2026 PNM IRP Facilitated Stakeholder Workshop 3

February 11, 2026

Load and Resources

February 11, 2026

Load and Resource Table (L&R)

A load and resource table:

- Shows the expected peak demand (load) to be served
- Shows resources expected to serve the peak demand
- Margin of resources above peak demand

This part of the workshop provides an overview of PNM's load and resource positions over the next few years

Accredited Capacity

ELCC – Effective Load Carrying Capability

- Utilized to calculate the capacity amount for a particular technology type
- Values are dependent on the type and amount of existing and planned resources.

ICAP vs UCAP

- All resources have an installed capacity (ICAP)
- UCAP is value based on ELCCs
- With variable resources installed capacity is not reasonable for determining reserve margin since the output is not controllable

IRP Forecasts Used in Modeling

Futures (discussed in more detail later in presentation)

- CTP (Current Trends and Policies) – Reference Load Forecast
- LEG (Low Economic Growth)
- HEG (High Economic Growth)

Statement of need is based on CTP

Demand For CTP Forecast

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Forecasted System Peak Demand	2,273	2,502	2,726	2,997	3,077	3,127	3,180	3,213	3,270	3,314
Forecasted Incremental Energy Efficiency	(16)	(35)	(53)	(70)	(95)	(118)	(140)	(153)	(170)	(184)
Forecasted Incremental Customer Sited PV	(7)	(19)	(32)	(45)	(58)	(73)	(88)	(72)	(82)	(92)
Net System Peak Demand (MW)	2,250	2,448	2,641	2,882	2,924	2,936	2,952	2,988	3,018	3,038

- Net System Peak Represents the retail load to be covered by resources in PNM's resource portfolio.
- The Forecasted System Peak Demand is the expected retail load if there were no incremental energy efficiency or customer owned solar resources.

PNM Resources by Technology

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total Coal Resources (MW)	160	160	160	160	160	160	0	0	0	0
Total Nuclear Resources (MW)	282	282	282	282	282	282	282	282	282	282
Total Natural Gas Resources (MW)	966	966	977	1,314	1,314	1,354	1,354	1,354	1,354	1,354
Total Demand Response Programs (MW)	49	49	49	49	0	0	0	0	0	0
Total Renewable Resources (MW)	231	234	237	343	342	344	344	344	344	327
Total Storage Resources (MW)	854	991	1,294	1,494	1,494	1,621	1,621	1,621	1,621	1,621
Total Short-Term Firm Wholesale Purchases (MW)	50	150	100	0	0	0	0	0	0	0
Total Resources (MW)	2,592	2,832	3,099	3,642	3,593	3,761	3,601	3,601	3,601	3,584

- Current resources are mostly supply-side transmission connected resources
  - Consist of thermal resources, renewable and storage resources
- Demand response is treated as a load-side resource
- Resources will reflect expected retirements
- Accredited Capacity (abbreviated UCAP) is used in determining the amount of capacity a technology contributes to total resources available to serve peak load conditions
- Includes existing and planned resources through 2031

Overall Position Based on CTP Reserve Margin

Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Reserve Margin (MW) - Resources less Net Peak Demand	342	384	458	760	669	825	648	612	583	546
Reserve Margin (%) - based	15%	16%	17%	26%	23%	28%	22%	20%	19%	18%
Targeted Reserve Margin (%)	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
Targeted Reserve Margin (MW)	360	392	423	461	468	470	472	478	483	486
Additional Firm Capacity to Meet Targeted Reserve Margin (MW)	18	7	0	0	0	0	0	0	0	0

- Reserve margin reflects the amount of capacity above peak load.
- PNM's outlook heading into this IRP based on the reference forecast shows the system is generally adequate through 2035.
- The IRP analysis will primarily develop resource needs for the period following 2031

High and Low Economic Growth Forecast Margin

High and Low Forecast Demand Comparison to CTP (MW)

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Current Trends and Policies (MW)	2,250	2,448	2,641	2,882	2,924	2,936	2,952	2,988	3,018	3,038
Low Economic Growth (MW)	2,026	2,078	2,130	2,323	2,365	2,416	2,424	2,440	2,448	2,452
High Economic Growth (MW)	2,414	2,639	2,844	3,131	3,205	3,247	3,291	3,358	3,419	3,471

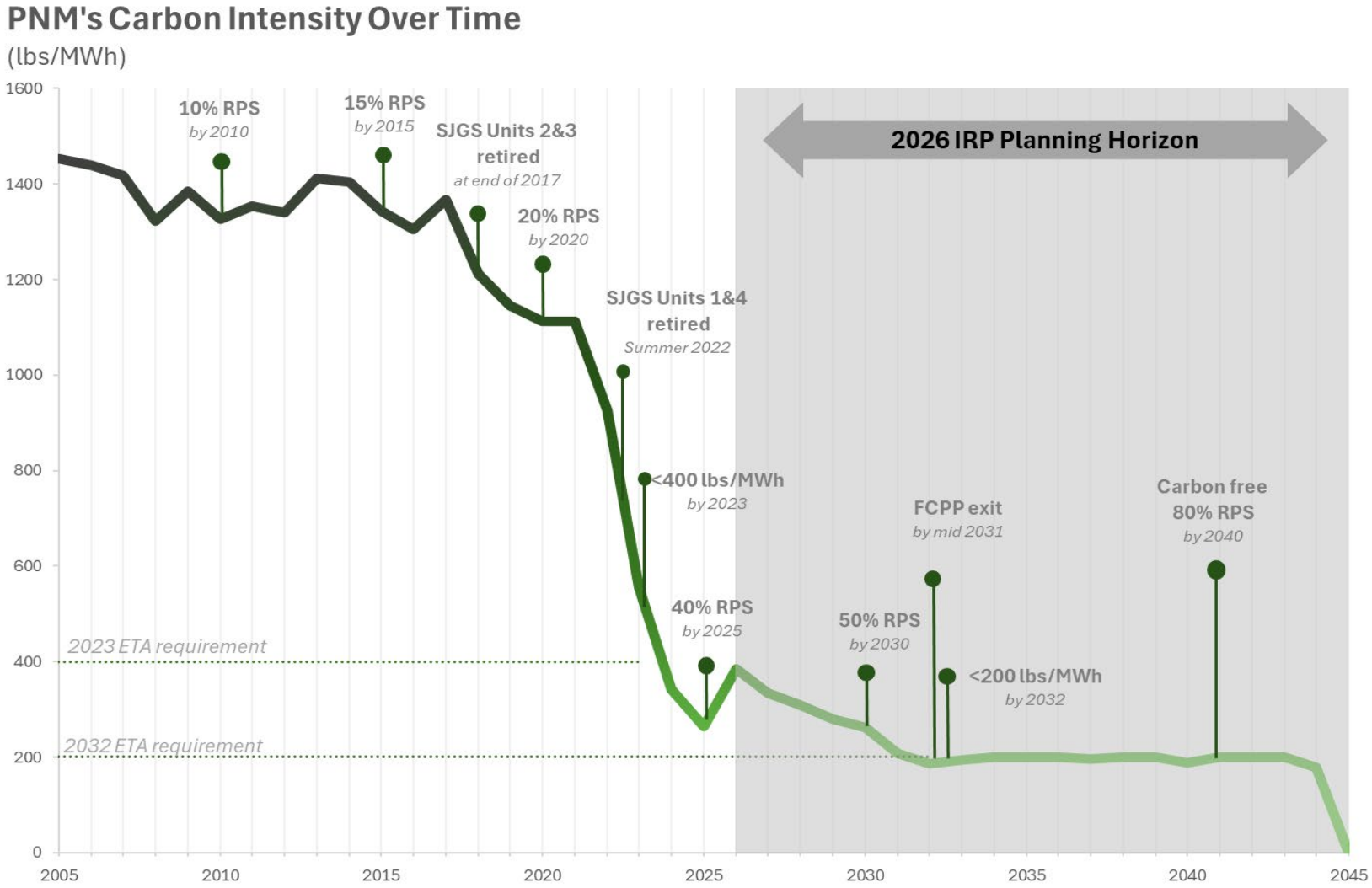
Capacity Needed with Low Economic Growth Forecast

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Reserve Margin (MW) - Resources less Net Peak Demand	515	604	870	1,319	1,228	1,345	1,177	1,161	1,152	1,132
Reserve Margin (%)	25%	29%	41%	57%	52%	56%	49%	48%	47%	46%
Targeted Reserve Margin (%)	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
Targeted Reserve Margin (MW)	324	333	341	372	378	387	388	390	392	392
Additional Firm Capacity to Meet Targeted Reserve Margin (MW)	0	0	0	0	0	0	0	0	0	0

Capacity Needed with High Economic Growth Forecast

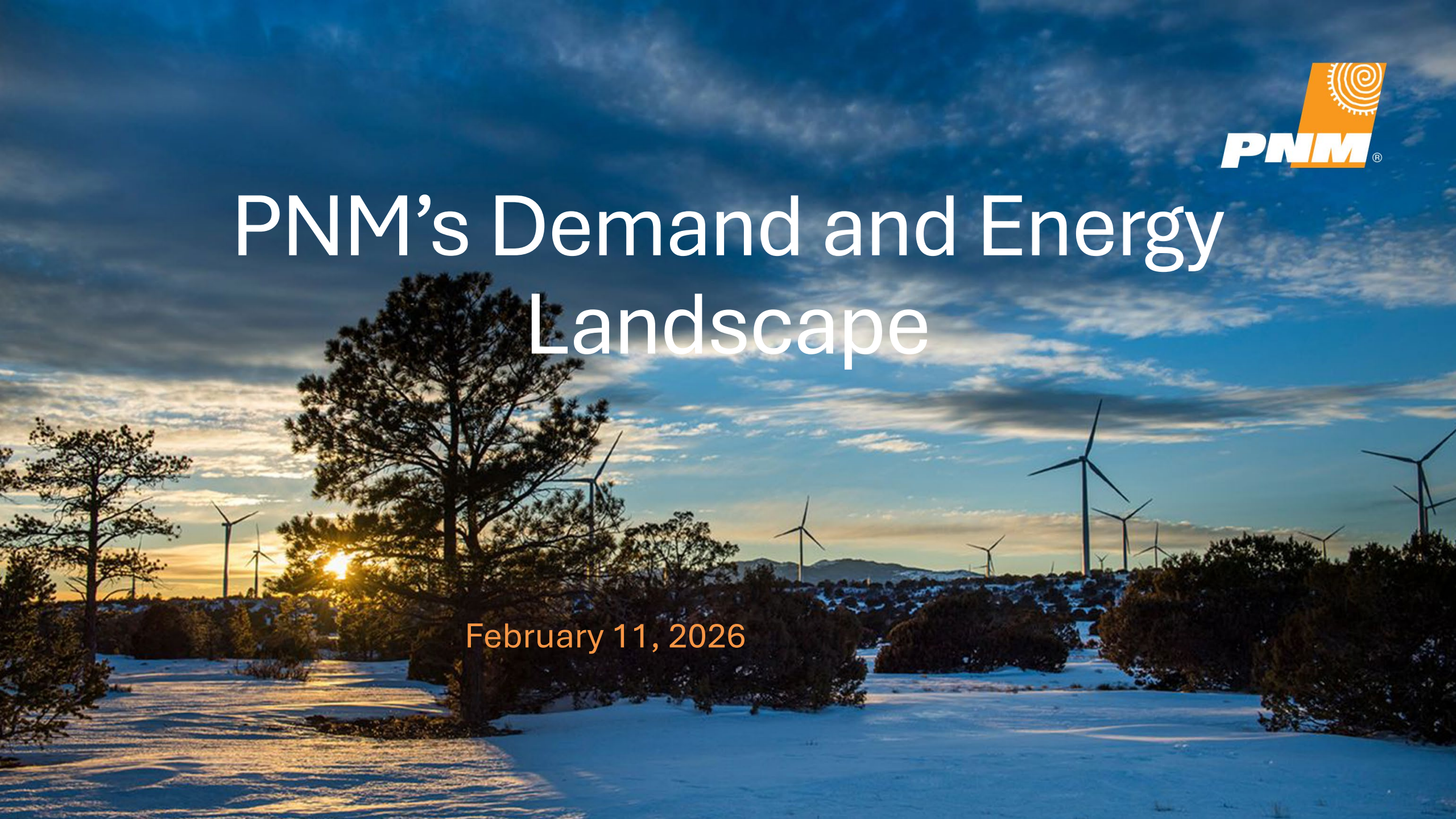
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Reserve Margin (MW) - Resources less Net Peak Demand	178	142	305	511	388	514	310	242	181	113
Reserve Margin (%)	7%	5%	11%	16%	12%	16%	9%	7%	5%	3%
Targeted Reserve Margin (%)	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
Targeted Reserve Margin (MW)	386	422	455	501	513	519	527	537	547	555
Additional Firm Capacity to Meet Targeted Reserve Margin (MW)	208	280	150	0	125	5	217	295	366	442

Carbon Emissions Progress



Resource Position Outlook

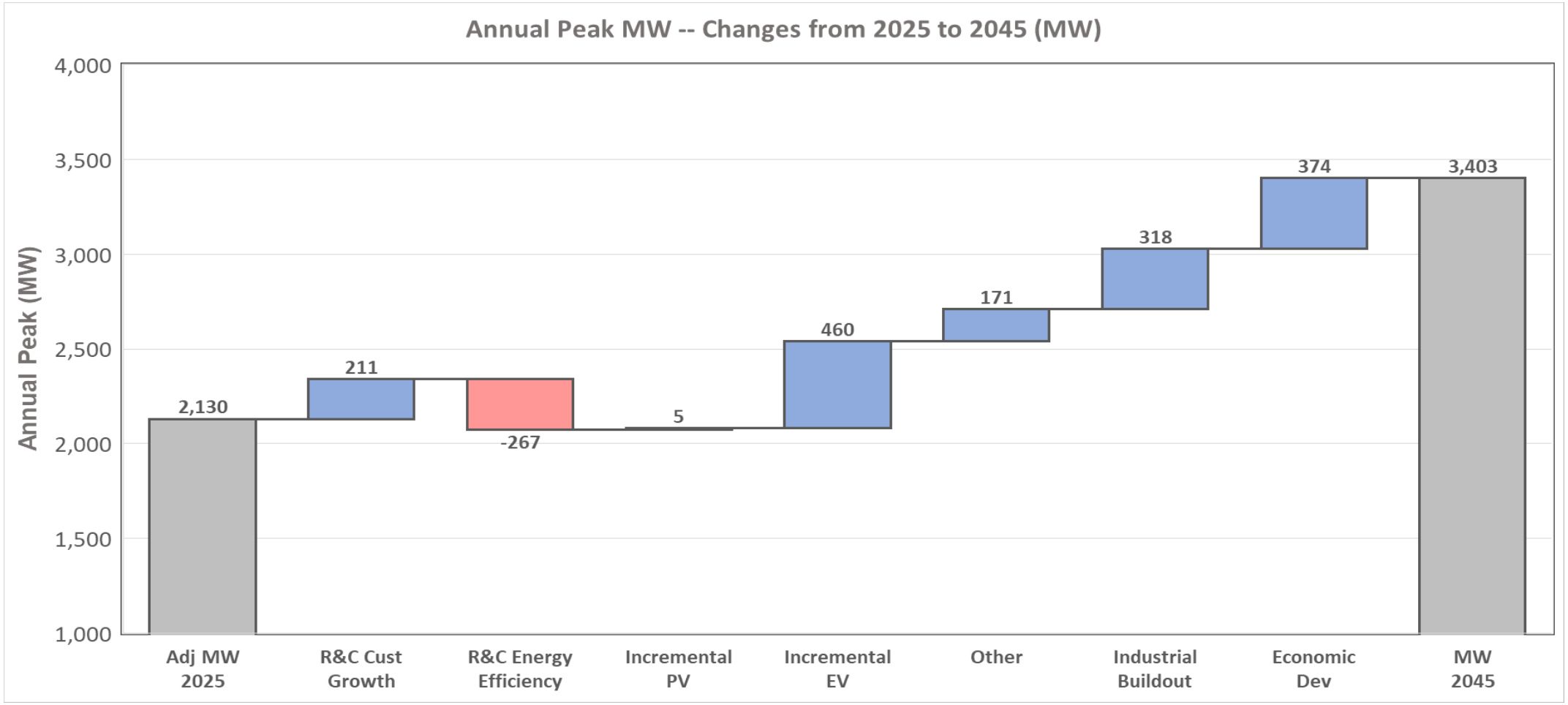
- Load Serving Adequacy
  - For LEG and CTP forecasts, capacity is adequate thorough 2035
  - HEG forecast shows deficiencies in 2030 and beyond
- Environmental Compliance
  - Renewable Portfolio Standard
    - Currently 40%, Increasing to 50% by 2030
    - PNM portfolio was about 57% renewable energy in 2025
  - Meeting Carbon Intensity Goals (ETA)
    - Currently 400 lbs/MWH – 3-year measured average for 2023-2025 is estimated to be below 400
    - 2032 goal of 200 lbs/ MWH should be achievable with planned FCPP exit in 2031



