these solar PV panels.
[8] PNM assumes that production will decline 0.7% annually due to degradation of these solar PV panels.

production from the Jicarilla Solar I facility is projected to be approximately 94,000 MWh in each of 2027 and 2028.

c) PNM has a PPA for all the output from the 300 MW Arroyo Solar facility. This PPA was approved in Case No. 19-00195-UT. The energy production from the Arroyo Solar facility is projected to be approximately 684,000 MWh in 2027 and 679,000MWh in 2028.

d) PNM has a PPA for all the output from the 200 MW San Juan Solar facility. This PPA was approved in Case No. 19-00195-UT. The energy production from this facility is projected to be approximately 563,000 MWh in 2027 and 560,000 MWh in 2028.

e) PNM has a PPA for all the output from the 300 MW Atrisco Solar facility. This PPA was approved in Case No. 21-00083-UT. The energy production from this facility is projected to be approximately 883,000 MWh in 2027 and 877,000 MWh in 2028.

f) PNM plans to use RECs produced from the Sunbelt 100 MW solar facility that is expected to be in-service in mid-2028. This PNM owned facility was approved in Case No. 24-00271-UT. The energy production from this facility is projected to be approximately 203,000 MWh in 2028.

g) PNM plans to use RECs produced from community solar facilities that began producing energy and RECs in late 2025. The energy production from Phase I and II of solar facilities is projected to be approximately 262,000 MWh in 2027 and 371,000 MWh in 2028.

Q. Please describe PNM's existing "other" (non-wind, non-solar) resources.

A. As described earlier in this testimony, PNM has a PPA for the output produced by the Lightning Dock geothermal facility. Energy production from this facility is projected to be about 66,000 MWh in each of 2027 and 2028.

Q. What REC purchase arrangements does PNM have for customer-sited solar PV systems?

A. Pursuant to REC purchase programs approved by the Commission, PNM has REC purchase contracts with PNM customers who interconnect solar PV systems to their homes, commercial buildings, or other customer facilities. Under these programs, PNM acquires some or all the RECs associated with the energy generated from the customer-sited solar PV facility. These programs include the Large PV REC Purchase Program ("Large PV Program"), the Solar REC Incentive Programs ("SIP"), the Capacity Reservation Program ("2018-2022 DG Capacity Reservations") and a program defined per a stipulation in Case 13-00390-UT ("Case 13-00390-UT Stipulation"). PNM expects that these programs collectively will generate about 38,000 RECs in 2027 and 34,000 RECs in 2028.

Q. Please describe the WREGIS costs associated with PNM's renewable resources.

A. Pursuant to 17.9.572.17(E) NMAC, WREGIS certification is required for all RECs used to demonstrate compliance with the RPS. PNM's annual WREGIS fee is $83 per year to maintain an account. Additionally, WREGIS charges a fee of $0.004

per REC for certificate issuance or transfer and $0.004 per REC for retirement, for a total fee of $0.008 per REC. For the Red Mesa and Dale Burgett resources, PNM only incurs the cost to retire MWh-RECs from those facilities as those RECs are transferred to PNM; thus only $0.004 per REC is applied. Additionally, PNM applies the WREGIS fee for REC retirement only in the year that RECs or banked RECs are used for RPS compliance.

VIII. VARIANCE FROM RULE 530

Q. Is PNM requesting a variance from the Rule 530 reporting requirements?

A. Yes. PNM is requesting that the Commission grant a variance from the data filing requirements of Rule 530 to the extent that it is required. Rule 530 requires the filing of extensive data schedules that are unnecessary for review and approval of the Rider 36 rate PNM seeks approval of here. The Commission has granted similar variances from Rule 530 in the past, e.g., *Order Granting Variances*, Case No. 12-00007-UT (February 3, 2012).

IX. WAIVER FROM FORMAL HEARING

Q. Does PNM have any additional requests?

A. Yes. PNM is requesting that the Commission approve PNM's Application without a formal hearing if no protests are filed within 90 days of the date of filing its application, pursuant to Section 62-16-4(H) of the REA. The RPS resources

included in PNM's 2027 Plan are more than sufficient to meet the RPS. The sufficiency of PNM's RPS resources is all that needs to be confirmed for purposes of approving the 2027 Plan, which can be accomplished without the need for a formal hearing.

