2026 PNM IRP Facilitated Stakeholder

Draft Statement of Need and Action Plan

Workshop 7

June 17, 2026

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

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Statutory Foundation

Rule 17.7.3 defines the legal framework within which PNM's Statement of Need and Action Plan must operate.

Rule 10A

Statement of Need — Required Description

The Statement of Need must describe and explain the amount and types of new resources — expressed in energy or capacity — necessary to reliably meet identified electricity demand and effect state policies.

Rule 10B

Basis for Need — Multiple Drivers

Need shall not solely be based on peak load projections — it may arise from load growth, renewable programs, resource retirement, reliability reserves, flexible resources, demand-side resources, renewable energy, transmission/distribution, or energy storage.

Rule 12B

RFP Issuance — Five-Month Requirement

PNM shall issue a Request for Proposals within five months of Commission acceptance of the Statement of Need and Action Plan.

Rule 13A

Acceptance — Not a Prudence Finding

Acceptance of the Statement of Need and Action Plan does not constitute a finding of prudence or pre-approval of costs associated with the resources identified therein.

IRP Objectives

PNM's 2026 IRP balances three core objectives — reliability, affordability, and environmental compliance — through a flexible, least-regrets 20-year framework.

Reliability

Portfolio designed to achieve a Loss of Load Expectation (LOLE) of **"one day in ten years,"** the standard industry benchmark.

Affordability

"Least-regrets" framework prioritizes resource decisions that minimize long-term financial exposure, mitigate market volatility, and preserve flexibility as conditions evolve.

Environmental Compliance

Resource strategies designed to meet statutory clean energy mandates and advance progress toward a **carbon-free electric system.**

Load Growth Scenarios

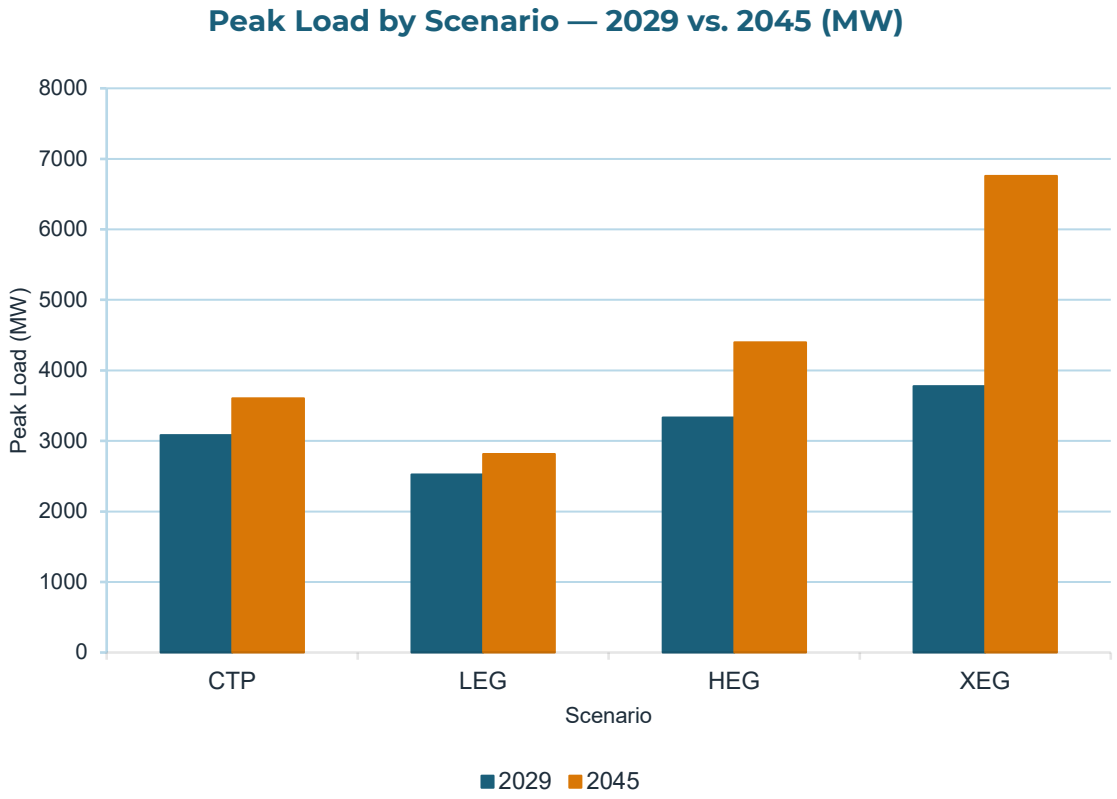
The four scenarios that bracket the range of New Mexico's economic and electrification future — ensuring the plan is robust under any outcome. [1]