PNM's Demand and Energy Landscape

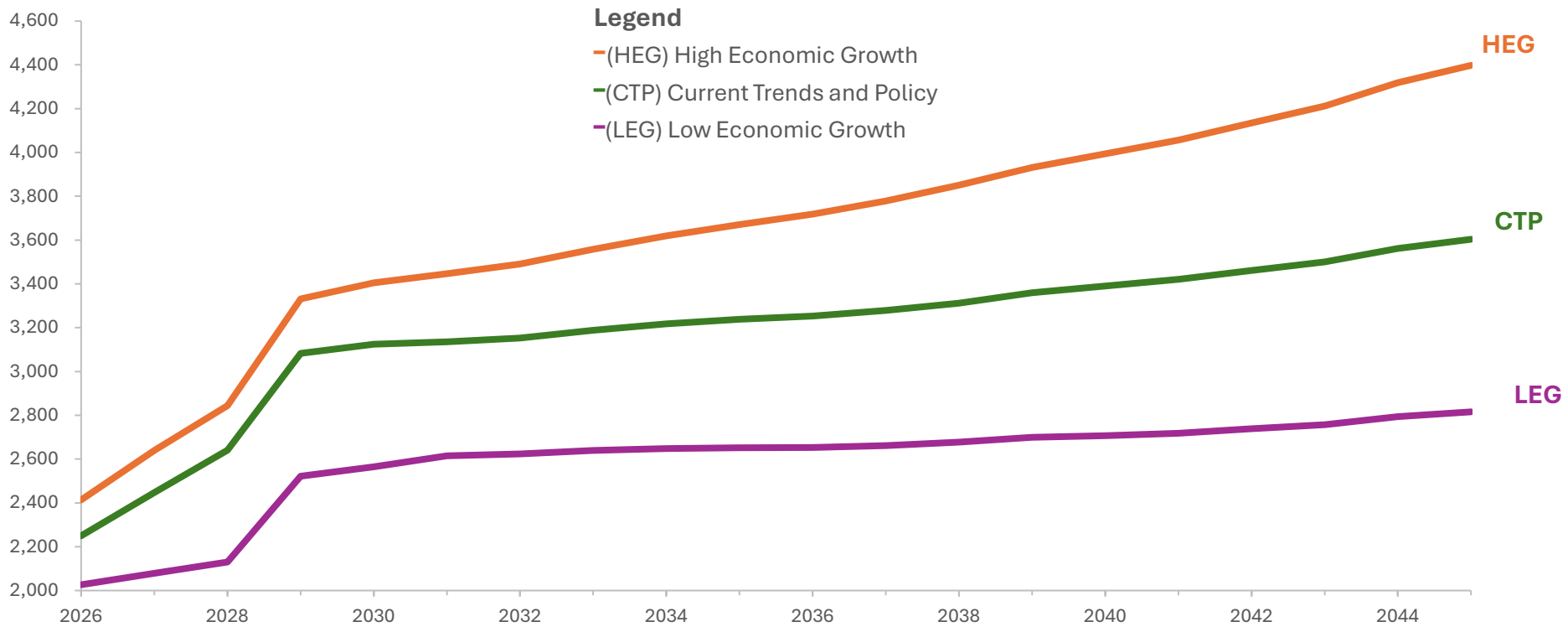
February 11, 2026

Demand Forecast (MW)

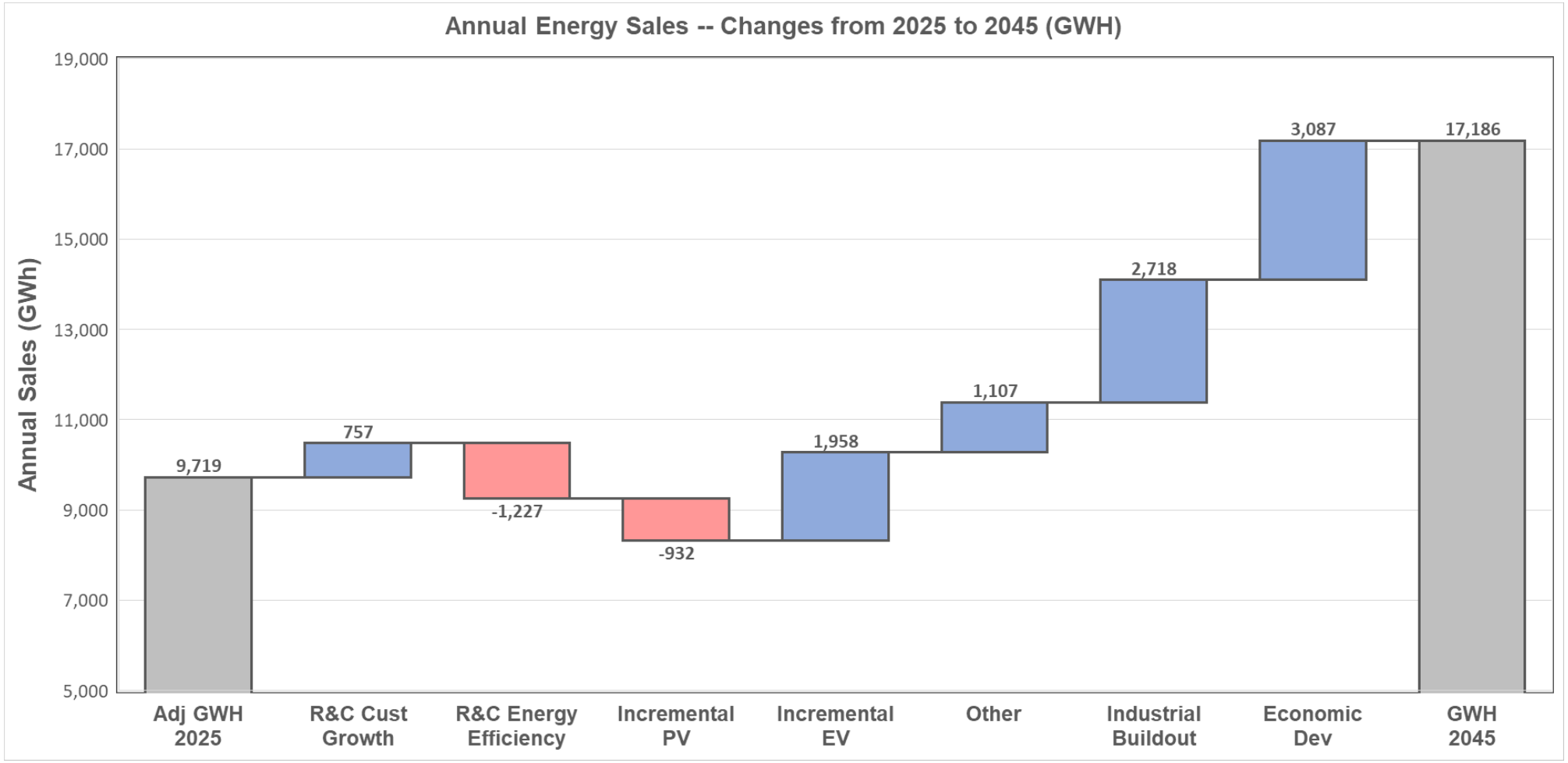


Forecasts for IRP Analysis - Demand

Annual Peak Demand by Future
Prior to EE Adjustments (MW)

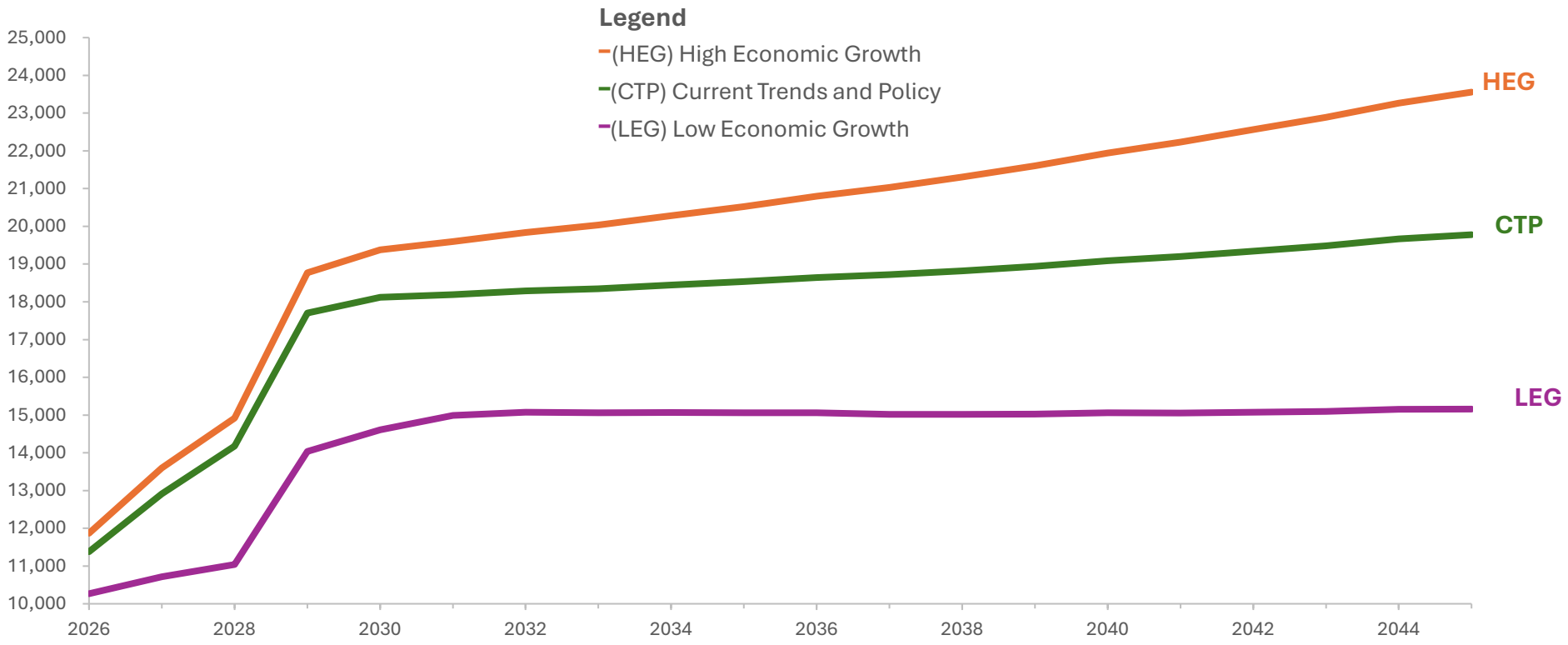


Energy Forecast (MW)

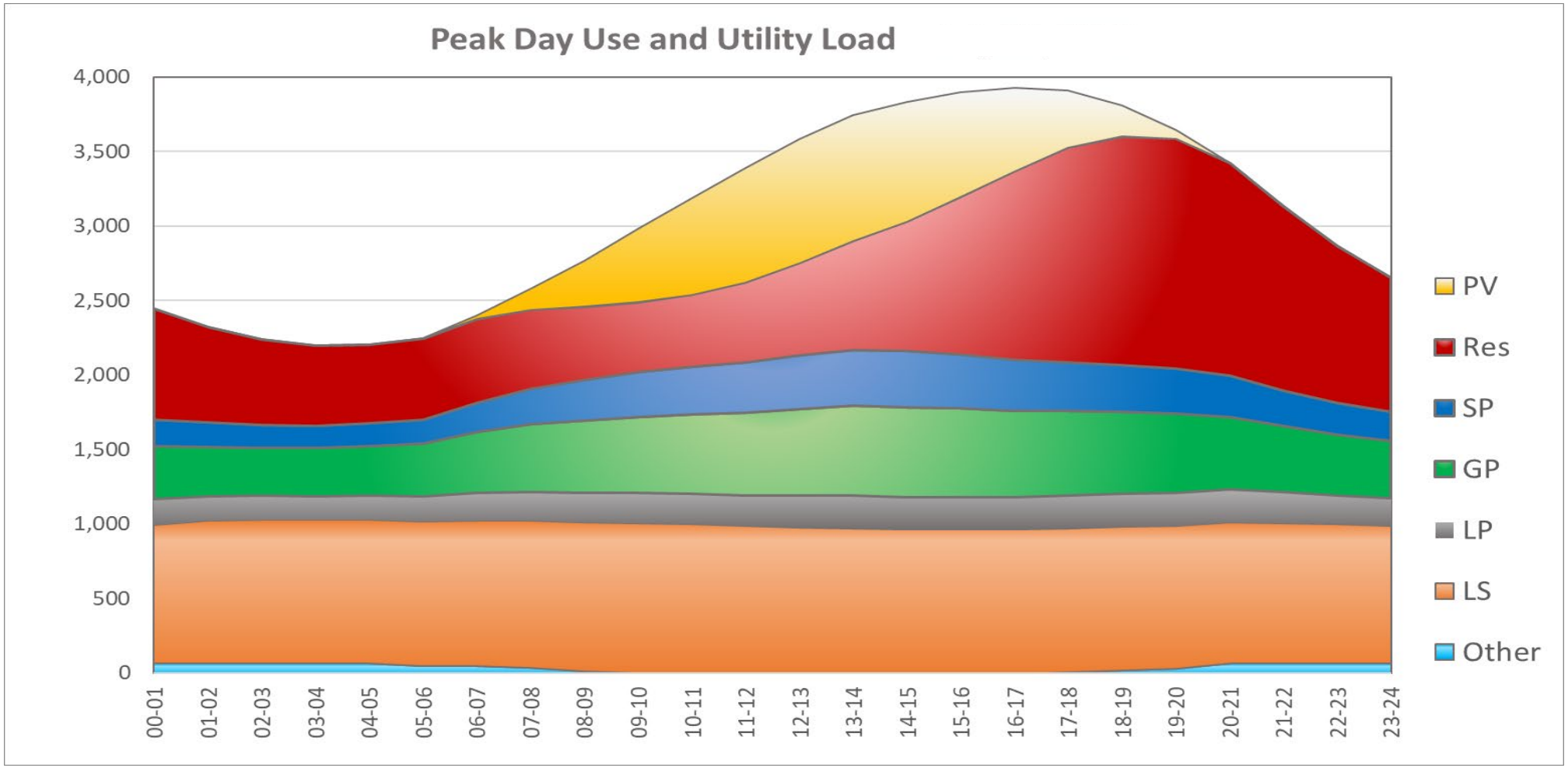


Forecasts for IRP Analysis - Energy

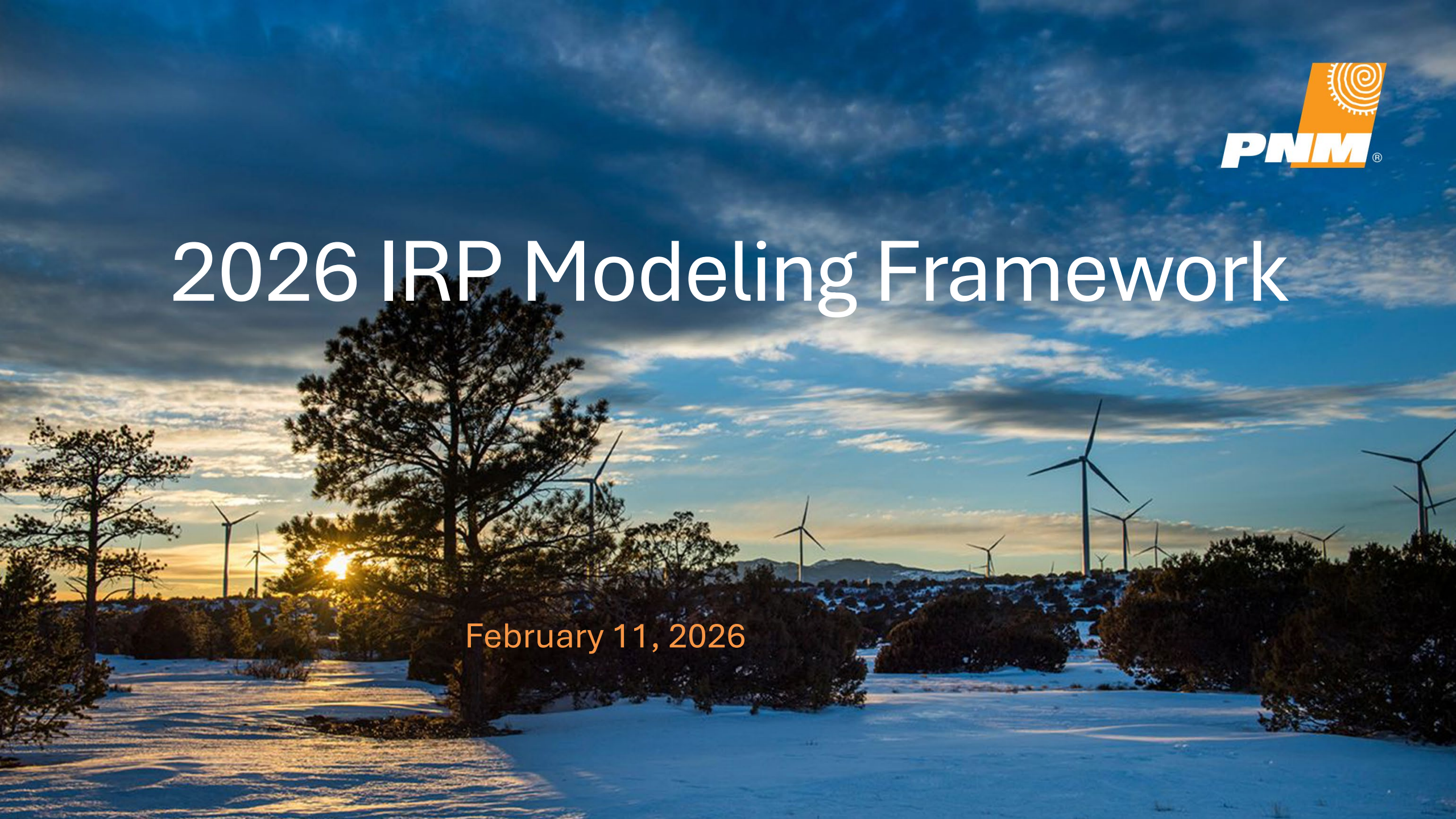
Annual Energy by Future
Prior to EE Adjustments (GWh)