X. CONCLUSION

Q. Please summarize the reasons why PNM's 2027 Plan is in the public interest and should be approved.

A. The 2027 Plan is in the public interest because it satisfies the policy goals established in the REA, including the RPS requirement for 2027, and complies with all applicable requirements of Rule 572. The 2027 Plan does not require the addition of new resources and continues to rely on resources previously approved by the Commission in prior PNM plans and in other dockets. For these reasons, PNM's 2027 Plan is in the public interest and should be approved.

Q. Does this conclude your direct testimony?

A. Yes, it does.

GCG#535308v3

Statement of Qualifications Shane Gutierrez

PNM Exhibit SG-1

Is contained in the following 1 page.

SHANE GUTIERREZ
STATEMENT OF QUALIFICATIONS

Address: PNM Resources Inc.
414 Silver Ave. SW
Albuquerque, NM 87102

Position: Senior Project Manager, Financial Modeling

Education: B.S., Electrical Engineering, New Mexico State University, 2001

Employment:

Public Service Company of New Mexico
Senior Project Manager, Financial Modeling, 2020 to Present
Engineer IV, Planning & Resources Dept., 2010 to 2020
Engineer, Utility Margin Department, 2009-2010

Public Service Company of Colorado
Planning Engineer/Engineer, Transmission Planning and Transmission Access Dept., 2002 to 2009

New Mexico Public Regulation Commission Testimony:

Case No. 12-00131-UT	PNM's 2013 Renewable Energy Plan
Case No. 13-00183-UT	PNM's 2014 Renewable Energy Plan
Case No. 14-00158-UT	PNM's 2015 Renewable Energy Plan
Case No. 15-00166-UT	PNM's 2016 Renewable Energy Plan
Case No. 16-00148-UT	PNM's 2017 Renewable Energy Plan
Case No. 17-00129-UT	PNM's 2018 Renewable Energy Plan
Case No. 18-00158-UT	PNM's 2019 Renewable Energy Plan
Case No. 19-00159-UT	PNM's 2020 Renewable Energy Plan
Case No. 20-00124-UT	PNM's 2021 Renewable Energy Plan
Case No. 21-00143-UT	PNM's 2022 Renewable Energy Plan
Case No. 22-00143-UT	PNM's 2023 Renewable Energy Plan
Case No. 23-00196-UT	PNM's 2024 Renewable Energy Plan
Case No. 24-00207-UT	PNM's 2025 Renewable Energy Plan
Case No. 25-00042-UT	PNM's 2026 Renewable Energy Plan

RPS Calculations for 2027 and 2028

PNM Exhibit SG-2

Is contained in the following 3 pages.

PNM Exhibit SG-2

Line	2027 Plan RPS Summary			Line
	RPS Requirements	**2027**	**2028**	
1	Annual Retail Sales (MWh)	11,932,769	13,134,726	1
2	(-) Voluntary Tariff Sales (MWh)	2,908,052	2,899,517	2
3	Net Annual Retail Sales (MWh)	9,024,717	10,235,208	3
4	RPS (%)	40%	40%	4
5	RPS (MWh)	3,609,887	4,094,083	5
	RPS Compliance & Diversity	**2027**	**2028**	
6	Portfolio RECs	4,265,550	4,554,995	6
7	On-Year REC Surplus	655,663	460,912	7
8	Prior-Year Banked RECs	2,356,250	3,011,913	8
9	REC Bank Total	3,011,913	3,472,824	9
10	RECs used for RPS Compliance	3,609,887	4,094,083	10
11	Portfolio Percent of Annual Sales (%)	40%	40%	11
12	Portfolio Percent of RPS Goal (%)	100%	100%	12
13	Wind Diversity (%)	23.9%	22.4%	13
14	Solar Diversity (%)	73.7%	75.4%	14
15	Other Diversity (%)	1.5%	1.4%	15
16	DG Diversity (%)	0.9%	0.8%	16
	Portfolio Cost	**2027**	**2028**	
17	On-Year Portfolio Cost ($)	$53,173,470	$65,634,998	17

Notes for Numbered Rows

1 *Includes annual retail sales and impacts due to energy efficiency and distributed generation*