CTP Current Trends & Policies — Baseline
Steady load growth: 3,082 MW (2029) → 3,604 MW (2045)

LEG Low Economic Growth
Slower expansion: 2,523 MW (2029) → 2,816 MW (2045);

HEG High Economic Growth
Accelerated development & electrification: 3,331 MW (2029) → 4,398 MW (2045)

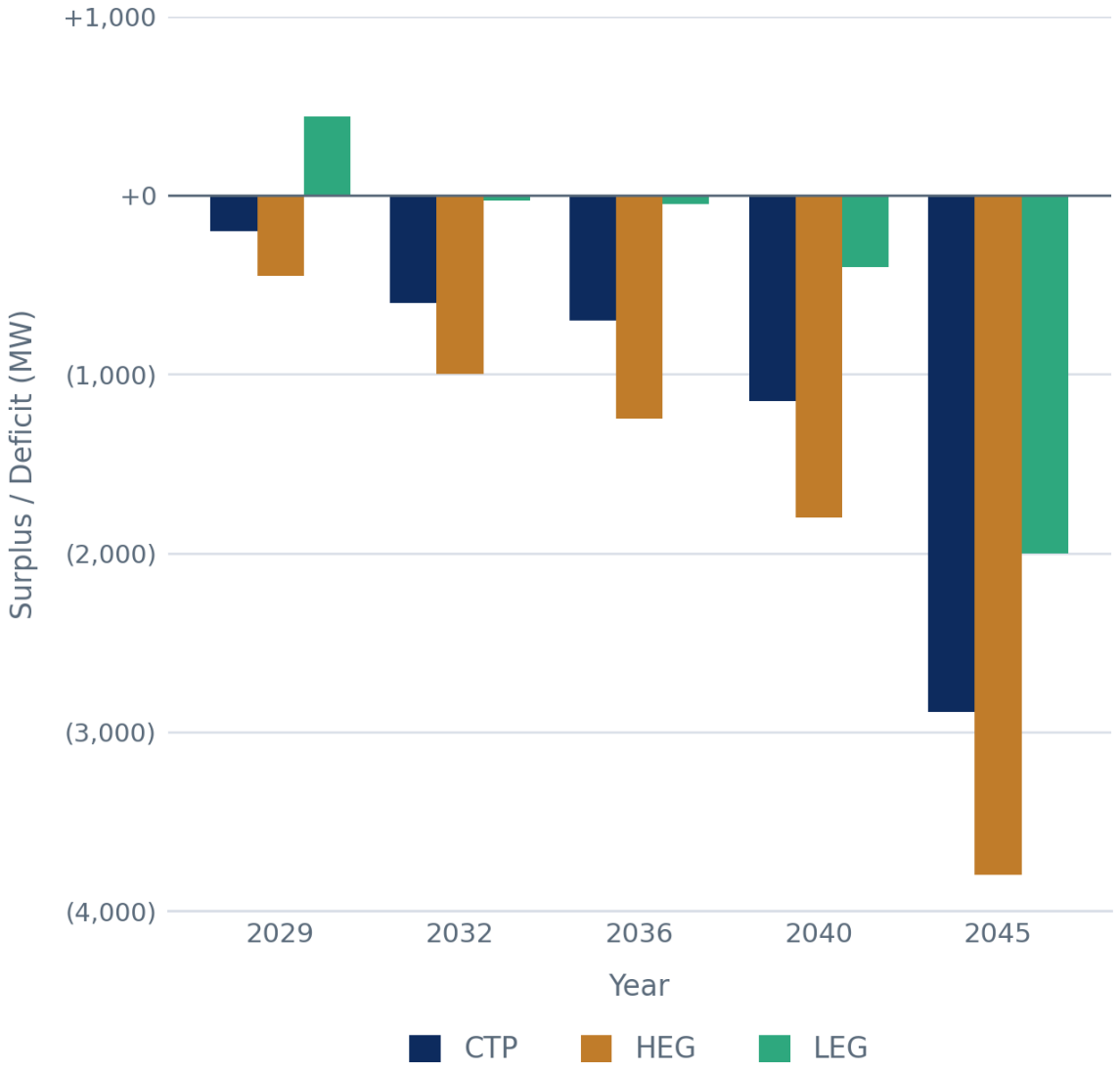
XEG Extreme Economic Development Sensitivity
Sensitivity for large data centers & major industrial loads: 3,776 MW (2029) → 6,757 MW (2045)