Peak Day (July 2045)



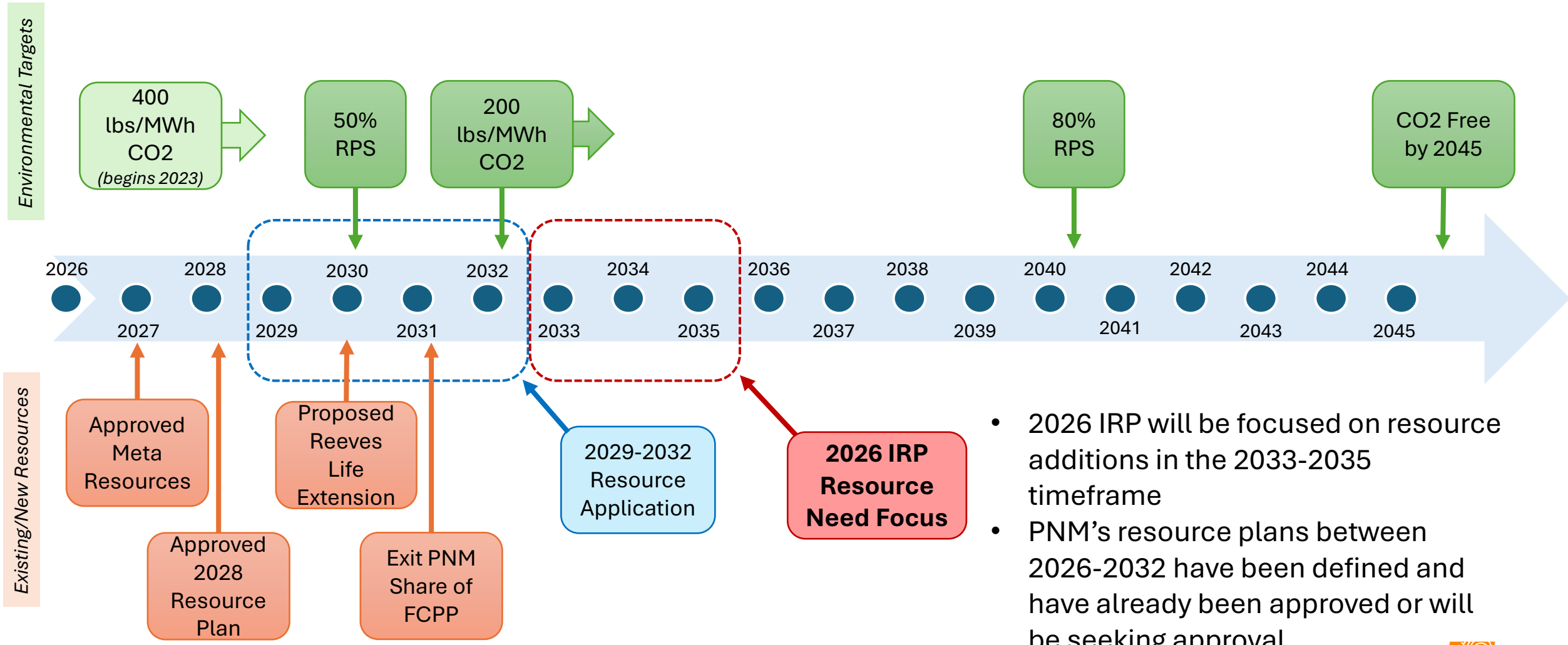
Questions



2026 IRP Modeling Framework

February 11, 2026

2026 IRP Timeline



- 2026 IRP will be focused on resource additions in the 2033-2035 timeframe
- PNM's resource plans between 2026-2032 have been defined and have already been approved or will be seeking approval

2026 IRP Analytical Approach

Stakeholder Feedback throughout the FSP

Data Collection

- Load Forecast (Feb)
- Supply-side resources (Jan)
- Demand-side resources (Feb)
- Commodity Prices (Jan)
- Existing Resources & Costs (Feb)
- Resource accredited capacity (Feb)

Define Modeling Framework

- EnCompass (zonal & nodal)
- SERVM (reliability)
- Futures
- Sensitivities
- Topology
- Transmission
- Stakeholder requests

Modeling Results

- Expansion plans
- Projected Operating costs (fixed, variable, fuel)
- CO2 emissions
- Portfolio NPV
- Nodal congestion
- Nodal curtailments

Analyze Results

- Resource mixes
- Trends
- Customer Impacts

MCEP

- Best portfolio
- Balance cost, environment, reliability
- Potential alternative resource plans

SON & Action Plan

- Type & Timing of Resources
- Items to pursue in next 3 years

2026 IRP Analytical Approach Cont.

Stakeholder Feedback throughout the FSP

Stakeholder Feedback via IRP docket

SON & Action Plan

- Type & Timing of Resources
- Items to pursue in the next 3 years *(RFP, monitor tech, etc.)*

IRP is Filed

- Sept 2026 (*9 months after FSP begins*)
- NMPRC has 120 to accept or identify deficiencies

IRP Comments & Response

- Public comments within 30 days of filing
- PNM has 60 days to respond to comments

Issue RFP for Resources*

- Draft RFP shared & reviewed
- Issued within 5 months of acceptance of SON & action plan

RFP Bid Evaluation*

- Receive & evaluate bids
- Determine preferred resource procurements
- Inform Independent Monitor (“IM”)
- IM Report

File Resource Application*

- File application and testimony supporting preferred resource portfolio

Note

1). If determined in the action plan and if necessary*

2026 IRP Analytical Approach – Futures & Sensitivities

Futures

Key Assumption	Current Trends & Policy	High Economic Growth	Low Economic Growth
Load Forecast	Reference	High	Low
BTM Solar Forecast	Reference	Low	High
EV Adoption Forecast	Reference	High	Low
Building Electrification Forecast	Reference	High	Low
Economic Development Forecast	Reference	High	Low
Gas Price Forecast	Reference	Reference	Reference
Carbon Price Forecast	Reference	Reference	Reference
Technology Cost Forecast	Reference	Reference	Reference

Sensitivities

No	Current Trends & Policy (CTP)	High Economic Growth (HEG)	Low Economic Growth (LEG)
1	None	None	None
2	High Electric Vehicles	TOU	TOU
3	TOU	Extreme Economic Development	ETA 400 thru 2044, Zero CO2 by 2045
4	Transmission Project - Rio Sol	Transmission Project - Rio Sol	No ETA
5	Transmission Project - SunZia	Transmission Project - SunZia	
6	Transmission Project - Blackwater DC Tie	Transmission Project - Blackwater DC Tie	
7	Transmission Project - Four Corners	Transmission Project - Four Corners	
8	Late Long-Duration Storage Maturity	Late Long-Duration Storage Maturity	
9	No New Natural Gas Resources	ETA 400 thru 2044, Zero CO2 by 2045	
10	No ETA	No ETA	
11	ETA 400 thru 2044, Zero CO2 by 2045		
12	Federal CO2 tax beginning 2030		

Sensitivities subject to change or modification

2026 IRP Analytical Approach – Modeling Run List (CTP)

Future	Sensitivity	Description
Current Trends & Policy (CTP)	None	none
Current Trends & Policy (CTP)	High Electric Vehicles	High EV Forecast impact to CTP
Current Trends & Policy (CTP)	TOU	TOU Forecast Impact to CTP
Current Trends & Policy (CTP)	Transmission Project - Rio Sol	Rio Sol Transmission Included
Current Trends & Policy (CTP)	Transmission Project - SunZia	Sun Zia Transmission Included
Current Trends & Policy (CTP)	Transmission Project - Blackwater DC Tie	Blackwater DC Transmission included
Current Trends & Policy (CTP)	Transmission Project - Four Corners	Four Corners Transmission included
Current Trends & Policy (CTP)	Late Long-Duration Storage Maturity	CAES, Iron-Air, Pumped Hydro available beginning 2036
Current Trends & Policy (CTP)	No New Natural Gas Resources	Remove all new gas fired resource candidates
Current Trends & Policy (CTP)	No ETA	No CO2 emission limits, No RPS, No CO2 free by 2045
Current Trends & Policy (CTP)	ETA 400 thru 2044, Zero CO2 by 2045	CO2 limit set to 400 lbs/MWh thru 2044, Zero CO2 by 2045
Current Trends & Policy (CTP)	Federal CO2 tax beginning 2030	Federal CO2 tax beginning 2030

Sensitivities subject to change or modification

2026 IRP Analytical Approach – Modeling Run List (HEG/LEG)

Future	Sensitivity	Description
High Economic Growth (HEG)	None	none
Low Economic Growth (LEG)	None	none
High Economic Growth (HEG)	TOU	TOU Forecast Impact to CTP
High Economic Growth (HEG)	Extreme Economic Development	Increased level of Economic Development demand & energy
High Economic Growth (HEG)	Transmission Project - Rio Sol	Rio Sol Transmission Included
High Economic Growth (HEG)	Transmission Project - SunZia	Sun Zia Transmission Included
High Economic Growth (HEG)	Transmission Project - Blackwater DC Tie	Blackwater DC Transmission included
High Economic Growth (HEG)	Transmission Project - Four Corners	Four Corners Transmission included
High Economic Growth (HEG)	Late Long-Duration Storage Maturity	CAES, Iron-Air, Pumped Hydro available beginning 2036
High Economic Growth (HEG)	ETA 400 thru 2044, Zero CO2 by 2045	ETA 400 thru 2044, Zero CO2 by 2045
High Economic Growth (HEG)	No ETA	No CO2 emission limits, No RPS, No CO2 free by 2045
Low Economic Growth (LEG)	TOU	TOU Forecast Impact to CTP
Low Economic Growth (LEG)	ETA 400 thru 2044, Zero CO2 by 2045	ETA 400 thru 2044, Zero CO2 by 2045
Low Economic Growth (LEG)	No ETA	CO2 limit set to 400 lbs/MWh thru 2044, Zero CO2 by 2045

Sensitivities subject to change or modification

2026 IRP Analytical Approach – Detailed 1 of 4

Modeling Parameters for CTP, HEG, LEG Futures

- 20-year optimization window (2026-2045)
- 16% Planning Reserve Margin (“PRM”) target
- CO2 Emission Limits
  - 400 lbs/MWh (2026-2031), 200 lbs/MWh (2032-2044), 0 lbs/MWh (2045)
- Renewable Portfolio Standard
  - 40% (2026-2029), 50% (2030-2039), 80% RPS (2040-2045)
- Beginning 2045 La Luz, Lordsburg and any new gas CTs include H2 burn conversion cost and utilize H2 as fuel
- WACC = 6.90% (for NPV calculations)
- Inflation = 3.0% per year

2026 IRP Analytical Approach – Detailed 2 of 4

Current Trends & Policies

- Use CTP future load forecast
- Reference EV, BTM customer Solar PV, electrification and economic development forecasts
- Utilize all generic candidate resources
- Use reference natural gas prices
- Reference CO2 taxes are zero throughout study period

High Economic Growth

- High customer growth, EV, electrification and economic development forecasts
- Low BTM customer solar PV
- Utilize all generic candidate resources
- Use reference natural gas prices
- Reference CO2 taxes are zero throughout study period

Low Economic Growth

- Low customer growth, EV, electrification and economic development forecasts
- High BTM customer solar PV
- Utilize all generic candidate resources
- Use reference natural gas prices
- Reference CO2 taxes are zero throughout study period

2026 IRP Analytical Approach – Detailed 3 of 4

Current Trends & Policies

- All generic candidate resources available beginning 2033 except;
  - Pumped Hydro (‘34)
  - CAES (‘35)
  - Nuclear SMR (’35)
- Unlimited number of candidate resources allowed except;
  - DR candidates up to potential study maximums
  - Up to 1,000 MW of new wind (based on Western Spirit #3 line)
- ELCC curves by technology and class

High Economic Growth

- All generic candidate resources available beginning 2029 except;
  - Pumped Hydro (‘34)
  - CAES (‘35)
  - Nuclear SMR (’35)
  - Deep EGS (‘33)
  - CCGT (‘31)
- Unlimited number of candidate resources allowed except;
  - DR candidates up to potential study maximums
  - Up to 1,000 MW of new wind (based on Western Spirit #3 line)
- ELCC curves by technology and class

Low Economic Growth

- All generic candidate resources available beginning 2033 except;
  - Pumped Hydro (‘34)
  - CAES (‘35)
  - Nuclear SMR (’35)
- Unlimited number of candidate resources allowed except;
  - DR candidates up to potential study maximums
  - Up to 1,000 MW of new wind (based on Western Spirit #3 line)
- ELCC curves by technology and class

2026 IRP Analytical Approach – Detailed 4 of 4

Perform Modeling Analysis

- Futures & Sensitivities
- Stakeholder Scenarios
- Zonal and Nodal analysis

Evaluate Portfolio Results

- Portfolio capacity and energy composition
- Type and Timing of technology additions
- Comparisons of portfolio costs
- Comparison of portfolio results across futures
- Comparison of nodal congestion costs

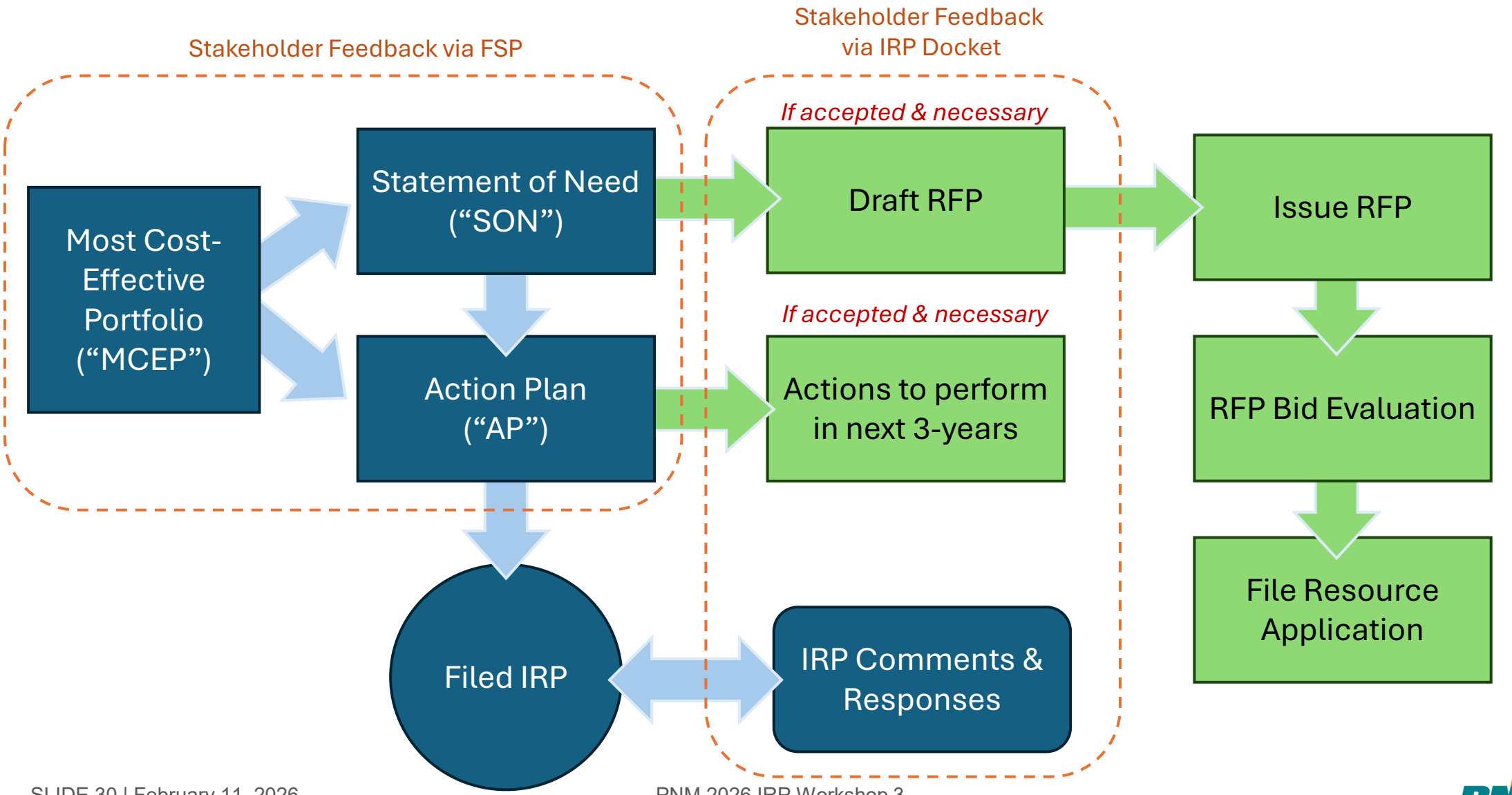
Determine Best Performing Portfolios

- Select low-cost portfolios evaluated for LOLE compliance
- Projected rate impacts calculated for select low-cost portfolios
- Qualitative analysis of select low-cost portfolios