2 *Includes sum of lesser of voluntary customer sales or renewable production*

3 *Line 1 - Line 2*

4 *Renewable Portfolio Standard goal*

5 *Line 3 x Line 4*

6 *Annual Sum of projected RECs for PNM's portfolio for RPS Compliance*

7 *Line 6 - Line 5*

8 *Prior Year Banked RECs*

9 *Line 7 + Line 8*

10 *If Line 8 < 0 = Line 6 - Line 7 - Line 8, If Line 8 > 0 = Line 6 - Line 7*

11 *Line 10 ÷ Line 3*

12 *Line 10 ÷ Line 5*

13 *Sum of Wind RECs divided by Portfolio RECs*

14 *Sum of Solar RECs divided by Portfolio RECs*

15 *Sum of Other RECs divided by Portfolio RECs*

16 *Sum of DG RECs divided by Portfolio RECs*

17 *Sum of portfolio procurement costs, including WREGIS fees*

		A	B	C	D = B + C	E = A * D	F	G	
	2026	**MWh RECs**	**Cost $/MWh-REC**	**WREGIS Cost $/MWh-REC**	**Total Cost $/MWh-REC**	**Total Cost $**	**2026 RCT**	**Compare to col. D**	
[1]	**Utility Wind**								[1]
[2]	New Mexico Wind Energy Center1	472,071	$27.25	$0.008	$27.26	$12,867,713	$76.89	**Below**	[2]
[3]	Red Mesa	150,300	$34.72	$0.004	$34.72	$5,218,267	$76.89	**Below**	[3]
[4]	La Joya II	388,000	$17.48	$0.004	$17.48	$6,783,792	$76.89	**Below**	[4]
[5]	**Total Utility Wind**	**1,010,371**				**$24,869,772**			[5]
[6]									[6]
[7]	**Distributed Generation**								[7]
[8]	Large PV RECs	8,090	$150.12	$0.008	$150.12	$1,214,506	$76.89	**Above**	[8]
[9]	SIP RECs $0.14 - $0.05	20,390	$44.17	$0.008	$44.18	$900,730	$76.89	**Below**	[9]
[10]	2018-2022 DG Capacity Reservations	9,733	$2.12	$0.008	$2.13	$20,693	$76.89	**Below**	[10]
[11]	Case 13-00390-UT Stipulation	3,583	$2.21	$0.008	$2.22	$7,949	$76.89	**Below**	[11]
[12]	**Total Distributed Generation**	**41,796**				**$2,143,877**			[12]
[13]									[13]
[14]	**Utility Solar**								[14]
[15]	Algodones/Aztec @3:1	53	$0.00	$0.008	$0.01	$0	$76.89	**Below**	[15]
[16]	2011 PNM Solar PV 22.5 MW	46,227	$92.28	$0.008	$92.289	$4,266,254	$76.89	**Above**	[16]
[17]	2013 PNM Solar PV 20 MW1	44,170	$77.60	$0.008	$77.61	$3,428,163	$76.89	**Above**	[17]
[18]	2014 PNM Solar PV 23 MW	57,832	$66.75	$0.008	$66.76	$3,860,614	$76.89	**Below**	[18]
[19]	2015 PNM Solar PV 40 MW	101,226	$0.00	$0.008	$0.01	$810	$76.89	**Below**	[19]
[20]	2019 PNM Solar PV 50 MW	134,911	$52.45	$0.008	$52.454	$7,076,605	$76.89	**Below**	[20]
[21]	Community Solar RECs	135,140	$0.00	$0.008	$0.01	$1,081	$76.89	**Below**	[21]
[22]	Jicarilla Solar I PPA 50 MW	95,130	$0.00	$0.008	$0.008	$761	$76.89	**Below**	[22]
[23]	Arroyo Solar PPA 300 MW	688,449	$0.00	$0.008	$0.008	$5,508	$76.89	**Below**	[23]
[24]	San Juan Solar 1 PPA 200 MW	565,403	$0.00	$0.008	$0.008	$4,523	$76.89	**Below**	[24]
[25]	Atrisco Solar PPA 300 MW	889,744	$0.00	$0.008	$0.008	$7,118	$76.89	**Below**	[25]
[26]	Quail Ranch PPA 100 MW	276,482	$0.00	$0.008	$0.008	$2,212	$76.89	**Below**	[26]
[27]	**Total Utility Solar**	**3,034,769**				**$18,653,649**			[27]
[28]									[28]
[29]	**Utility "Other"**								[29]
[30]	Dale Burgett Geothermal PPA	65,492	$108.44	$0.004	$108.44	$7,102,081	$76.89	**Above**	[30]
[31]									[31]
[32]	**RECs for RPS**								[32]
[33]	2026 Vintage RECs	(867,870)	$0.00	$0.004	$0.00	($3,471)	$76.89	**Below**	[33]
[34]	**2026 Total Production & Costs**	**3,284,558**				**$52,765,908**			[34]
[35]	**2026 Filing Costs & Fees ($)**					**$50,125**			[35]
[36]	**2026 Portfolio Costs ($)**					**$52,816,033**			[36]
[37]	**2026 Average Cost ($/MWh-REC)**					**$16.08**			[37]
[38]	**2026 RPS Compliance Goal (%)**					**40.0%**			[38]
[39]	**2026 RPS Compliance (%)**					**40.0%**			[39]