Capacity Positions Without New Resources

Description	2029	2032	2036	2040	2045
CTP Load (MW)	3,082	3,152	3,254	3,391	3,604
HEG Load (MW)	3,331	3,491	3,719	3,994	4,398
LEG Load (MW)	2,523	2,624	2,653	2,707	2,816
XEG Load (MW)	3,776	5,071	5,539	6,053	6,757
Existing Resources (MW)	3,330	2,995	2,972	2,739	1,240
PRM Target (%)	14.5%	14.5%	14.5%	14.5%	14.5%
CTP Surplus/Deficit (MW)	(199)	(614)	(753)	(1,143)	(2,886)
HEG Surplus/Deficit (MW)	(485)	(1,002)	(1,286)	(1,834)	(3,796)
LEG Surplus/Deficit (MW)	442	(9)	(66)	(361)	(1,984)
XEG Surplus/Deficit (MW)	(993)	(2,811)	(3,370)	(4,192)	(6,497)

Capacity Shortfall Based On Existing and Approved Resources



Without new resources, a significant and growing capacity deficit emerges across all but the lowest growth scenarios — the scale of the gap depends on the projected future.

Planning Reserve Margin Target: 14.5% across all years [1]

Existing Resources: Decline from 3,330 MW (2029) to 1,240 MW (2045) due to retirements and PPA expirations [1]

- **CTP** Current Trajectory Planning — deficit reaches (2,886) MW by 2045
- **HEG** High Economic Growth — deficit reaches (3,796) MW by 2045
- **LEG** Low Economic Growth — near-term surplus

Closing the Gap — Resource Strategy

PNM addresses the capacity shortfall through three distinct procurement tiers, each reflecting a different level of regulatory and commercial certainty.

1 2029–2032 Resource Filing

Firm commitments, pending regulatory approval

1,040 MW Carbon-Free Energy

610 MW Dynamic Balancing

40 MW Firm Dispatchable

Reeves Generating Station (**146 MW**) continued through 2044

2 2029–2032 RFP Supplement

Active competitive solicitation

Issued May 1, 2026

172 MW Firm Dispatchable — technology-neutral

Actual resource selection from RFP evaluation outcome

3 Generic Long-Term Resources

2033–2036 focus period and beyond

Focus period needs — scale dynamically based on load trajectory.

Resource Categories

PNM defines resource needs by functional grid attribute — Carbon-Free Energy, Dynamic Balancing, and Firm Dispatchable — to ensure technology neutrality across future competitive procurements.

Carbon-Free Energy

Renewable energy and efficiency programs that produce clean energy or reduce annual customer demand to meet New Mexico clean energy goals.

- Solar generation
- Wind generation
- Energy efficiency programs

Dynamic Balancing

Flexible capabilities that allow operators to balance supply and demand instantaneously to maintain real-time grid stability.