Determine Most Cost-Effective Portfolio ("MCEP")

- Identify portfolio that best balances cost, environment & reliability
- Projected rate impacts calculated for MCEP

2026 IRP Analytical Approach – Detailed 5 of X



Questions

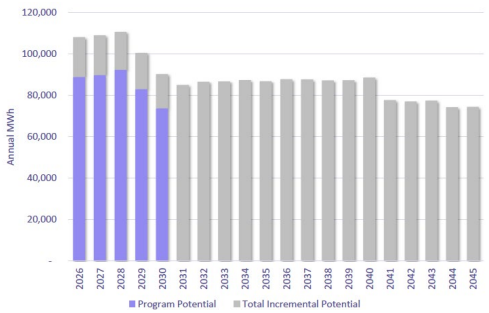
Energy Efficiency Programs

February 11, 2026

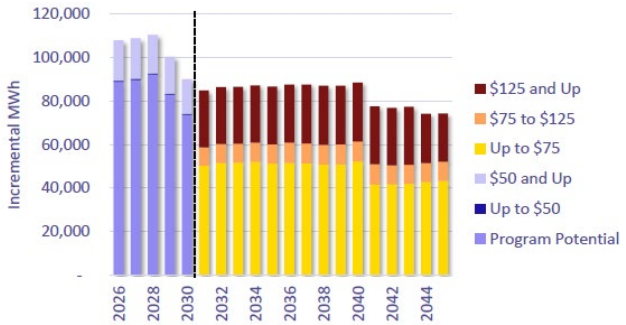
Modeling EE Potential Programs

Jan 27 Office Hour Mtg

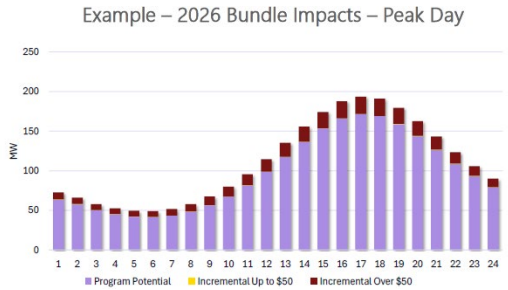
1. EE Potential Study*



2. Created Bundles



3. Develop hourly impacts

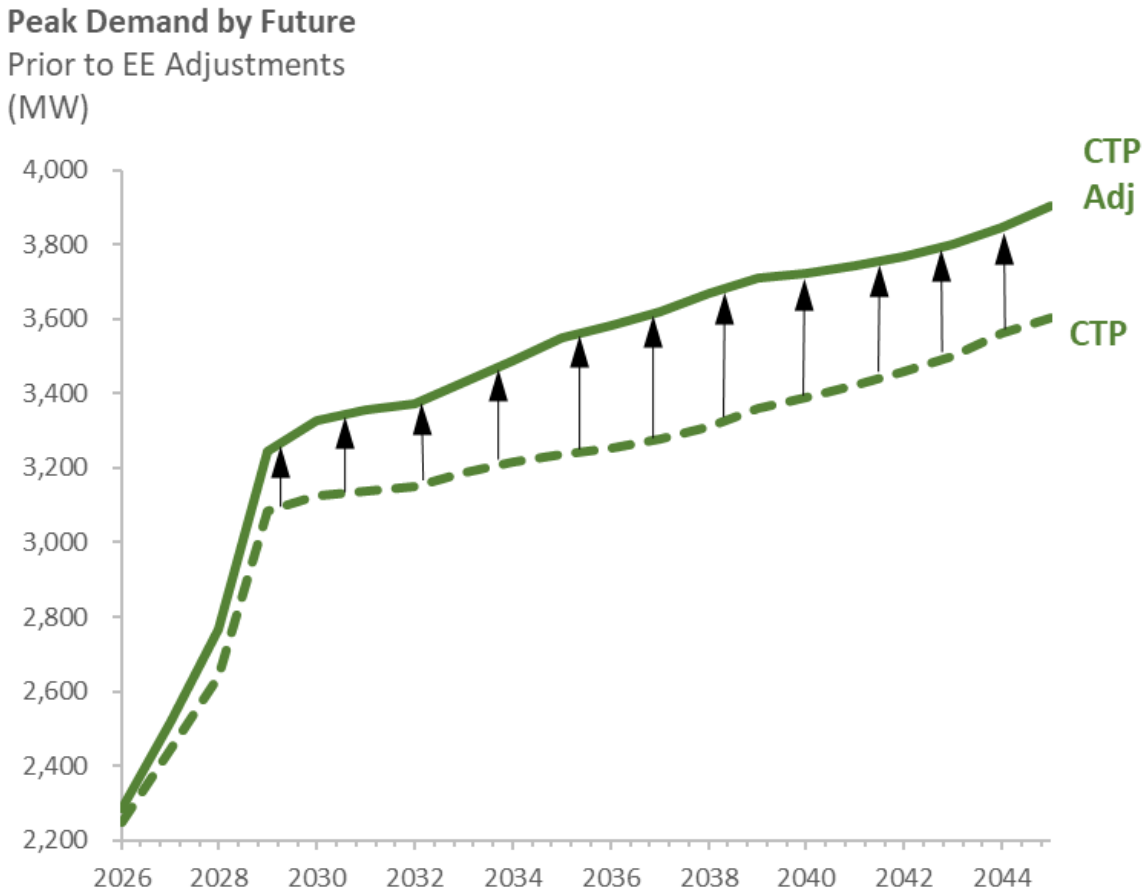


Source: ICF, PNM Potential Study 2026-2045; October 2025

4. Model bundles in EnCompass

Statutory Period 2026-2030	Post-Statutory Period 2031-2045
Program Potential	n/a
Up to $50/MWh	Up to $75/MWh
Over $50/MWh	$75/MWh to $125/MWh
	Over $125/MWh

Energy Efficiency Impact on the Load Forecast



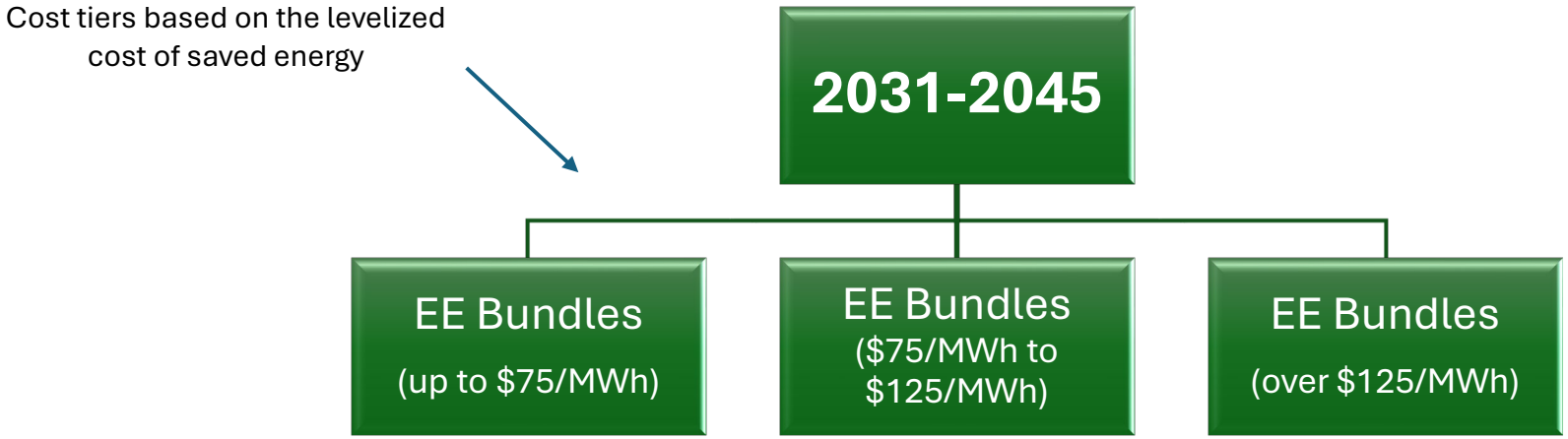
Current Trends and Policy (CTP)
Adjusted (Adj)

Current Program Potential: EE savings that can reasonably be achieved - includes existing or planned EE programs during the statutory period (2026–2030)

Incremental Bundles: EE savings available beyond Program Potential
- aggregated into selectable cost-based bundles for modeling

Equal modelling treatment:
To put EE on an equal playing field with supply side option, the forecasts are adjusted upward to remove the impacts. We then make those programs and bundles into resources

EE Programs and Bundles



What are the technologies/sectors that make up an incremental bundle?

- electric cookers, exterior lighting, room air conditioners, washers and dryers, refrigerators, office equipment (computers), etc.
- Applied to various sectors including hospitals, hotels, grocery stores, offices, multifamily homes, mobile homes, schools, warehouses, etc.

How do we model them in Encompass? *

- Modeled as selectable resources
- Max Capacity
- Energy Cost
- Operating Life
- Dispatch shape as a % (Hourly MW impact / Max capacity)

**2027-2030: Energy Efficiency planned programs are included in the resource portfolio*

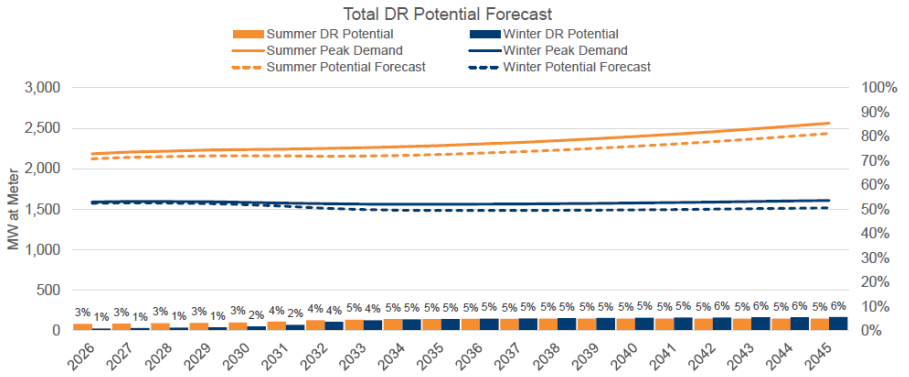
Demand Response Programs

February 11, 2026

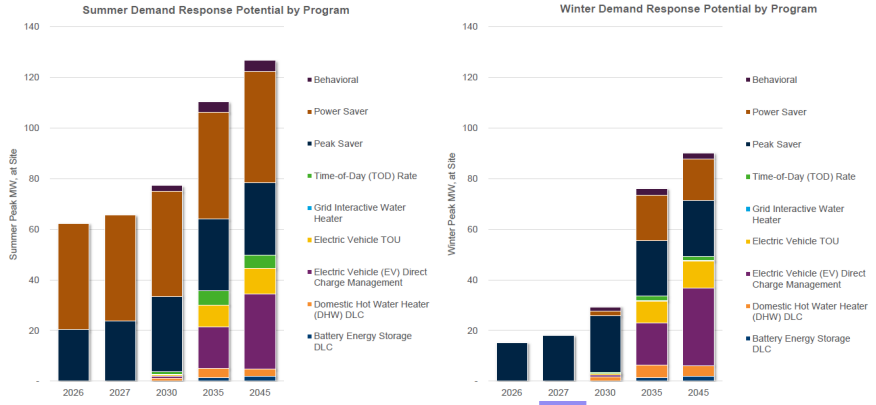
Modeling DR Potential Programs

Jan 27 Office Hour Mtg

1. DR Potential Forecast*



2. Create – Potential Programs



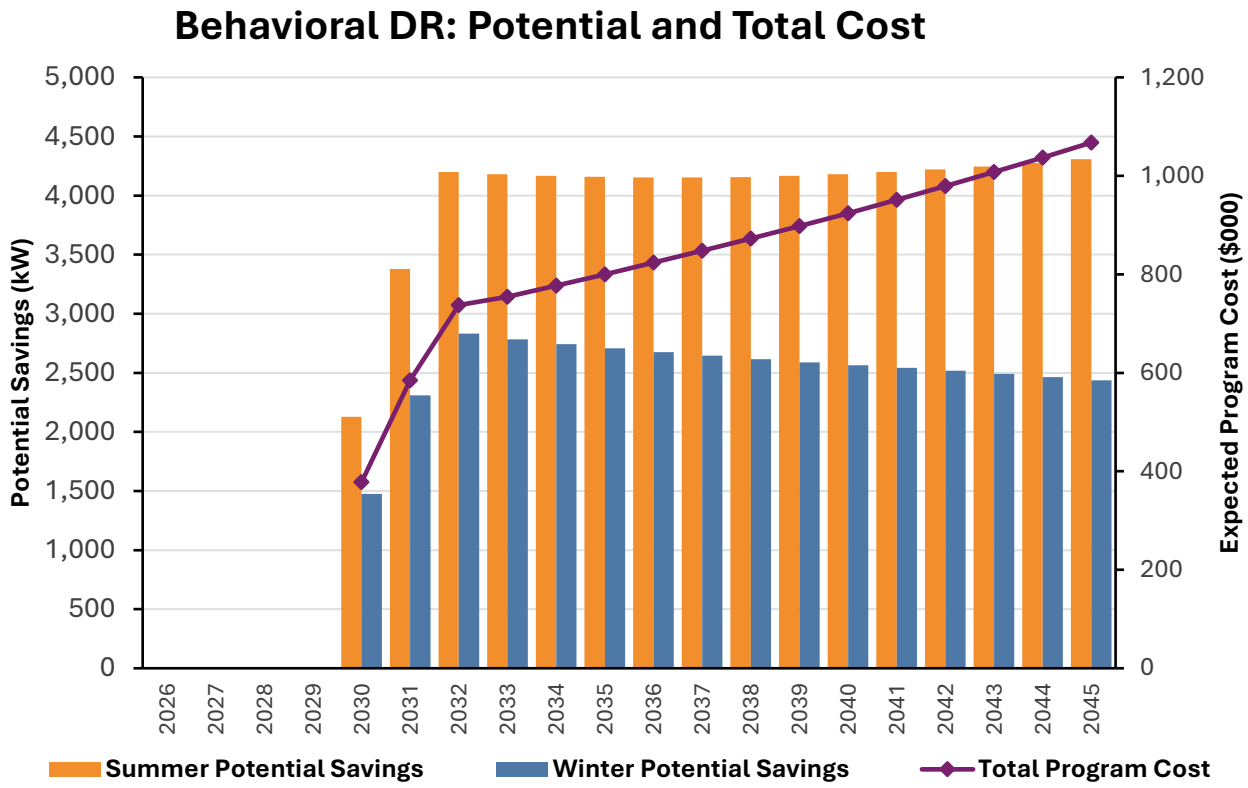
Source: ICF, PNM Potential Study 2026-2045; October 2025

3. Model Programs in EnCompass

2026-2029	2030-2045
Peak Saver	Battery Energy Storage DLC
	Behavioral (AMI Dependent)
	Domestic Hot Water Heater (DHW) DLC
	Electric Vehicle (EV) Direct Charge Management
Power Saver	Electric Vehicle TOD (AMI Dependent)
	Grid Interactive Water Heater
	Time-of-Day (TOD) Rate (AMI Dependent)
	Peak Saver Extension
	Power Saver Extension

Behavioral

Description: A program that deploys messages to customers to encourage minor adjustments in their residential energy use on peak energy days.