Notes

1). Projected energy accounts for allocation to PNM Sky Blue Program.

		A	B	C	D = B + C	E = A * D	F	G	
	2027	**MWh RECs**	**Cost $/MWh-REC**	**WREGIS Cost $/MWh-REC**	**Total Cost $/MWh-REC**	**Total Cost $**	**2027 RCT**	**Compare to col. D**	
[1]	**Utility Wind**								[1]
[2]	New Mexico Wind Energy Center1	481,400	$27.25	$0.008	$27.26	$13,122,001	$79.20	**Below**	[2]
[3]	Red Mesa	150,300	$35.41	$0.004	$35.41	$5,322,621	$79.20	**Below**	[3]
[4]	La Joya II	388,000	$17.48	$0.004	$17.48	$6,783,792	$79.20	**Below**	[4]
[5]	**Total Utility Wind**	**1,019,700**				**$25,228,414**			[5]
[6]									[6]
[7]	**Distributed Generation**								[7]
[8]	Large PV RECs	8,090	$150.12	$0.008	$150.12	$1,214,506	$79.20	**Above**	[8]
[9]	SIP RECs $0.14 - $0.05	20,390	$44.17	$0.008	$44.18	$900,730	$79.20	**Below**	[9]
[10]	2018-2022 DG Capacity Reservations	7,299	$2.17	$0.008	$2.18	$15,896	$79.20	**Below**	[10]
[11]	Case 13-00390-UT Stipulation	2,389	$2.21	$0.008	$2.22	$5,297	$79.20	**Below**	[11]
[12]	**Total Distributed Generation**	**38,168**				**$2,136,429**			[12]
[13]									[13]
[14]	**Utility Solar**								[14]
[15]	Algodones/Aztec @3:1	52	$0.00	$0.008	$0.01	$0	$79.20	**Below**	[15]
[16]	2011 PNM Solar PV 22.5 MW	45,994	$93.59	$0.008	$93.601	$4,305,062	$79.20	**Above**	[16]
[17]	2013 PNM Solar PV 20 MW1	43,950	$76.99	$0.008	$77.00	$3,384,159	$79.20	**Below**	[17]
[18]	2014 PNM Solar PV 23 MW	57,543	$66.47	$0.008	$66.48	$3,825,346	$79.20	**Below**	[18]
[19]	2015 PNM Solar PV 40 MW	100,467	$0.00	$0.008	$0.01	$804	$79.20	**Below**	[19]
[20]	2019 PNM Solar PV 50 MW	133,899	$51.85	$0.008	$51.854	$6,943,162	$79.20	**Below**	[20]
[21]	Community Solar RECs	261,641	$0.00	$0.008	$0.01	$2,093	$79.20	**Below**	[21]
[22]	Jicarilla Solar I PPA 50 MW	94,460	$0.00	$0.008	$0.008	$756	$79.20	**Below**	[22]
[23]	Arroyo Solar PPA 300 MW	683,596	$0.00	$0.008	$0.008	$5,469	$79.20	**Below**	[23]
[24]	San Juan Solar 1 PPA 200 MW	562,562	$0.00	$0.008	$0.008	$4,500	$79.20	**Below**	[24]
[25]	Atrisco Solar PPA 300 MW	883,472	$0.00	$0.008	$0.008	$7,068	$79.20	**Below**	[25]
[26]	Quail Ranch PPA 100 MW	274,547	$0.00	$0.008	$0.008	$2,196	$79.20	**Below**	[26]
[27]	**Total Utility Solar**	**3,142,182**				**$18,480,616**			[27]
[28]									[28]
[29]	**Utility "Other"**								[29]
[30]	Dale Burgett Geothermal PPA	65,500	$111.15	$0.004	$111.15	$7,280,509	$79.20	**Above**	[30]
[31]									[31]
[32]	**RECs for RPS**								[32]
[33]	2027 Vintage RECs	(655,663)	$0.00	$0.004	$0.00	($2,623)	$79.20	**Below**	[33]
[34]	**2027 Total Production & Costs**	**3,609,887**				**$53,123,345**			[34]
[35]	**2027 Filing Costs & Fees ($)**					**$50,125**			[35]
[36]	**2027 Portfolio Costs ($)**					**$53,173,470**			[36]
[37]	**2027 Average Cost ($/MWh-REC)**					**$14.73**			[37]
[38]	**2027 RPS Compliance Goal (%)**					**40.0%**			[38]
[39]	**2027 RPS Compliance (%)**					**40.0%**			[39]