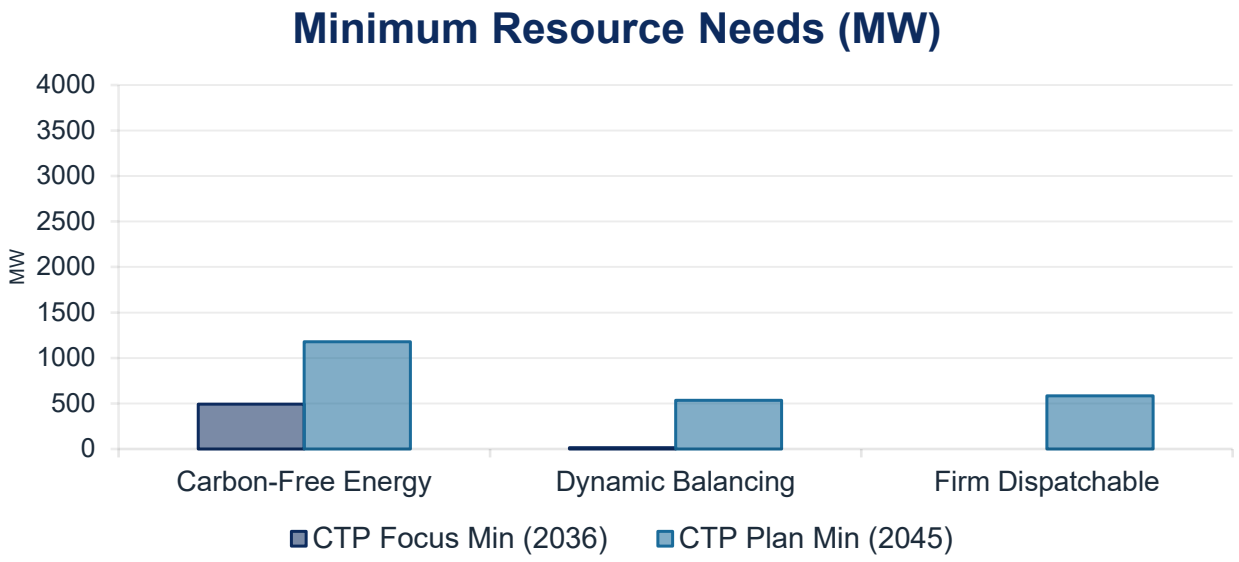
- Short-duration energy storage
- Demand-side management

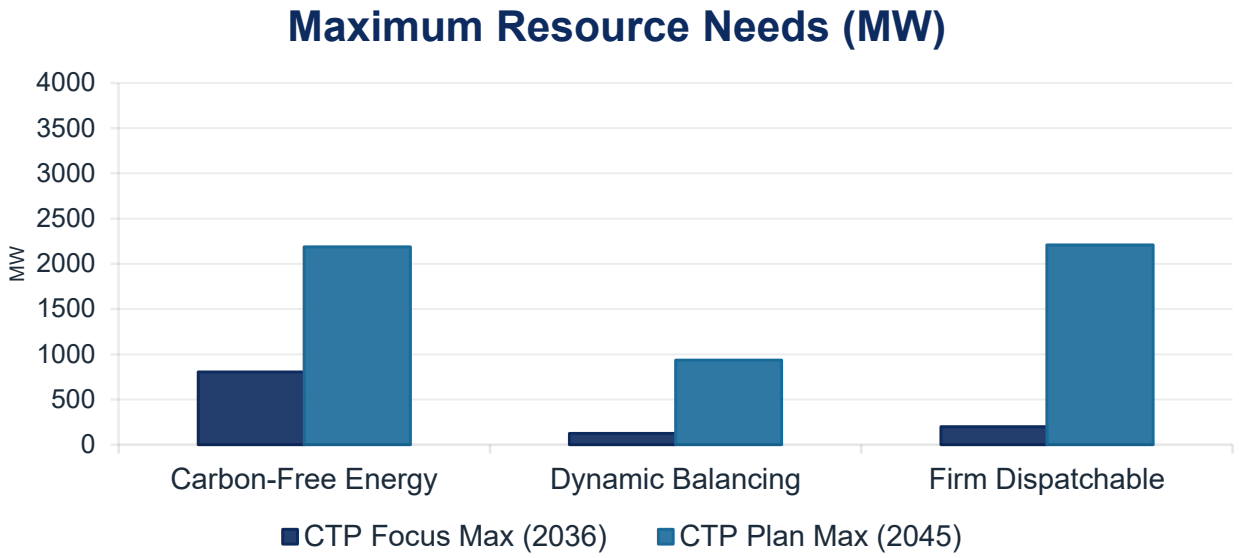
Firm Dispatchable

Resources capable of operating at full capacity for extended periods to maintain grid stability during constrained system conditions.