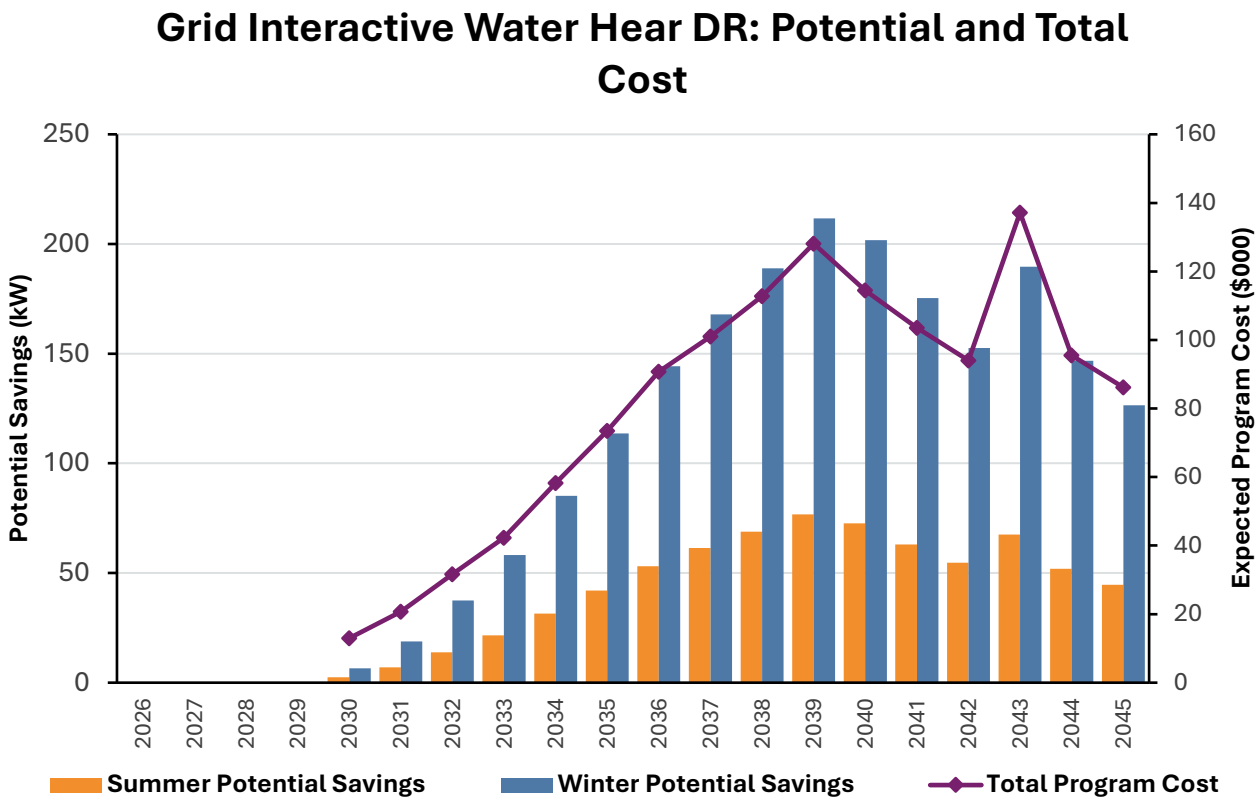
*Preliminary program cost estimates — subject to refinement.

Assumptions:

- Model as an EnCompass candidate resource
- Summer/Winter resource
- Affected customers- Residential Customers
- ~ 11 events in a year (During the 11 peak days of the year)
- 3-5 Hours per event: 40 Hours per year
- Hours: 1pm-7pm (peak hours)
- First available: 2030 (due to AMI meter integration)

Grid Interactive Water Heater

Description: A water heater equipped with communication and control technology that allows utilities to influence when the heater runs.



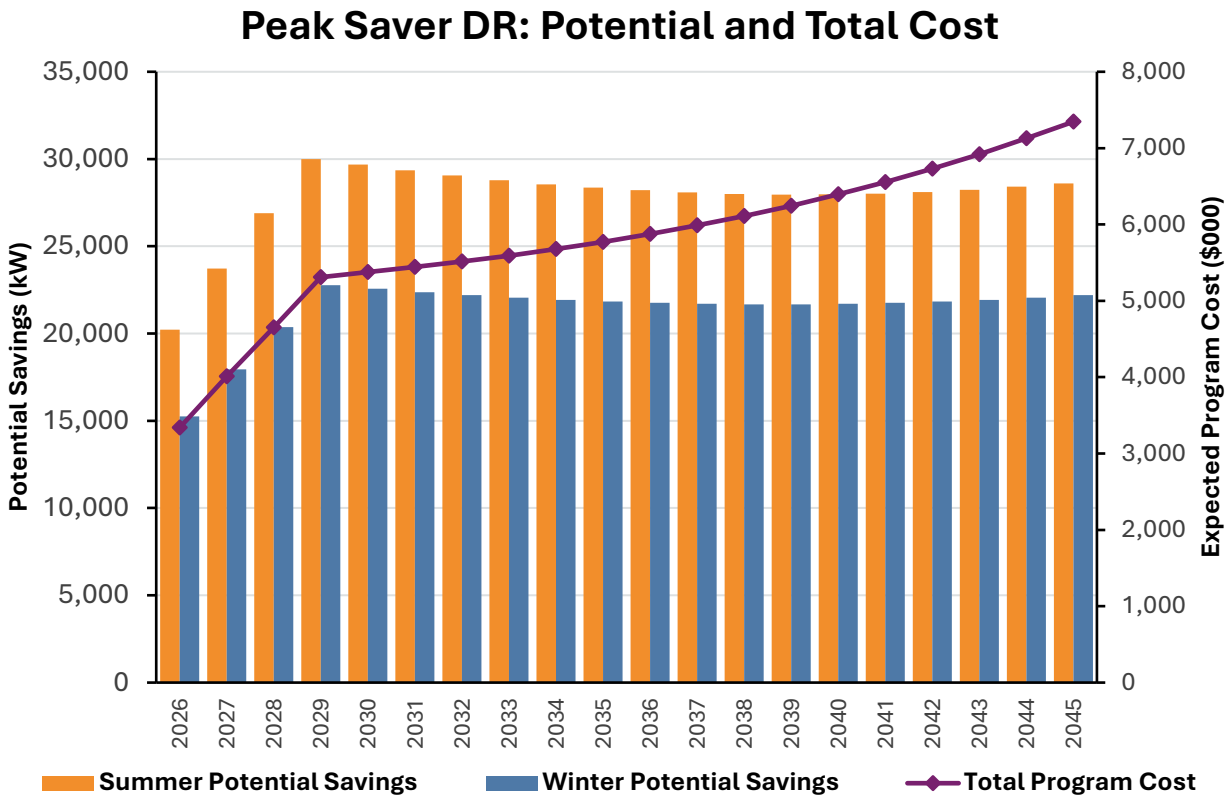
Assumptions:

- Model as an EnCompass candidate resource
- Summer/Winter resource
- Affected customers – Residential Customers
- Summer event: 100 hours
- Winter event: 100 hours
- Max event length: 4 hours
- First available: 2030 (Due to AMI meter integration)

*Preliminary program cost estimates — subject to refinement.

Peak Saver

Description: A demand response program for medium and large commercial and industrial customers. It provides load-curtailment during periods of high system demand.



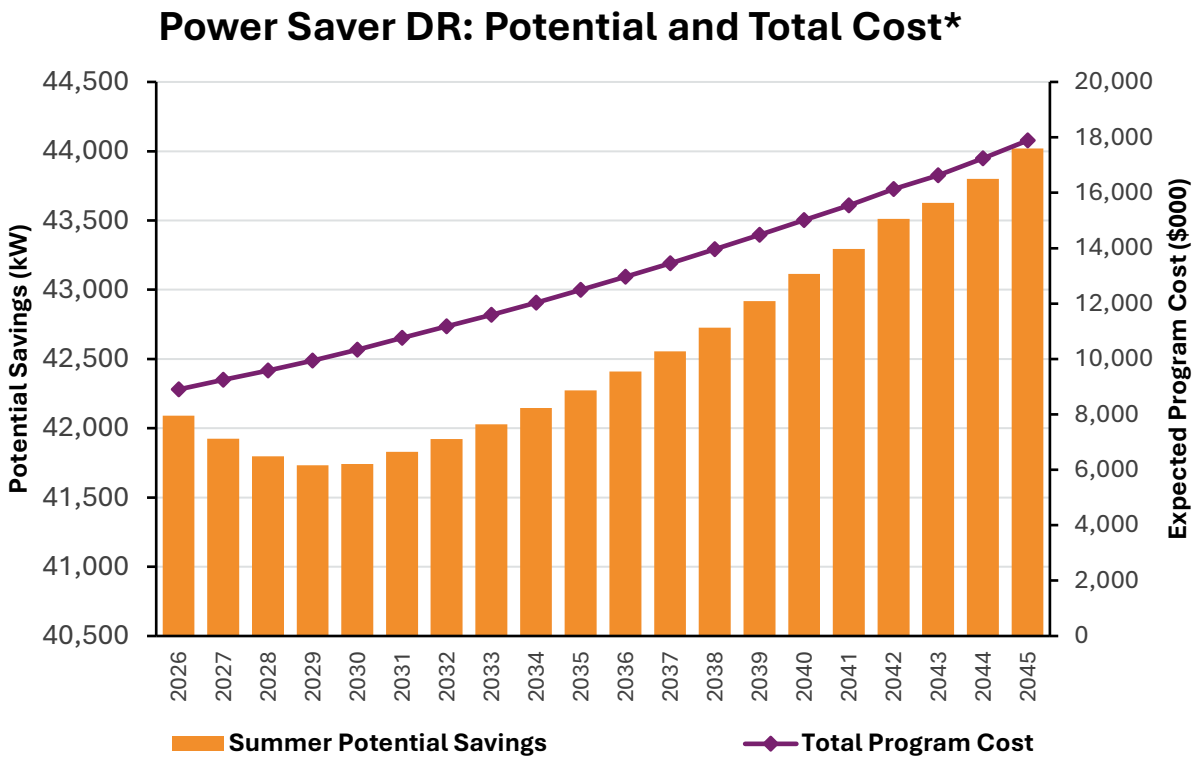
Assumptions:

- Model as an EnCompass candidate resource
- Summer/Winter resource
- 15MW Firm through 2029
- 15MW non-Firm through 2029
- Total Capacity: 30 MW (Reduced by ELCC)
- 100 hours in the summer June through September (4 months)
- 300 hours October - May (8 months)
- 4-hour duration, 1 event a day, and max of 4 Hours

*Preliminary program cost estimates — subject to refinement.

Power Saver

Description: a direct load control (DLC) program for residential, small, and medium commercial customers. It controls air-conditioning equipment or connected thermostats to reduce demand during peak periods.



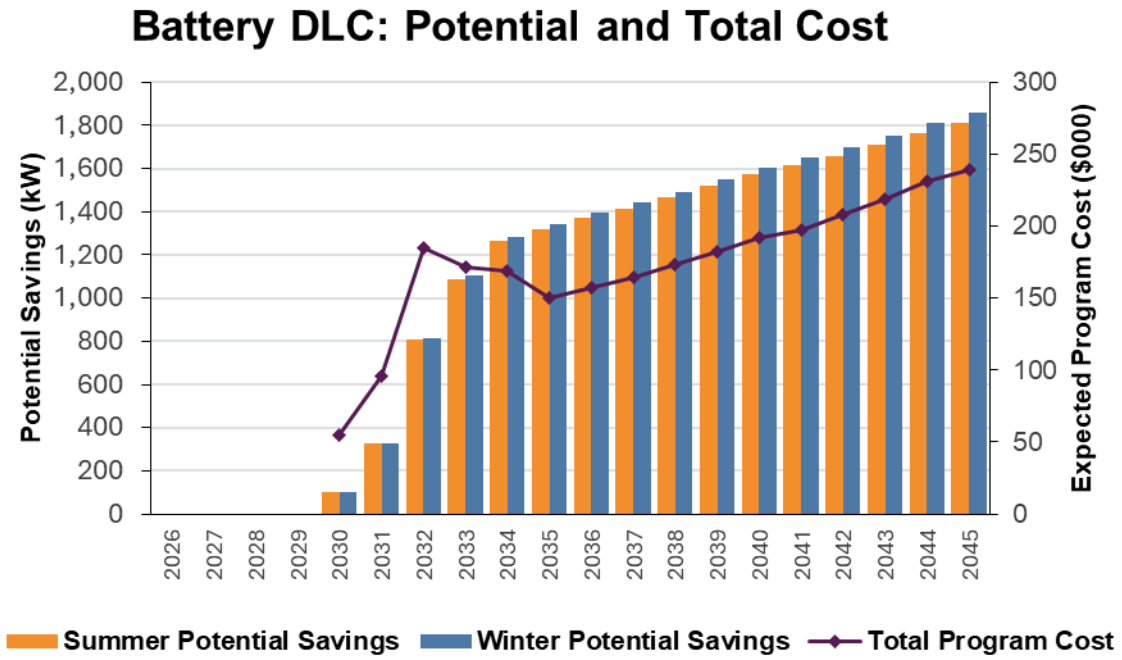
Assumptions:

- Model as an EnCompass candidate resource
- Summer resource only
- 20MW guaranteed through 2029
- 20MW non-guaranteed through 2029
- Total Capacity = 40 MW (Reduced by ELCC)
- 100 hours in the summer June through September (4 months)
- 4-hour duration, 1 event a day, max of 4 Hours

*Preliminary program cost estimates — subject to refinement.

Battery Energy Storage Direct Load Control (DLC)

Description: A demand response program where internet-enabled home or commercial batteries receive utility dispatch signals to discharge or reduce charging during grid-stress events.



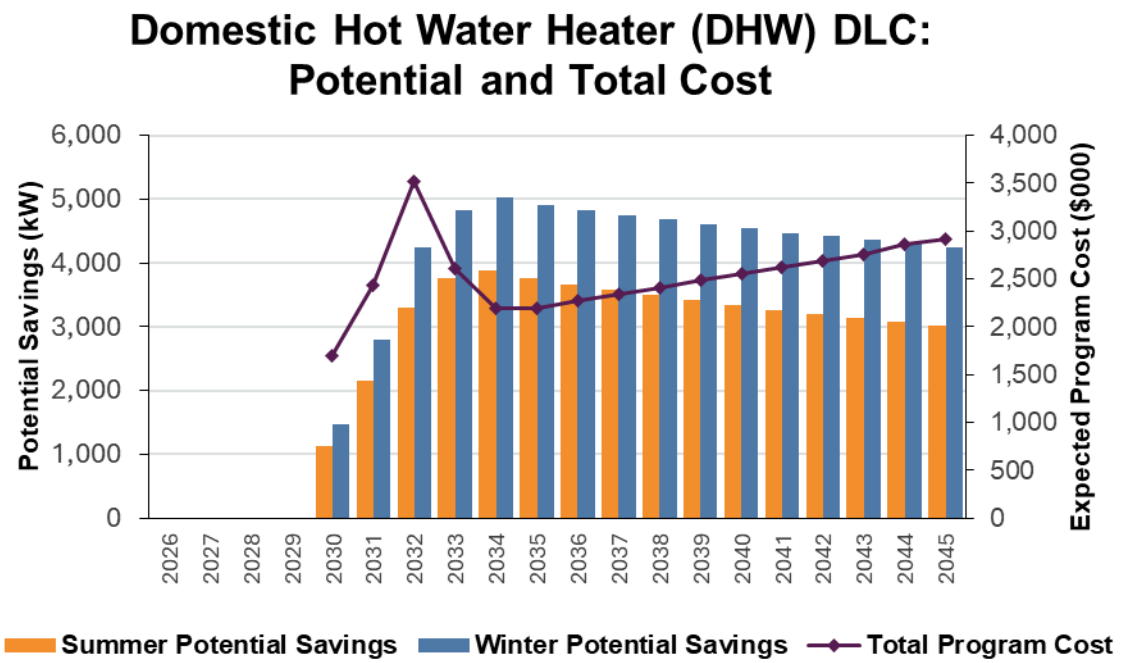
*Preliminary program cost estimates — subject to refinement.

Assumptions:

- Model as an EnCompass candidate resource
- Program base: residential, commercial, and industrial
- 35 hours in summer (June - September)
- 30 hours in winter (October - May)
- First available: 2030

Domestic Hot Water Heater (DHW) DLC

Description: A program where the utility installs a DLC switch on a customer's electric water heater, allowing it to temporarily interrupt heating during system peak periods.



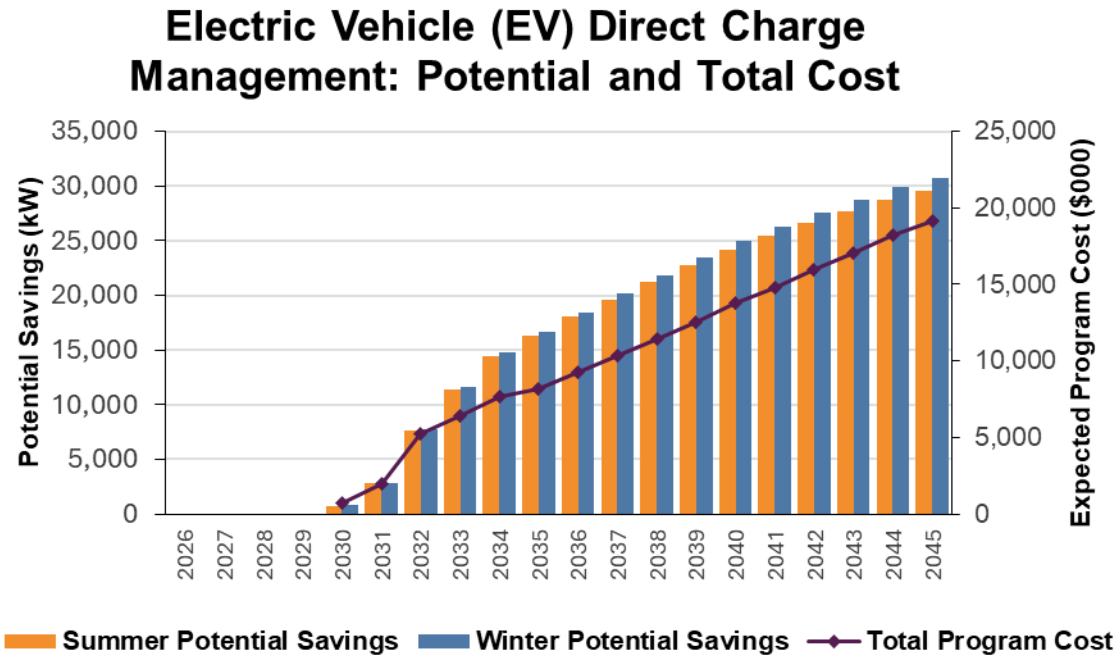
*Preliminary program cost estimates — subject to refinement.