Notes

1). Includes $50,000 of Renewable Filing Costs and WREGIS Annual Fee of $125

2027 RPS Plan

PNM Exhibit SG-3

Is contained in the following 9 pages.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF PUBLIC SERVICE COMPANY OF NEW MEXICO'S APPLICATION FOR APPROVAL OF ITS RENEWABLE ENERGY ACT PLAN FOR 2027 AND PROPOSED 2027 RIDER RATE UNDER RATE RIDER NO. 36,	)	**Case No. 26-0000XXX**
PUBLIC SERVICE COMPANY OF NEW MEXICO,	)	
Applicant.	)	

PUBLIC SERVICE COMPANY OF NEW MEXICO'S

RENEWABLE ENERGY ACT PLAN

FOR 2027

May 28, 2026

PUBLIC SERVICE COMPANY OF NEW MEXICO'S RENEWABLE ENERGY ACT PLAN FOR 2027

I. INTRODUCTION

Public Service Company of New Mexico ("PNM" of "Company") files this Renewable Energy Act Plan for 2027 ("2027 Plan" or "Plan") pursuant to the Renewable Energy Act ("REA"), NMSA 1978, §§ 62-16-1 to -10 (2004, as amended through 2019) and 17.9.572 NMAC ("Rule 572") of the rules of the New Mexico Public Regulation Commission ("NMPRC" or "Commission"). The Plan is supported by the testimony and exhibits of PNM witnesses Shane Gutierrez, Randall Hackbarth, and Erica Baca.

II. SUMMARY OF 2027 PLAN

The 2027 Plan shows that PNM expects to fully comply with its Renewable Portfolio Standard ("RPS") requirements in 2027 and 2028 using resources previously approved by the Commission. PNM will recover the costs of implementing the 2027 Plan, including costs for registering and retiring renewable energy certificates ("RECs") in the Western Renewable Energy Generation Information System ("WREGIS") through an adjusted rate for PNM's Renewable Energy Rider, Rider No. 36, effective January 1, 2027.

RPS AND RCT CALCULATIONS

PNM's projected RPS requirements and the corresponding portfolio procurement costs and net compliance costs for 2027 are shown in Table 1.

In summary, Table 1 shows the following:

- RPS Requirement: PNM's projected Net RPS Goal, after taking into account adjustments for voluntary tariff sales, is 3,609,887 MWh in 2027 and 4,094,083 MWh in 2028.

PUBLIC SERVICE COMPANY OF NEW MEXICO
RENEWABLE ENERGY ACT PLAN FOR 2027

- RPS Compliance: PNM projects it will meet the RPS requirements in 2027 and 2028.

PNM 2027 RPS Plan- Table 1

	2027 Plan RPS Summary		
Line	**RPS Requirements**	**2027**	**2028**
1	Annual Retail Sales (MWh)	11,932,769	13,134,726
2	(-) Voluntary Tariff Sales (MWh)	2,908,052	2,899,517
3	Net Annual Retail Sales (MWh)	9,024,717	10,235,208
4	RPS (%)	40%	40%
5	RPS (MWh)	3,609,887	4,094,083
	RPS Compliance & Diversity	**2027**	**2028**
6	Portfolio RECs	4,265,550	4,554,995
7	On-Year REC Surplus	655,663	460,912
8	Prior-Year Banked RECs	2,356,265	3,011,928
9	REC Bank Total	3,011,928	3,472,839
10	RECs used for RPS Compliance	3,609,887	4,094,083
11	Portfolio Percent of Annual Sales (%)	40%	40%
12	Portfolio Percent of RPS Goal (%)	100%	100%
13	Wind Diversity (%)	23.9%	22.4%
14	Solar Diversity (%)	73.7%	75.4%
15	Other Diversity (%)	1.5%	1.4%
16	DG Diversity (%)	0.9%	0.8%
	Portfolio Cost	**2027**	**2028**
17	Portfolio Cost ($)	$52,976,102	$53,245,497

The RCT for 2027 is $79.20 per MWh, equal to $60 per MWh adjusted for inflation using the U.S. Bureau of Labor Statistics Consumer Price Index Inflation Calculator from 2020 to 2025, then applying a flat 3% increase per year to arrive at the inflation-adjusted RCT for 2027.