- Clean firm generation
- Hydrogen fuel resources
- Gas generation placeholders
- Geothermal
- Long-Duration Storage

Incremental Generic Resource Needs (MW) — CTP Future





Range of Resource Needs — CTP

Under the current trajectory planning future, incremental generic resource needs above the baseline grow substantially through the 2036 focus period and into the 2045 planning horizon.

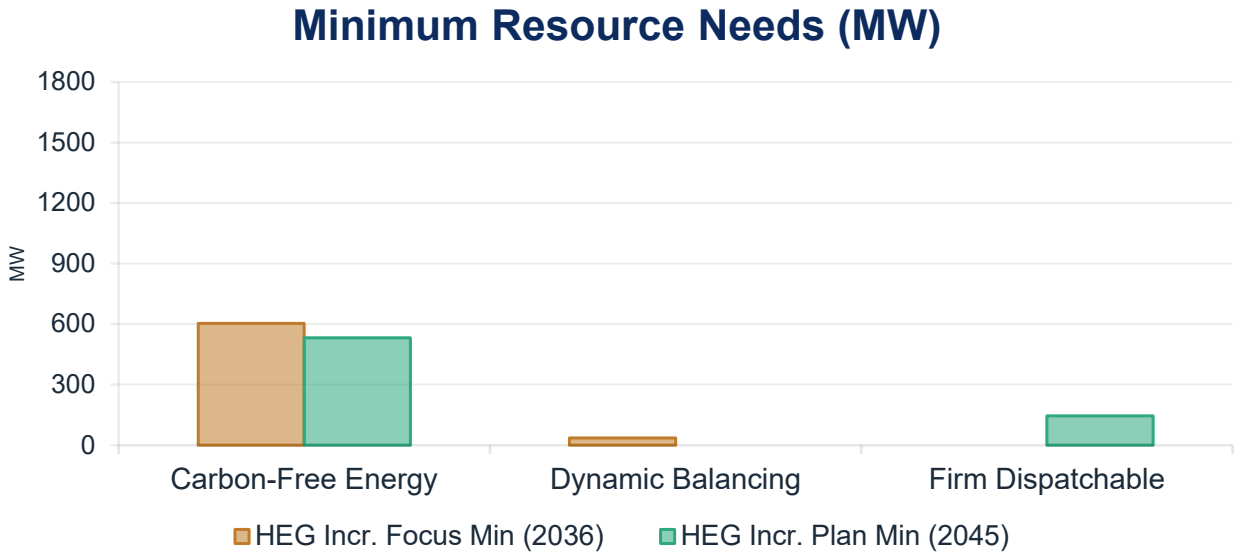
CTP — Focus Period (through 2036)

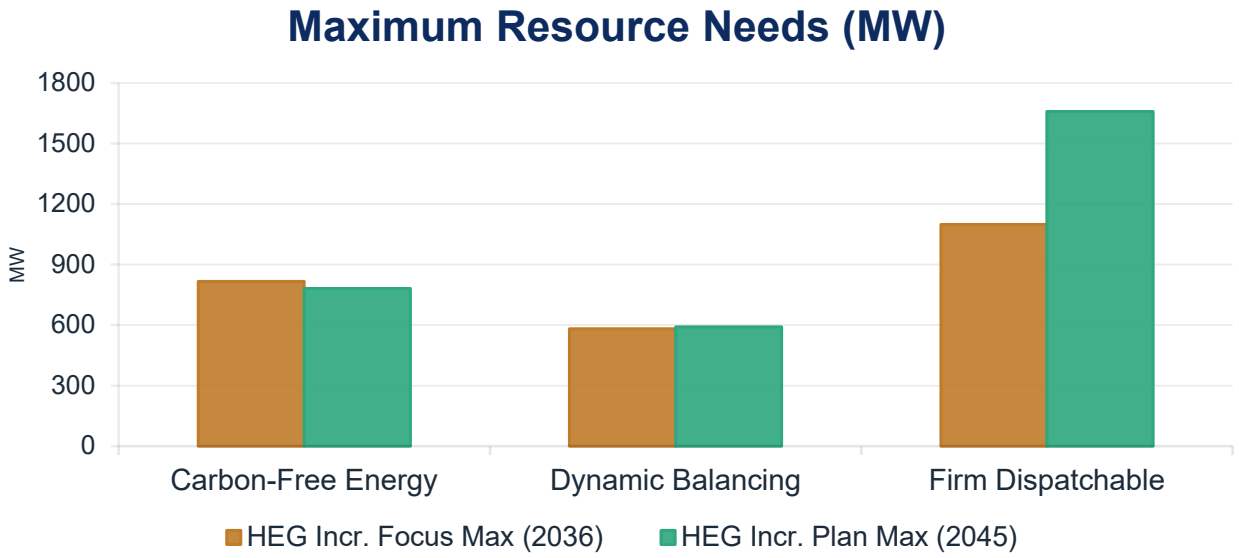
- **Carbon-Free Energy:** 493–804 MW
- **Dynamic Balancing:** 15–125 MW
- **Firm Dispatchable:** 0–200 MW