Assumptions:

- Model as an EnCompass candidate resource
- Program base: residential customers only
- Electric resistance water heaters and heat pump water heaters
- 100 hours in summer (25 Events - 4 hours per event)
- 100 hours in winter (25 Events - 4 hours per event)
- First available: 2030

Electric Vehicle (EV)-Direct Charge Management

Description: A demand response program that utilities send signals directly to the charger to curtail or postpone charging during peak hours.



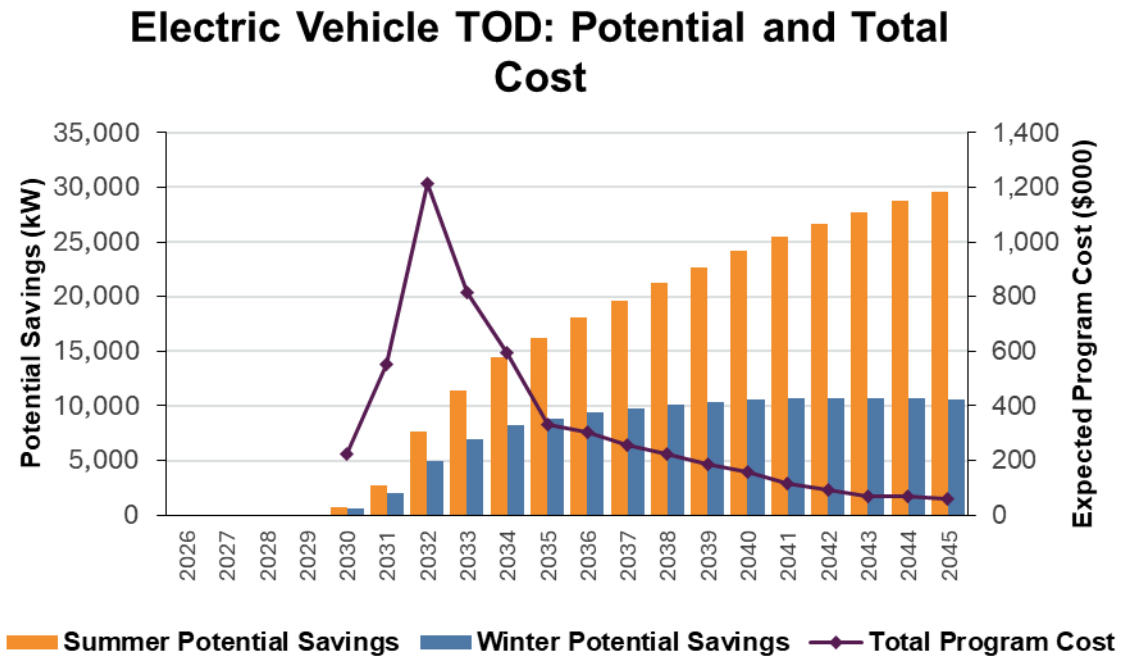
*Preliminary program cost estimates — subject to refinement.

Assumptions:

- Model as an EnCompass candidate resource
- PNM can adjust when charging happens
- Program base: residential customers only
- V2G excluded
- 100% payback
- Year-round program
- First available: 2030

Electric Vehicle Time-of-Day (TOD)

Description: Customers can shift EV charging from peak hours to lower-cost off-peak periods.



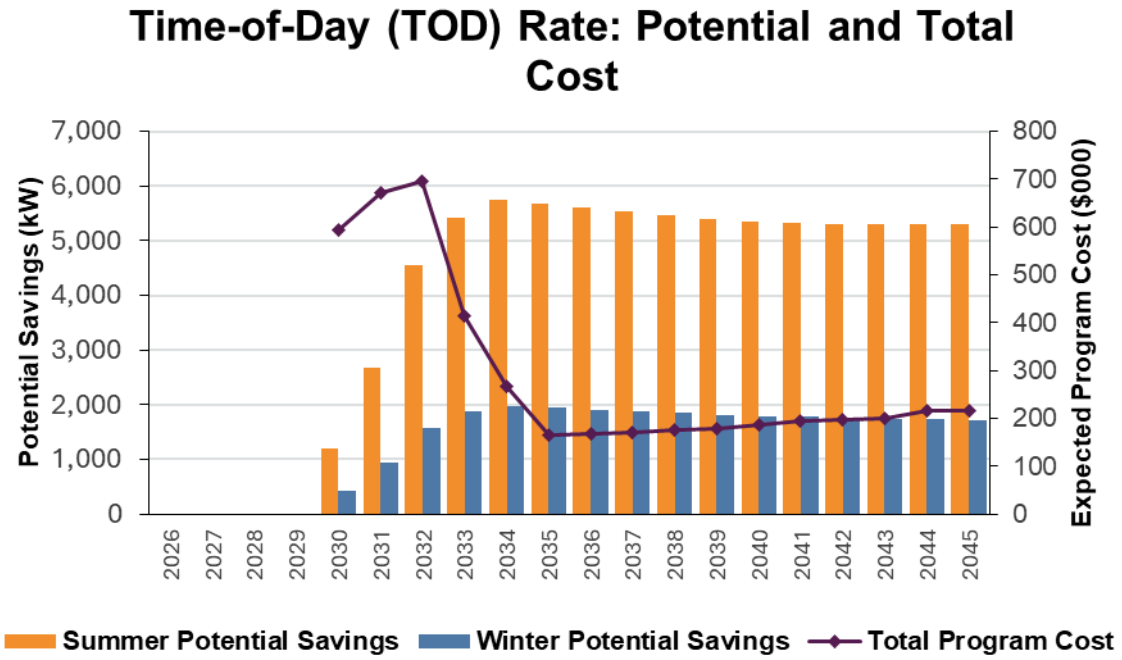
*Preliminary program cost estimates — subject to refinement.

Assumptions:

- Model as a EnCompass candidate load modifier
- Customers can adjust their EV charging from peak TOD to off-peak TOD
- Program base: residential customers only
- 528 hours in summer
- 528 hours in winter
- 6 hours on-peak period each summer/winter weekday
- First available: 2030 (due to AMI rollout)

Time-of-Day (TOD) Rate

Description: A rate design where electricity prices are higher during a peak hours, encouraging customers to shift usage to lower-cost off-peak hours.



*Preliminary program cost estimates — subject to refinement.

Assumptions:

- Model as a EnCompass candidate load modifier
- Customers can change their consumption behaviors based on the TOD
- Program base: residential, commercial, and industrial
- 528 hours in summer
- 528 hours in winter
- 6 hours on-peak period each summer/winter weekday
- First available: 2030 (due to AMI rollout)

Questions

Transmission Modeling

February 11, 2026

Locational Treatment

Previous IRP's - Zonal Capacity Expansion

- Resources added at multiple locations with transmission cost adders
- Assumed transmission was a significant restriction but congestion/curtailment costs not quantified
- Resources with least cost locational adder always selected
- Not possible to capture third party transmission usage which represents over 50% of PNM's transmission system utilization

This IRP – Zonal Capacity Expansion and Nodal Analysis

- Initial capacity expansion portfolios developed without transmission cost adders
- Review congestion costs and curtailments in nodal
- Captures third party transmission usage
- Identify transmission enhancements – compare annual congestion costs with annual transmission project revenue requirement

Why Nodal?

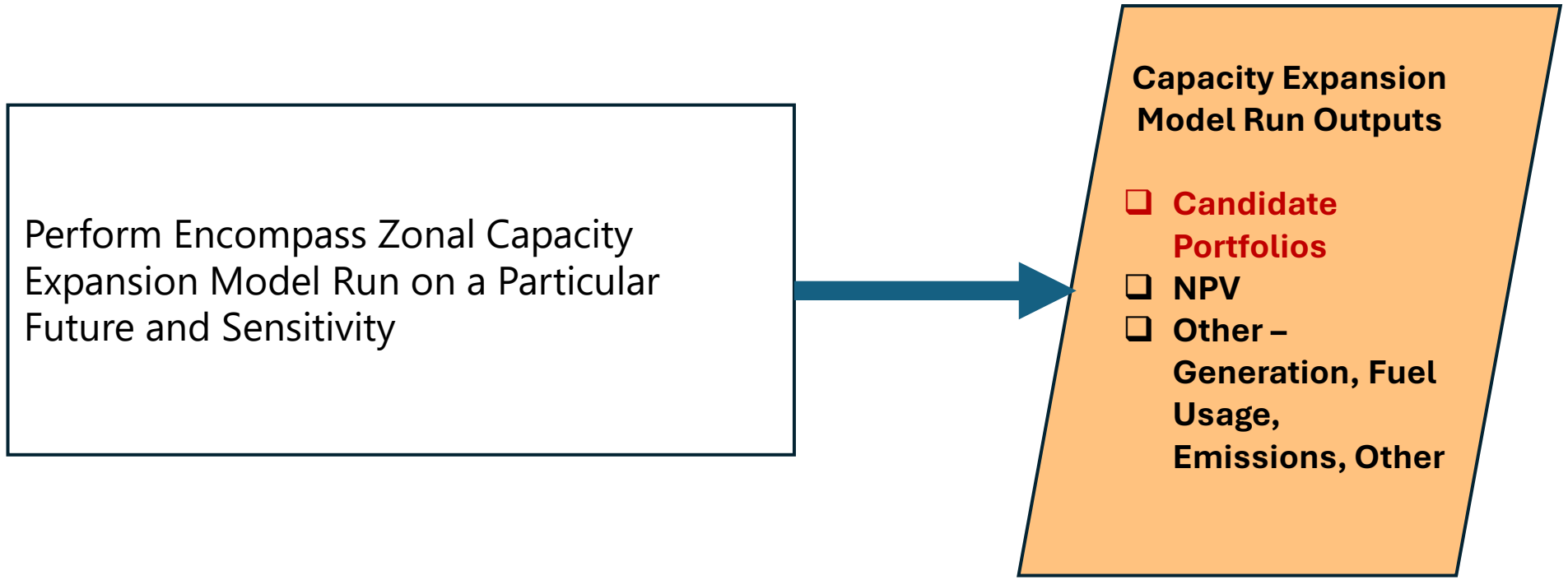
Wholesale transmission utilization is not captured in zonal modeling and represents over half of PNM's total transmission system utilization

- Point-point
- Network customers
- Legacy

Provides a means to assess resource portfolio additions while accounting for the wholesale system uses

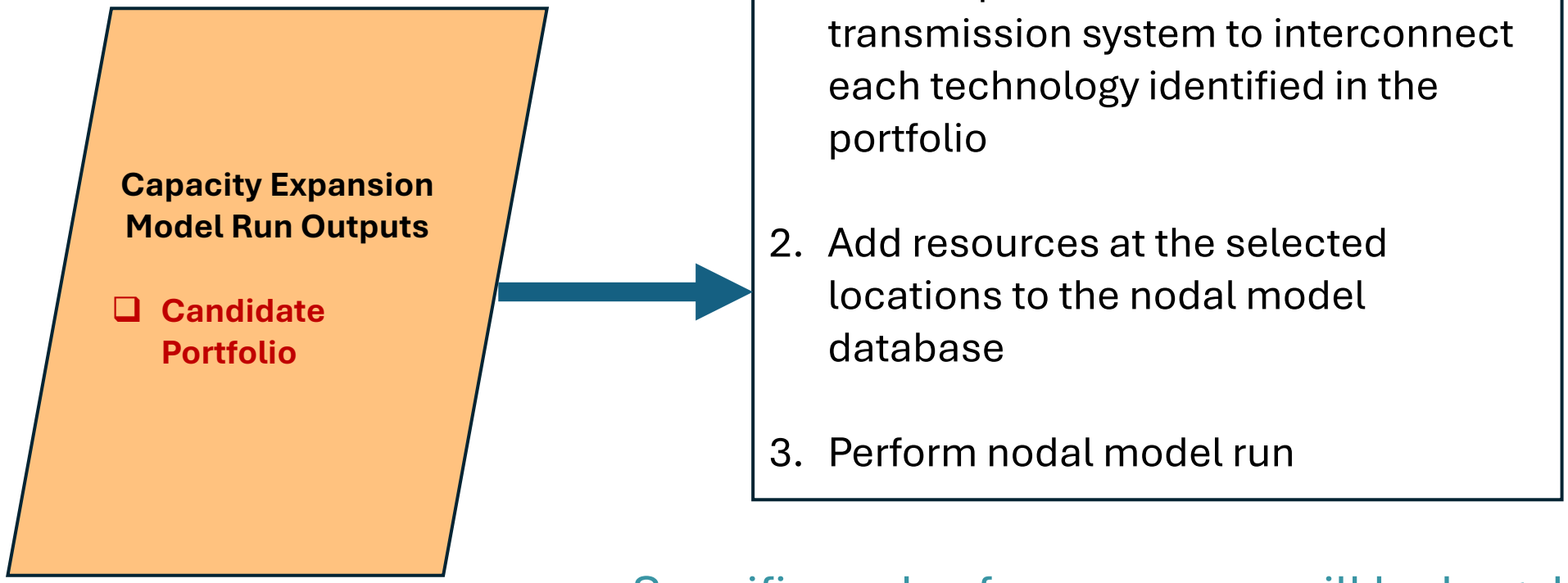
- Curtailments
- Congested Paths
- Congestion Costs
- Loss impacts

Information Needed from Zonal Capacity Expansion Run



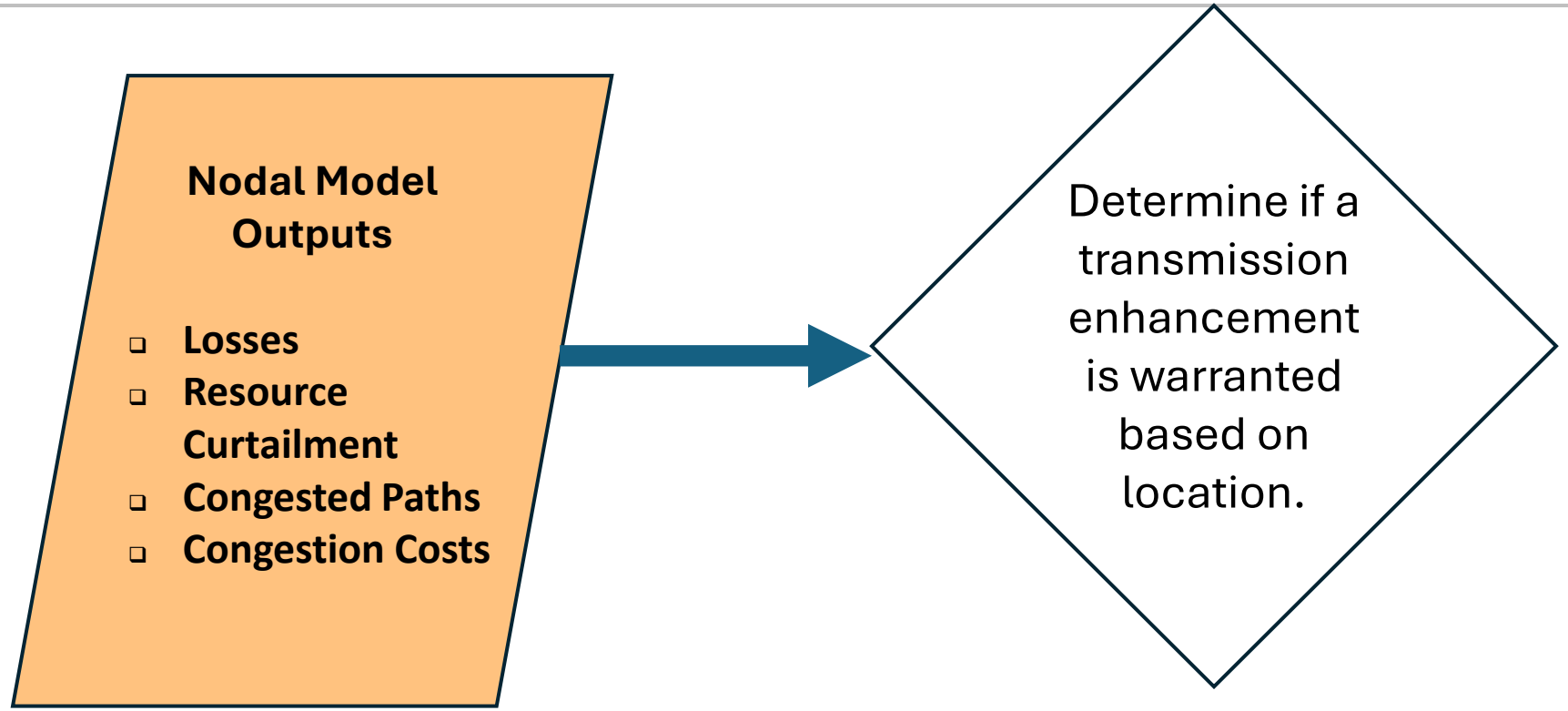
- Candidate Resource Portfolio detail includes technology types, and amounts by year. Candidate resources are not location specific.

Nodal Model Steps: Location Assignment



- Specific nodes for resources will be largely based on zonal topology

Nodal Model Outputs



- Compare congestion costs and curtailments to annual transmission revenue requirement. Assumptions on location and transmission improvements based on experience with New Mexico transmission system.