PUBLIC SERVICE COMPANY OF NEW MEXICO
RENEWABLE ENERGY ACT PLAN FOR 2027

III. RENEWABLE ENERGY RESOURCES

PNM's renewable energy portfolio consists of the resources shown below, all of which have been approved by the Commission in previous cases. The costs associated with registering and retiring RECs with WREGIS is currently $0.008 per REC.

Existing Wind:

- New Mexico Wind Energy Center ("NMWEC"): This is a 200 MW wind generation facility located in eastern New Mexico that is owned and operated by NextEra Energy Resources. Under a 25-year purchased power agreement ("PPA"), PNM purchases all the energy and RECs produced by NMWEC. The NMWEC was declared in-service in October 2003. As part of the approvals in Case No. 17-00129-UT, the NMWEC was re-powered with new wind turbine blades and nacelles in 2018 and the term of the PPA was extended to 2045. The projected RECs to be used for RPS compliance is 481,400 RECs in each of 2027 and 2028. The gross cost for NMWEC generation and RECs is projected to be approximately $13.1 million in each of 2027 and 2028.

- Red Mesa Wind Energy Center: This is a 102 MW wind facility located in Cibola County, about 50 miles west of Albuquerque. PNM has a 20-year PPA to procure energy and RECs from this facility. Purchases under the PPA began on January 1, 2015. The projected RECs to be used for RPS compliance is 150,300 RECs in each of 2027 and 2028 and the gross cost is projected to be $5.3 million in 2027 and $5.4 million in 2028.

- La Joya Wind Facility, Phase 2 ("La Joya II"): This is 140 MW wind facility 18 miles east of Estancia, New Mexico in Torrance County. PNM has a 20-year PPA to procure energy and RECs from this facility. The projected RECs to be used for RPS compliance is 388,000 MWh in

PUBLIC SERVICE COMPANY OF NEW MEXICO
RENEWABLE ENERGY ACT PLAN FOR 2027

each of 2027 and 2028. The gross cost for La Joya II generation and RECs is projected to be $6.8 million in each of 2027 and 2028.

Utility Solar:

- Table 2 summarizes the PNM-owned solar facilities and system resources previously approved by the NMPRC that are included in the Plan. PNM anticipates that the generation from the solar facilities will total 3,142,182 MWh in 2027 and 3,435,540 MWh in 2028. While the cost of the 2015 solar facilities is collected through base rates rather than Rider 36, the Commission authorized PNM to use the RECs for RPS compliance, thus PNM is only including the cost of registering and retiring the associated RECs in WREGIS for this facility in the Rider 36 rate. Similarly, PNM intends to recover the cost of registering and retiring the RECs associated with commission approved system resources through Rider 36, and to recover the remaining costs through the Fuel and Purchased Power Cost Adjustment Clause ("FPPCAC"). The cost of utility solar RPS compliance is projected to be $18.3 million in each of 2027 and 2028.

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Table 2: Utility Solar

	Generation (MWh)		Total Cost	
Utility Solar	**2027**	**2028**	**2027**	**2028**
Algodones/Aztec @3:1	52	52	$0	$0
2011 PNM Solar PV 22.5 MW	45,994	45,762	$4,261,092	$4,328,897
2013 PNM Solar PV 20 MW	43,950	43,730	$3,345,234	$3,334,172
2014 PNM Solar PV 23 MW	57,543	57,255	$3,787,510	$3,781,558
2015 PNM Solar PV 40 MW	100,467	99,714	$804	$798
2019 PNM Solar PV 50 MW	133,899	132,895	$6,866,525	$6,801,600
Community Solar I RECs	261,641	370,936	$2,093	$2,967
Jicarilla Solar I PPA 50 MW	94,460	93,789	$756	$750
Arroyo Solar PPA 300 MW	683,596	678,743	$5,469	$5,430
San Juan Solar 1 PPA 200 MW	562,562	559,720	$4,500	$4,478
Atrisco Solar PPA 300 MW	883,472	877,200	$7,068	$7,081
Quail Ranch PPA 100 MW	274,547	272,611	$2,196	$2,181
Sunbelt Solar 100 MW	0	203,134	$0	$1,625
Total Utility Solar	**3,142,182**	**3,435,540**	**$18,283,248**	**$18,271,475**