CTP — Planning Period (through 2045)

- **Carbon-Free Energy:** 1,178–2,187 MW
- **Dynamic Balancing:** 536–935 MW
- **Firm Dispatchable:** 584–2,208 MW

Incremental Generic Resource Needs (MW) — HEG Above CTP





Range of Resource Needs — HEG

Under the high economic growth future, incremental resource needs above the CTP rise through the 2036 focus period, with Firm Dispatchable demand peaking across the 2045 planning horizon.

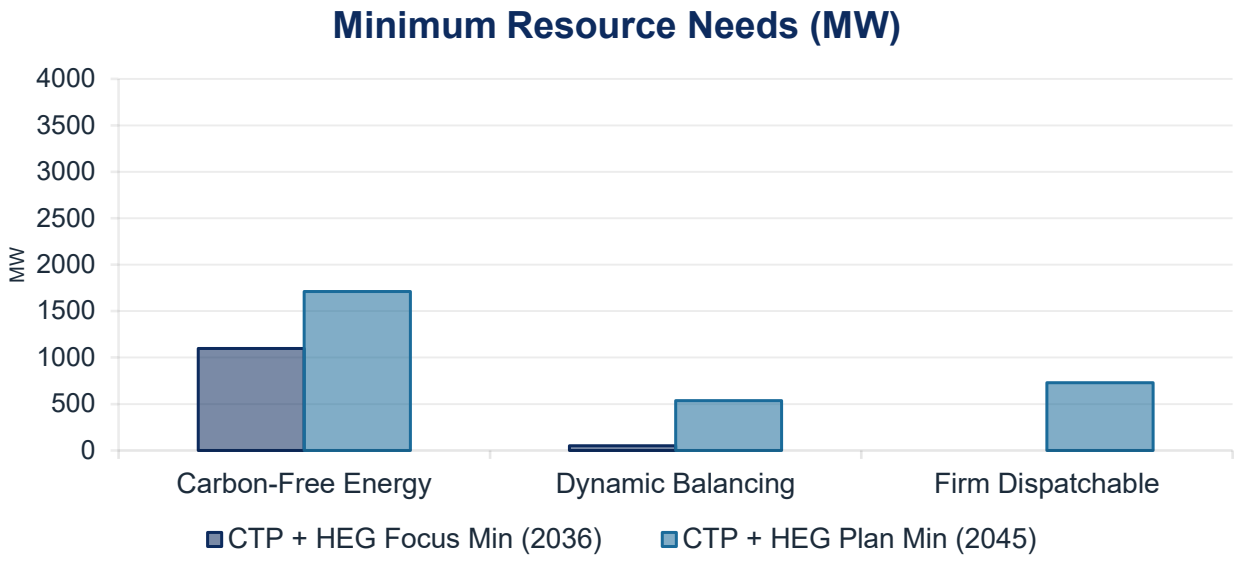
HEG — Focus Period (through 2036)