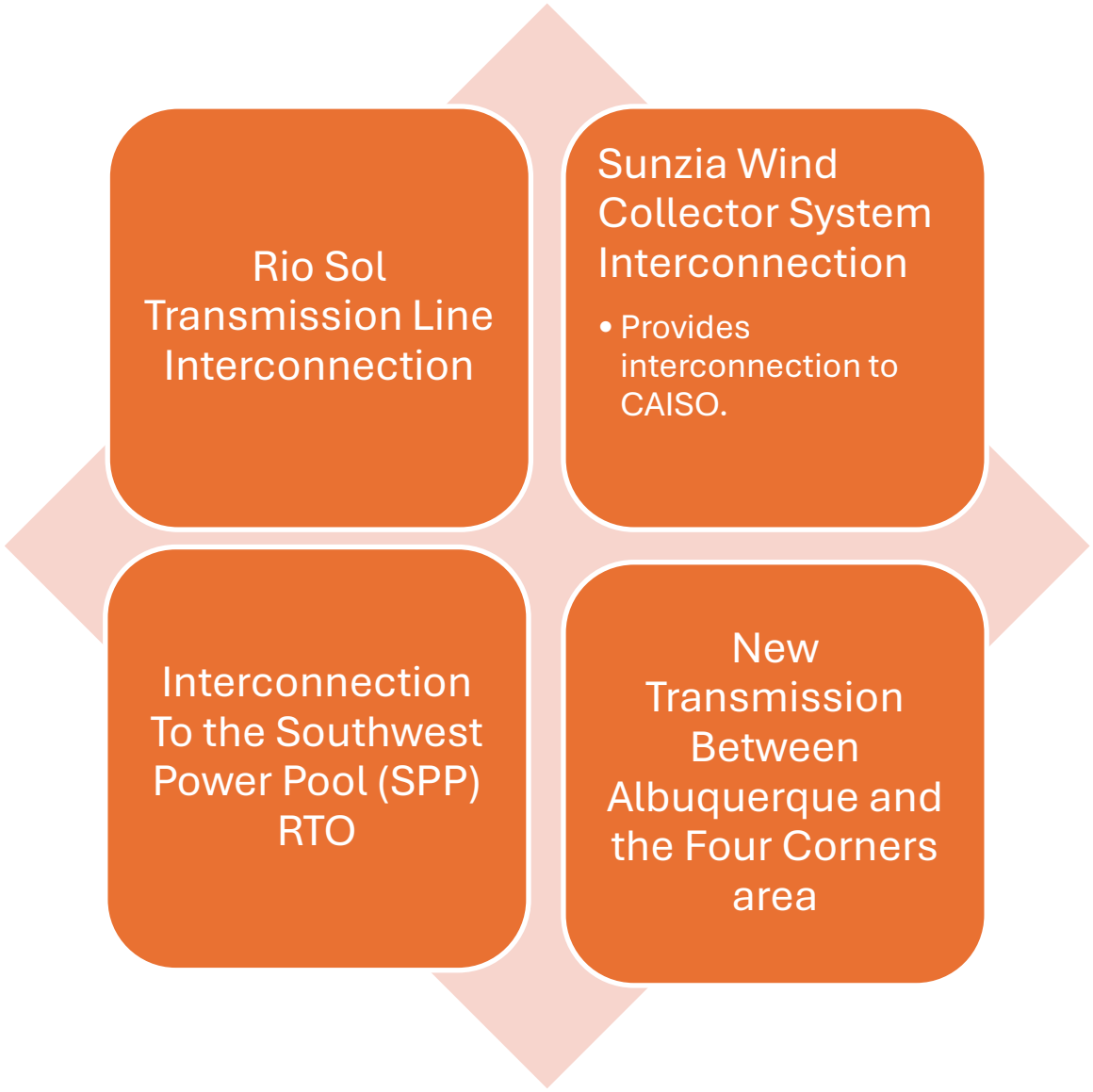
Resource Location

Solar	• Albuquerque, San Juan/Four Corners, Belen and Los Lunas, Eastern NM
Wind	• Eastern NM (Torrance/Guadalupe) • Union, Quay, Curry, Roosevelt will have higher transmission costs.
Geothermal	• Potential locations will need to be determined • Size is a factor, but optimal geothermal sites are generally not near PNM transmission facilities.
Pump Storage	• Will assume San Juan/Four Corners
Compressed Air Energy Storage (CAES)	• Southeast NM – Significant Transmission Cost.

Developing Transmission Additions

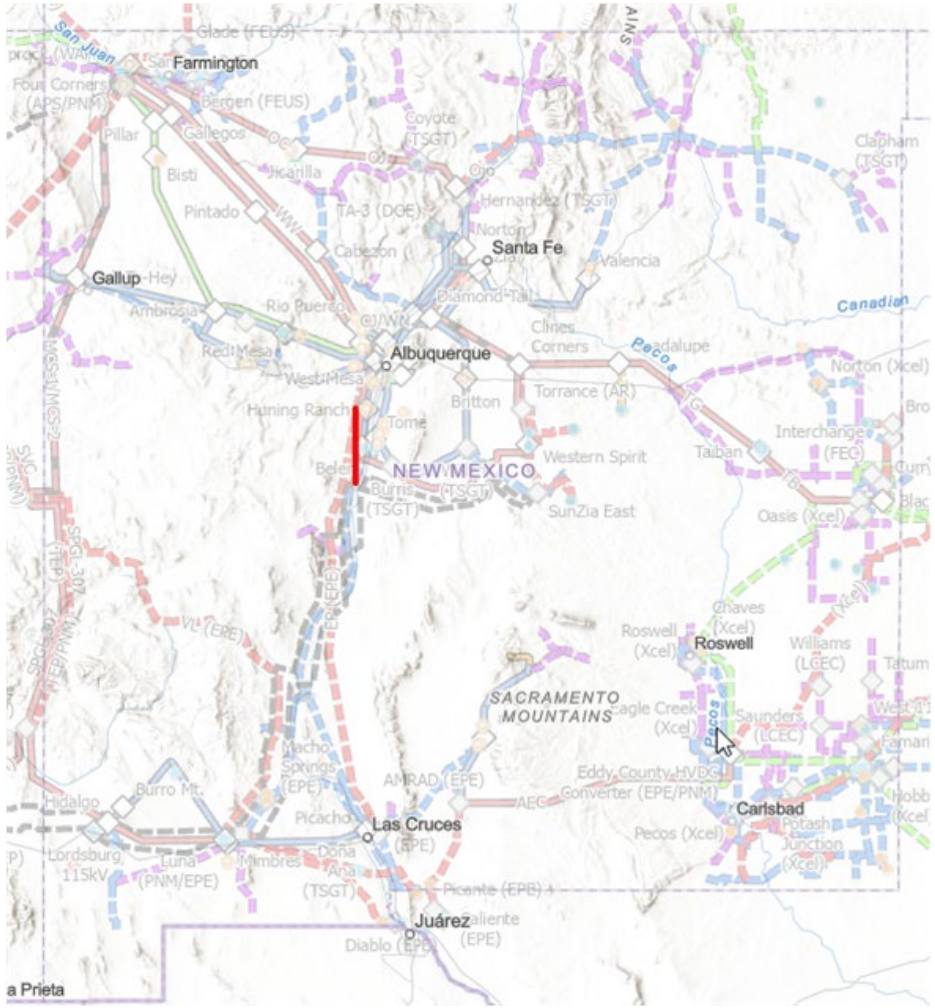
- Develop Transmission System Modifications
  - Utilize 20-year transmission plan projects where applicable
    - Cost and Schedule
    - Capacity Benefits
    - Mostly 345 kV projects
  - Utilize recent interconnection studies or 440 filings to get per unit cost for 115 kV and below
- Rerun nodal model with transmission modifications to confirm benefits to congestion cost and curtailments
- Rerun capacity expansion in zonal model with transmission cost included
  - ➢Candidate portfolio for a given future and sensitivity may change.

Transmission Sensitivities Included in Modeling



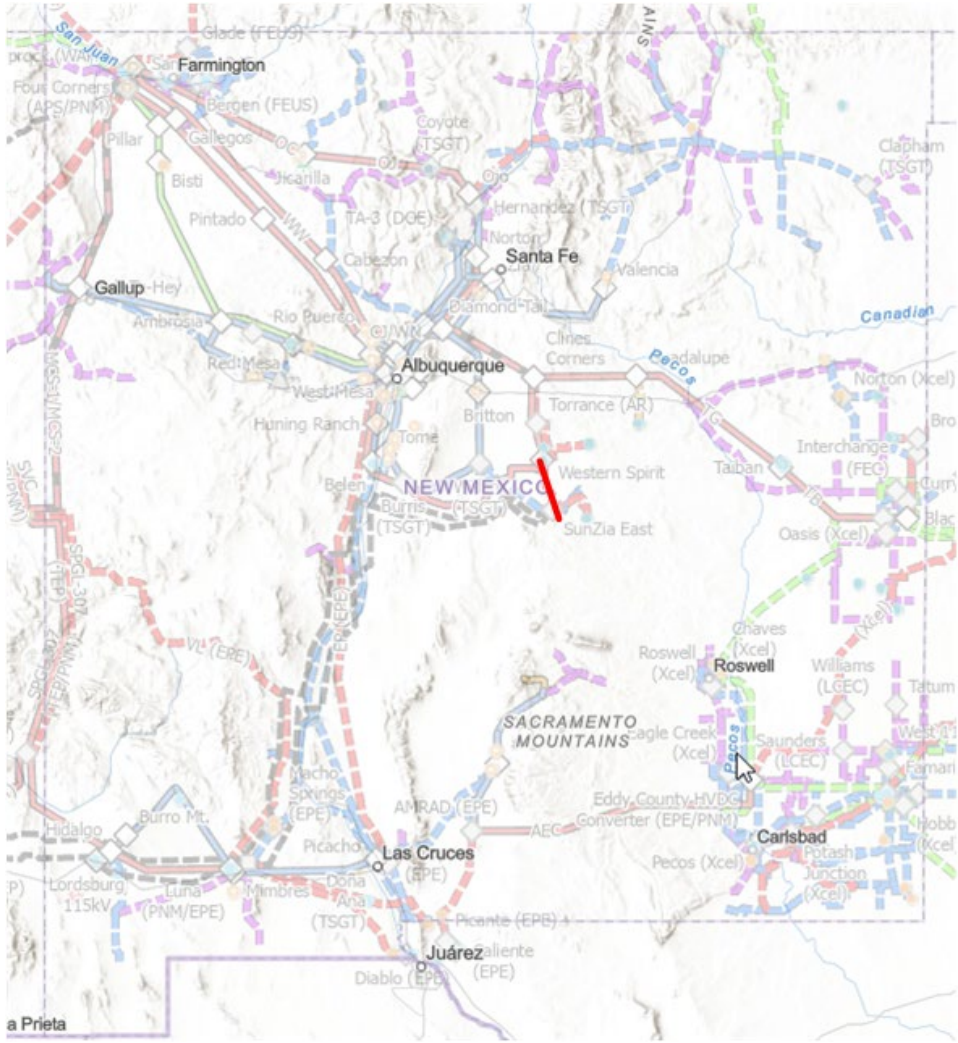
Transmission Project – Rio Sol Sensitivity

- This project is modeling a new transmission line from PNM's system in the Albuquerque metropolitan area to a proposed transmission line running from eastern NM to Arizona.
  - Schedule assumes 4-6 years for planning to construction.
  - Capital cost estimate: 262 M$



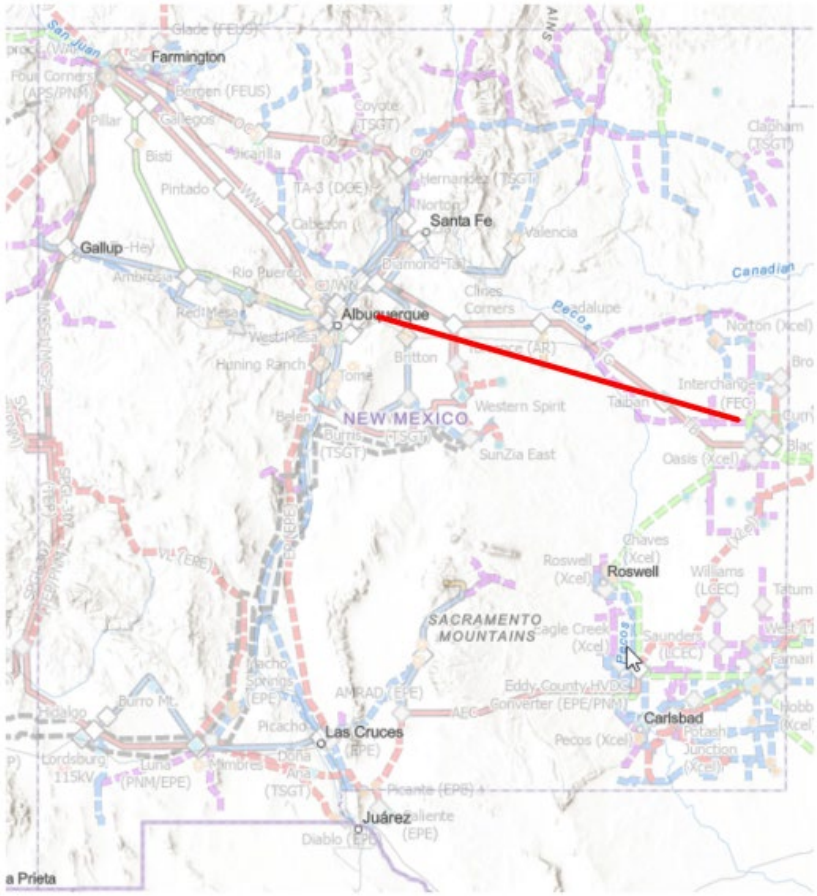
Transmission Project – Sun Zia Sensitivity

- This project is modeling a transmission line connecting PNM's eastern NM system to the Sun Zia wind collector system in east central NM.
  - Schedule assumes 4-6 yeas for planning to construction.
  - Capital cost estimate: 219 M$



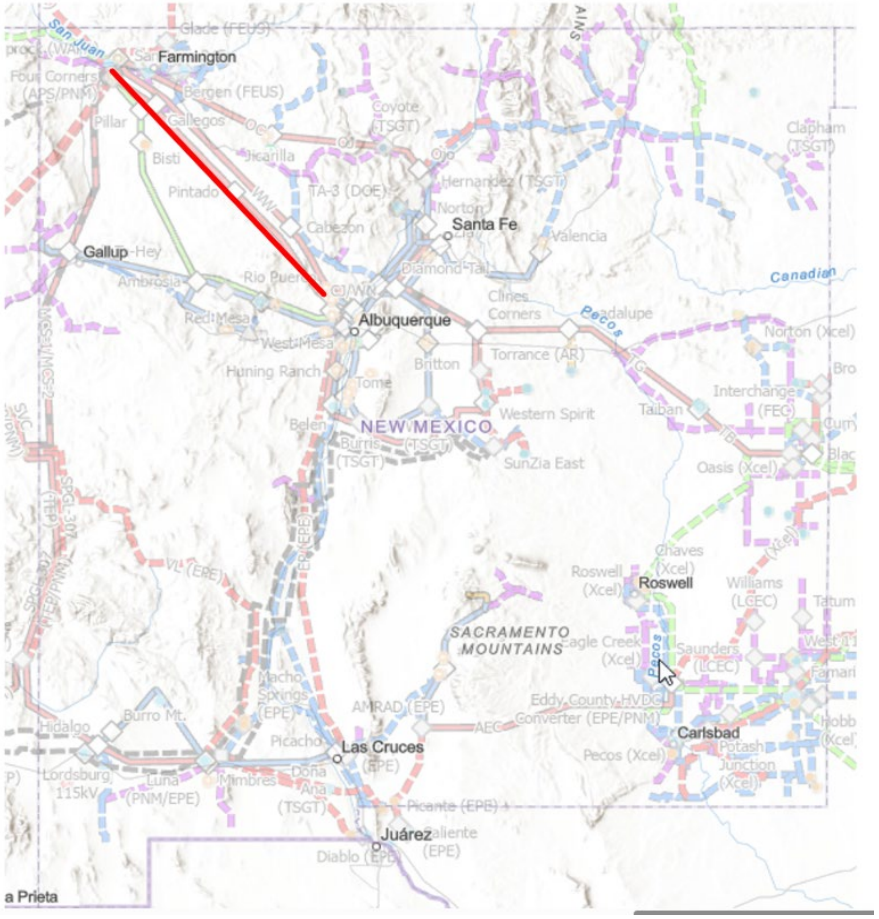
Transmission Project – Blackwater DC Tie Sensitivity

- This project is modeling a new transmission line that connects SPP to PNM's system through a AC/DC/AC converter.
  - Schedule assumes 8–10 year for planning to construction.
  - Capital estimate: 1.5 B$



Transmission Project – Four Corners Sensitivity

- This project is modeling a new transmission line from Albuquerque to Four Corners.
  - Schedule assumes 8–10 year for planning to construction.
  - Capital cost estimate: 448 M$



Nodal Analysis – Transmission Expansion Cost Assumptions

Sample of projects from 20-year Transmission Outlook or recent estimates.