Utility "Other":

- Geothermal: The Lightning Dock Geothermal Facility generates electricity using geothermal resources and is located in the Animas Valley in Hidalgo County, about 20 miles southwest of Lordsburg, New Mexico. The plant went into service in January 2014. The Commission approved an amended PPA, for the purchase of energy from a repowered Lightning Dock Geothermal Facility over a 25-year term, in Case No. 17-00129-UT. Based on projections by the plant operator, the projected RECs to be used for RPS compliance from this facility is 65,500 RECs in each of 2027 and 2028. The projected gross cost for RECs from this facility is approximately $7.3 million in 2027 and $7.5 million in 2028.

Distributed Generation:

PNM purchases RECs generated by customer-sited solar energy systems under several Customer Solar Purchase Programs, as shown in Table 3. These include the Large Photovoltaic

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REC Purchase Program ("Large PV RECs"), Solar REC Incentive Programs ("SIP RECs"), and Capacity Reservation Programs ("2018-2022 DG Capacity Reservations") and a program defined per a stipulation in Case No. 13-00390-UT ("Case 13-00390-UT Stipulation").

PNM expects that customer-sited solar DG facilities collectively will generate 38,168 RECs in 2027 and 34,255 RECs in 2028 for an annual gross cost of $2.1 million in each of 2027 and 2028.

Table 3: Distributed Generation

	Generation (MWh)		Total Cost	
Distributed Generation	**2027**	**2028**	**2027**	**2028**
Large PV RECs	8,090	8,090	$1,214,506	$1,214,506
SIP RECs $0.14 - $0.05	20,390	20,385	$900,730	$900,538
2018-2022 DG Capacity Reservations	7,299	4,759	$15,896	$11,069
Case 13-00390-UT Stipulation	2,389	1,021	$5,297	$2,259
Total Distributed Generation	**38,168**	**34,255**	**$2,136,429**	**$2,128,372**

IV. RULE 17.9.572.14(C)(6) REQUIREMENTS

17.9.572.14(C)(6) NMAC requires:

> the capital, operating and fuel costs on a per-megawatt-hour basis during the preceding calendar year of each nonrenewable generation resource rate-based by the utility, or dedicated to the utility through a power purchase agreement of one year or longer, and the nonrenewable generation resources' carbon dioxide emissions on a per-megawatt-hour basis during that same year;

Please see Appendix A for the information on PNM's non-renewable generation resources.

V. RENEWABLE RIDER RATE FOR 2027

In Case No. 12-00007-UT the Commission authorized PNM to implement Rider 36 to recover the costs of renewable resources approved by the Commission for RPS compliance, including the costs of WREGIS registration. In Case No. 15-00261-UT the Commission authorized

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PNM to continue using Rider 36. PNM typically proposes to adjust the Rider 36 rate in its annually filed REA Plan, to be effective on the subsequent January 1, to account for new Commission-approved procurements, changes in estimated revenue requirements, changes in resource output projections, and changes to projections of retail sales. Rider 36 is "reconciled" or "trued-up" in a filing, made by February 28 annually, to account for actual revenue requirements and sales during the prior year and updated projections for the then-current year. Costs that are recovered in base rates or through PNM's Fuel and Purchased Power Cost Adjustment Clause are not included in the Rider 36 revenue requirement, nor are revenue requirements for any facilities that are not yet in service.

PNM has estimated the revenue requirement to be recovered during 2027 through Rider 36, including WREGIS fees, will be $52,976,102. To recover these costs, PNM is requesting approval of a Rider 36 rate to be effective January 1, 2027, of $0.0058701 per kWh.