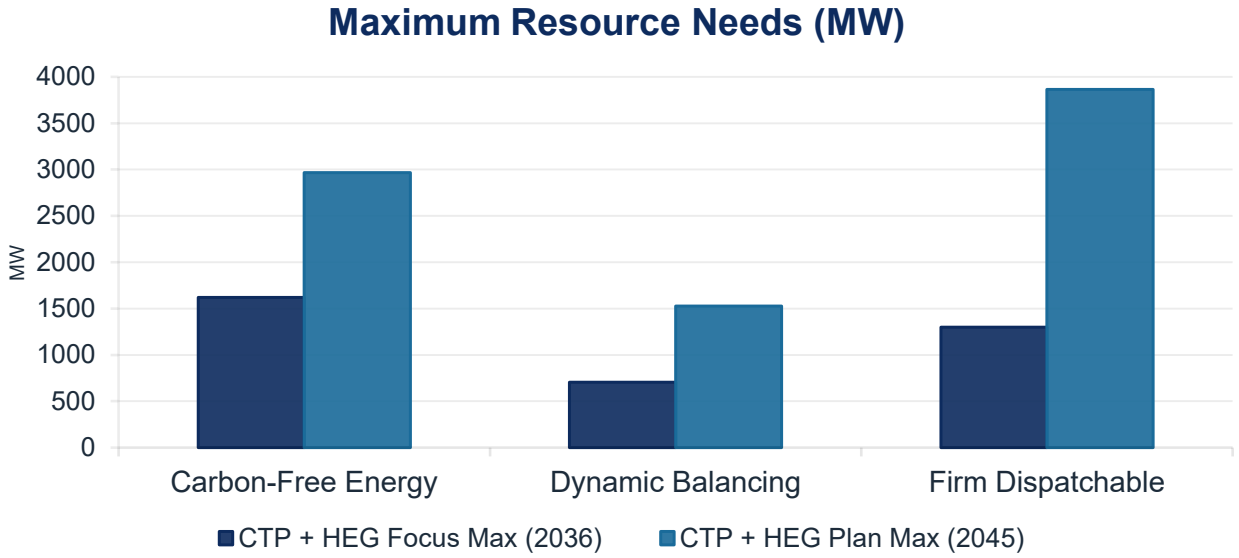
- **Carbon-Free Energy:** 604–817 MW
- **Dynamic Balancing:** 35–582 MW
- **Firm Dispatchable:** 0–1,099 MW

HEG — Planning Period (through 2045)

- **Carbon-Free Energy:** 532–781 MW
- **Dynamic Balancing:** 0–591 MW
- **Firm Dispatchable:** 146–1,658 MW

Incremental Generic Resource Needs (MW) — HEG Above Base Resources





Range of Resource Needs — CTP + HEG

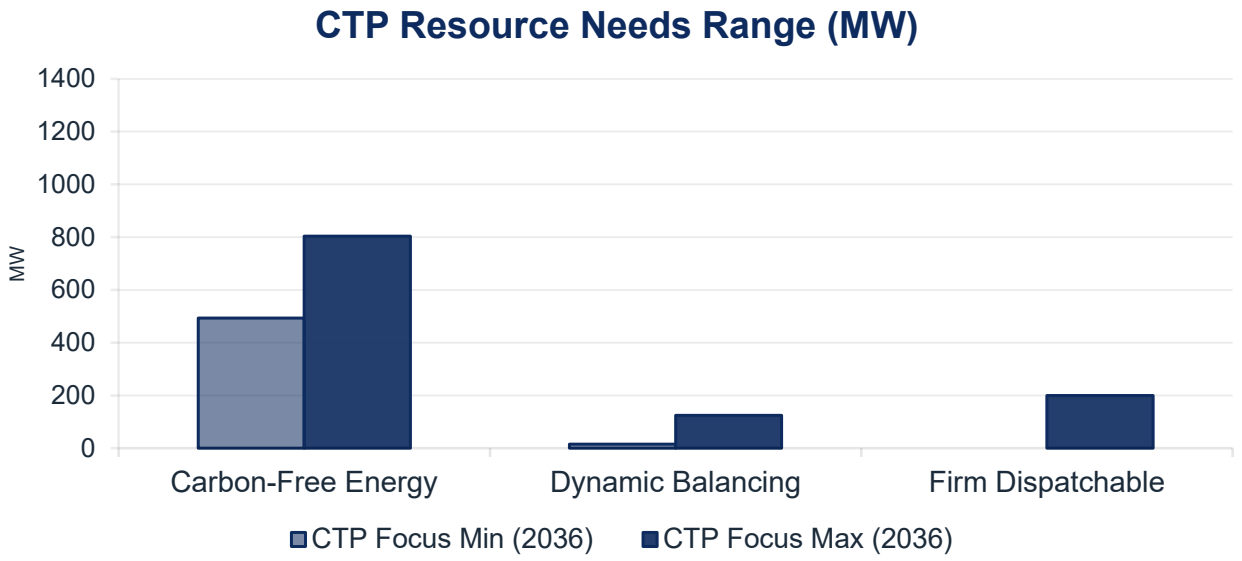
The HEG shows incremental generic resource needs above the baseline grow substantially through the 2036 focus period and into the 2045 planning horizon.