Transmission Project	Construction Schedule Years	Cost ($M) in 2026 Dollars
Rio Puerco – Pajarito 345 kV Line	4 – 5	$ 92
Pajarito – Prosperity 345 kV Line	3.5 – 4.5	$ 116
Rio Sol 345 kV Connection to PNM	4 – 6	$ 262
Sun Zia 345 kV Connection to PNM	4 – 6	$ 219
2nd Western Spirit – Hidden Mountain –Pajarito 345 kV	5 – 7.5	$ 524
2nd Four Corners – Rio Puerco 345 kV	8 – 10	$ 448
AC/DC/AC tie to SPP	7 - 10	$ 1,007

20-year Transmission Outlook Link

Questions

2026 IRP Analytical Approach

Data Collection

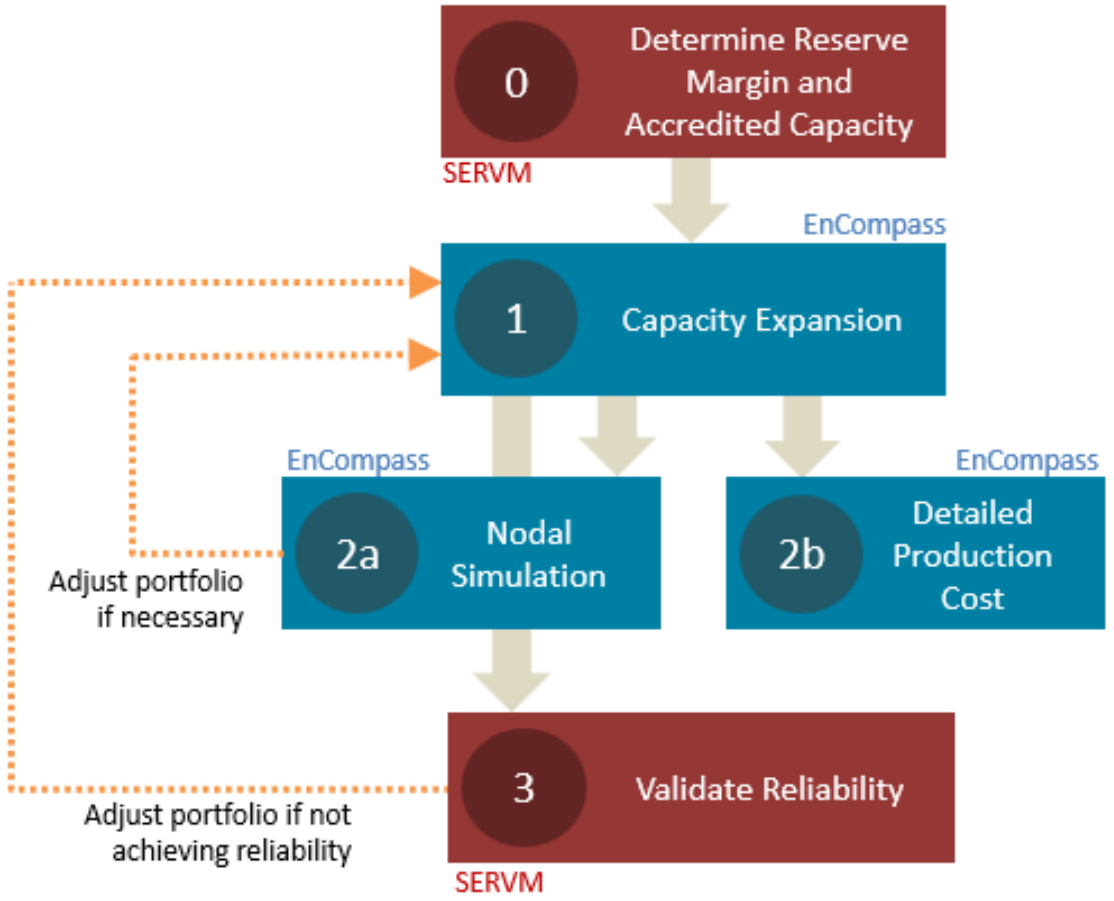
- Load Forecast (Feb)
- Supply-side resources (Jan)
- Demand-side resources (Feb)
- Commodity Prices (Feb)
- Existing Resources & Costs (Feb)
- Resource accredited capacity (Feb)

Define Modeling Framework

- EnCompass (zonal & nodal)
- SERVM (reliability)
- Futures
- Sensitivities
- Topology
- Transmission
- Stakeholder requests

Modeling Results

- Expansion plans
- Projected Operating costs (fixed, variable, fuel)
- CO2 emissions
- Portfolio NPV
- Nodal congestion
- Nodal curtailments



Typical Modeling Results Reporting

New Installed Capacity (MW)

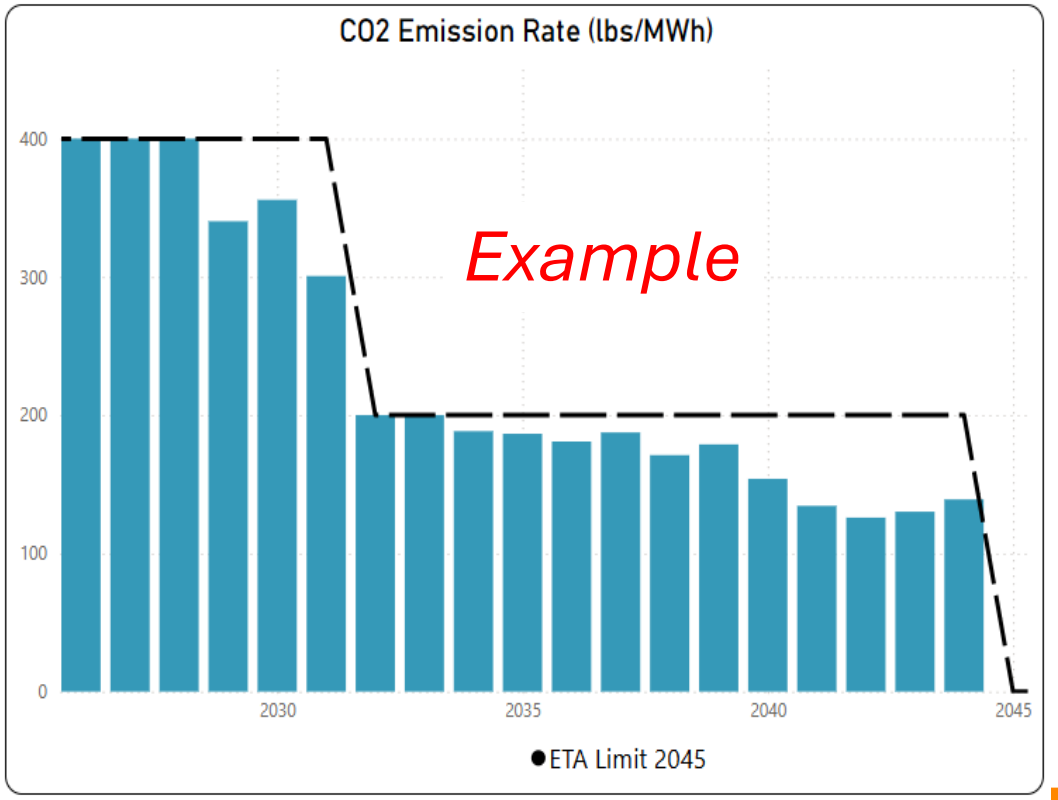
Year	CT Gas	LD Storage	SD Storage	Solar PV	Wind	Total
2026			310	100		**410**
2027						
2028	167		330	100		**597**
2029						
2030	41					**41**
2031	246					**348**
2032						**48**
2033			20		100	**120**
2034	41					**41**
2035			15		200	**215**
2036	164					**164**
2037	123		52			**175**
2038	123	20			100	**243**
2039	13	129			138	**280**
2040		101	356	746	279	**1,482**
2041			102	78	253	**433**
2042			142	79	149	**370**
2043			400	235		**635**
2044			255	442	41	**738**
2045			415	543	140	**1,098**

Example

NPV of RR ($M)

Scenario	
HEG 8760	$17,924

Example

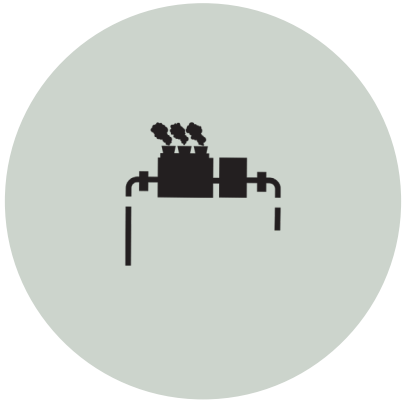


January 27th Office Hours

February 11, 2026

January Office Hours Topics

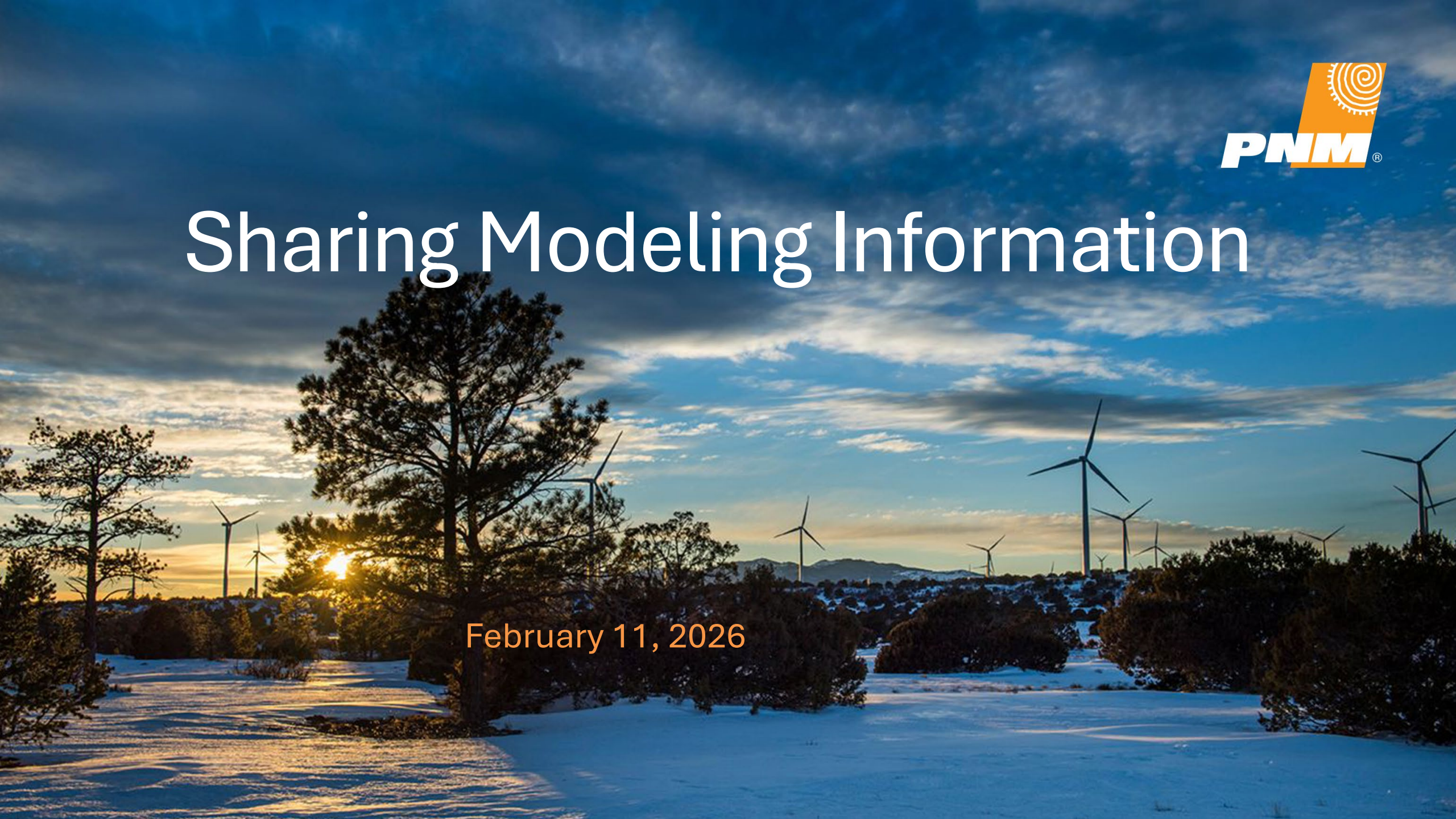
GAS VOLATILITY STUDY



THERMAL ELCC

EE AND DR POTENTIAL STUDY

- PRESENTATION AND DOCUMENTS AVAILABLE ON GRIDWORKS WEBSITE.
- COMMENTS CAN BE PROVIDED TODAY IN CHAT IF NOT ALREADY PROVIDED.



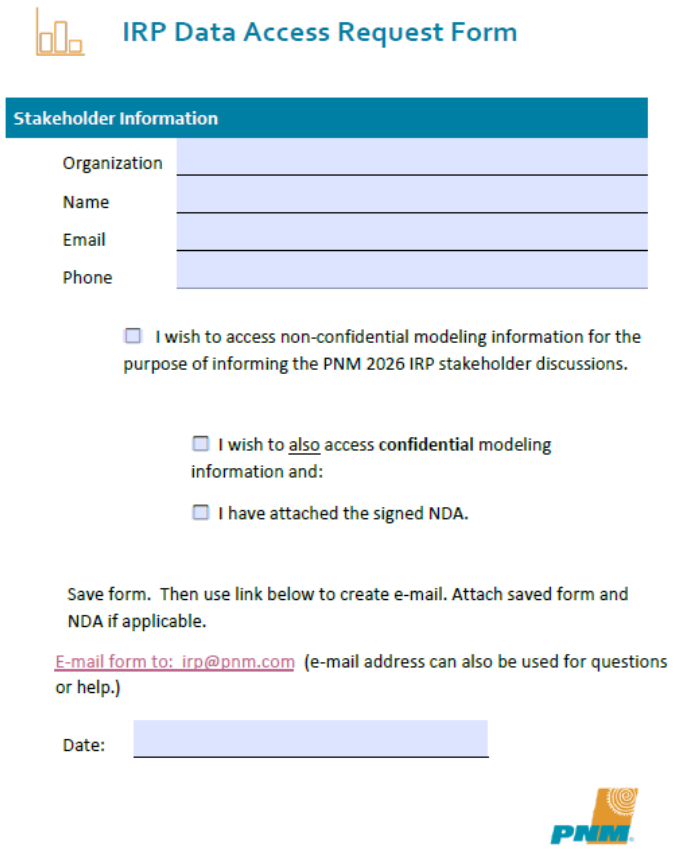
Sharing Modeling Information

February 11, 2026

Accessing IRP Modeling Data

- PNM will provide access to modeling information on a Venue file sharing site.
- A form was e-mailed by Gridworks that can be completed to request access.
- The form should be completed and e-mailed to irp@pnm.com. If signing NDA, this will need to be scanned and included in e-mail.
- Once the form is received, PNM will generate a Venue invite which will initiate an email from "venueclientservices@dfinsolutions.com (Donnelley Financial Solutions Virtual Data Room)"
- Complete the instructions in the Venue invite to create a password if you have not been a previous Venue user.
- Once you complete the password registration, use the links to access the file sharing site.
- If you have used Venue previously, you will need to have your previous password but will not need to register. If the password is expired, you will need to follow the instructions on changing. You will receive an e-mail indicating that you have been granted access to the IRP venue site.
- If you have problems, contact irp@pnm.com

Form and Available Information



IRP Data Access Request Form

Stakeholder Information

Organization

Name

Email

Phone

☐ I wish to access non-confidential modeling information for the purpose of informing the PNM 2026 IRP stakeholder discussions.

☐ I wish to also access **confidential** modeling information and:

☐ I have attached the signed NDA.

Save form. Then use link below to create e-mail. Attach saved form and NDA if applicable.

E-mail form to: irp@pnm.com (e-mail address can also be used for questions or help.)

Date:

- Available Files:
  - Public Modeling Data
    - Resource information tables 2026
    - Commodity price and load tables 2026 IRP
    - Modeling Framework and Assumptions 2026 IRP
    - Underlying data for generic resources
- Confidential Modeling Data
  - EnCompass input database (Excel Format)

Available Information

- Resource information tables 2026 IRP Workbook
  - Nuclear and coal – existing
  - Est. fuel costs - coal & nuc
  - Fixed O&M – existing
  - Natural gas – existing
  - Solar - own, existing
  - Solar & storage - PPA, existing
  - Geothermal, wind PPA – existing
  - New resources options data
  - New resources FOM
  - New resources CAPEX
  - Zonal Topology
  - EE bundle characteristics
  - Demand response
  - Transmission adders

Available Information (cont.)

- Modeling Framework and Assumptions 2026 IRP Workbook
  - Modeling-Financial Assumptions
  - Futures
  - Sensitivity cases
  - ELCC (by Technology)
  - RPS Requirement
  - CO2 Emission Targets
  - Price Multiplier Table (Inflation)

Available Information (cont.)

- Commodity price and load tables 2026 IRP Workbook
  - Load - annual peak demand
  - Load - annual energy
  - Hydrogen pricing
  - Annual Market Energy Prices
  - Natural gas pricing
  - Carbon pricing

Venue Demonstration

Time Permitting

Wrap-Up

February 11, 2026