GCG#533795

2027 Renewable Portfolio Plan Appendix A
Non-Renewable Facilities
Required Reporting Under Section 62-16-4 (G) (2)

			2025				
			Generation (MWh)	Emissions CO2 lbs/MWh (Note 1)	Fuel $/MWh (Note 2)	Operating $/MWh (Note 2)	Capital $/MWh (Note 3)
Four Corners Power Plant	Owned	Coal	391,426	2,050	$97.68	$47.12	$75.80
Palo Verde Nuclear Generating Station	Owned	Nuclear	2,291,795	-	$7.27	$17.47	$19.63
Afton	Owned	Gas	453,439	1,126	$25.87	$17.12	$25.52
Luna	Owned	Gas	418,884	833	$19.86	$10.39	$32.98
Lordsburg	Owned	Gas	68,543	1,200	$37.17	$23.54	$166.89
La Luz	Owned	Gas	14,915	1,248	$58.47	$31.38	$149.45
Reeves	Owned	Gas	166,541	1,700	$42.92	$58.75	$63.90
Rio Bravo	Owned	Gas	287,613	1,416	$31.77	$6.91	$36.15
Valencia	PPA	Gas	147,132	1,334	$181.03	N/A	N/A

Note 1: PNM's Cabon Dioxide Emissions Annual Report for 2025

Note 2: Generation (MWh), Fuel and Operating costs are based on PNM's FERC Form 1, page 402-403. Valencia fuel costs are from PNM's general ledger and include demand charges.

Note 3: Capital costs include depreciation expense and capital additions during 2025 based on PNM's general ledger

Note 4: PNM has provided the "capital, operating and fuel costs on a per-megawatt-hour basis" as required by NMSA 1978, Section 62-16-4(G)(2). However, this data is of limited utility and is generally not valid in comparing resources to each other except in specific circumstances. The per-megawatt-hour costs in this table is not indicative of the value of the associated resources to PNM's system and customers. Comparing resources on a per-megawatt-hour basis is only valid when comparing like-for-like resources, and best suited for non-capacity resources that incur costs solely as a function of providing energy, such as PPAs that only include a $/MWh charge. Consider, for example, an energy storage resource such as a battery. A battery does not produce any energy itself, it only stores energy produced by another resource. The cost of that energy is a function of the other resources that actually produce the energy used to charge the battery. Consequently, the $/MWh cost of the battery would be infinite since it produces no energy on its own. But the battery does provide capacity value. Non-renewable resources like a combined cycle or gas peaking plant also provide capacity value. The value of capacity is typically related to the fixed costs of a resource, or in the context of a PPA/ESA, the demand or capacity charge. In order to maintain reliability, PNM must have enough installed, accredited capacity to meet the highest instantaneous customer demand plus a reserve margin. Once PNM makes an investment in these facilities, the costs continue to be incurred, irrespective of the number of kilowatt hours generated and sold or the number of customers taking service. This translates to fixed cost investments/obligations that do not vary with energy production but allow PNM to meet its customer demands (net of renewable generation) in the hours throughout a year when net demands are at peak. It is not valid to lump these types of investments into a $/MWh representation and then compare them to other $/MWh costs that do not provide the same reliability and firm capacity. Furthermore, because fixed costs do not vary with energy production, differences in energy production from year to year will cause the $/MWh costs to vary, even if the total fixed cost dollars themselves do not change. The required increase in renewable energy production to serve PNM's customers and comply with the increasing RPS will cause energy production from existing traditional carbon emitting resources to decrease over time. However, the fixed costs associated with those existing resources will not decrease proportionally with the reduction in energy production because many fixed costs are sunk costs that cannot be avoided with a reduction in energy production. Furthermore, those existing traditional resources provide additional capacity and reliability benefits that cannot be measured or deduced by analyzing a single $/MWh cost. This is why PNM does not use a simplistic levelized cost of energy ($/MWh) approach when evaluating system resources. Instead, PNM utilizes complex system modeling tools that examine fixed and variable costs of resources on a net present value basis when determining the lowest reasonable cost to reliably meet customer requirements.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF PUBLIC SERVICE COMPANY OF NEW MEXICO'S RENEWABLE ENERGY ACT PLAN FOR 2027 AND PROPOSED 2027 RIDER NO. 36 RATE	))))	**Case No. 26-0000XXX**

SELF AFFIRMATION

SHANE GUTIERREZ, Senior Project Manager, Financial Modeling, for Public Service Company of New Mexico, upon being duly sworn according to law, under oath, deposes and states: I have read the foregoing **Direct Testimony of Shane Gutierrez,** and it is true and accurate based on my own personal knowledge and belief.

DATED the 28th day of May, 2026.

/s/ Shane Gutierrez
SHANE GUTIERREZ

GCG#535298