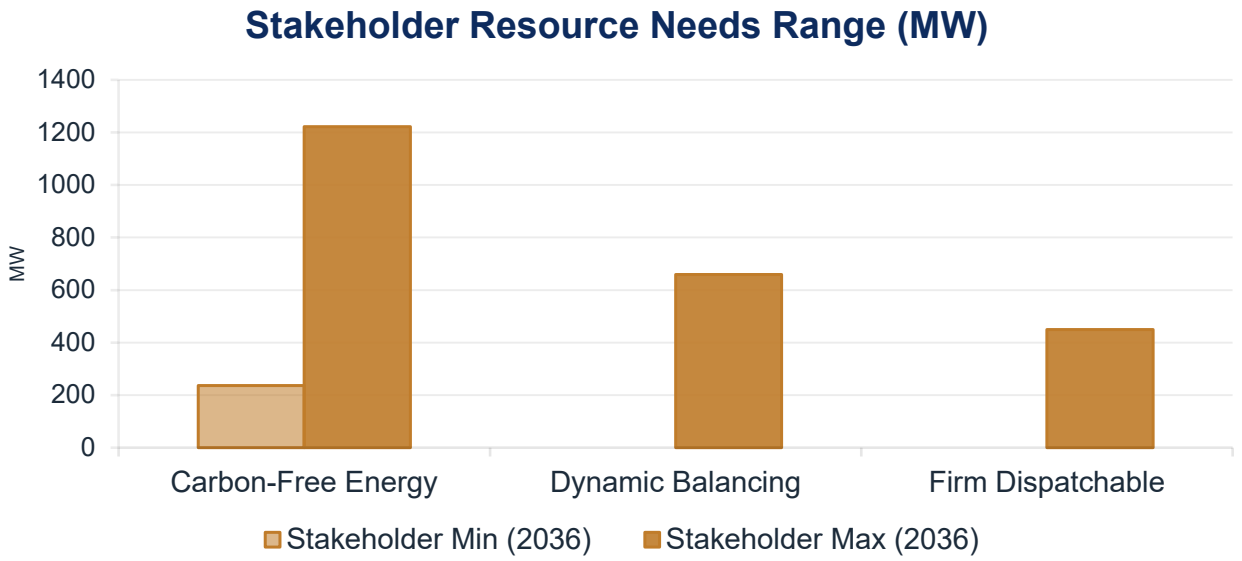
CTP + HEG — Focus Period (through 2036)

- **Carbon-Free Energy:** 1,097–1,621 MW
- **Dynamic Balancing:** 50–707 MW
- **Firm Dispatchable:** 0–1,299 MW

CTP + HEG — Planning Period (through 2045)

- **Carbon-Free Energy:** 1,710–2,968 MW
- **Dynamic Balancing:** 536–1,526 MW
- **Firm Dispatchable:** 730–3,866 MW





Resource Needs — CTP vs. Stakeholder

Stakeholder scenarios widen the near-term resource range well beyond the current trajectory planning future across all three categories through the 2036 focus period.

CTP — Focus Period (through 2036)

- **Carbon-Free Energy:** 493–804 MW
- **Dynamic Balancing:** 15–125 MW
- **Firm Dispatchable:** 0–200 MW

Stakeholder Scenarios (through 2036)

- **Carbon-Free Energy:** 237–1,222 MW
- **Dynamic Balancing:** up to 659 MW
- **Firm Dispatchable:** up to 450 MW

Range of Resource Needs — LEG and XEG

The Low Economic Growth future demonstrates that baseline resources are sufficient through 2036, while the Extreme Economic Development sensitivity represents an unprecedented scale of need.

LEG Low Economic Growth

2029–2032 System Resources and Supplement Procurements resolve supply-side deficits through the 2036 focus period.
Minimal generic supply-side additions required through 2040.
Model selects incremental DSM (energy efficiency) across all cases.

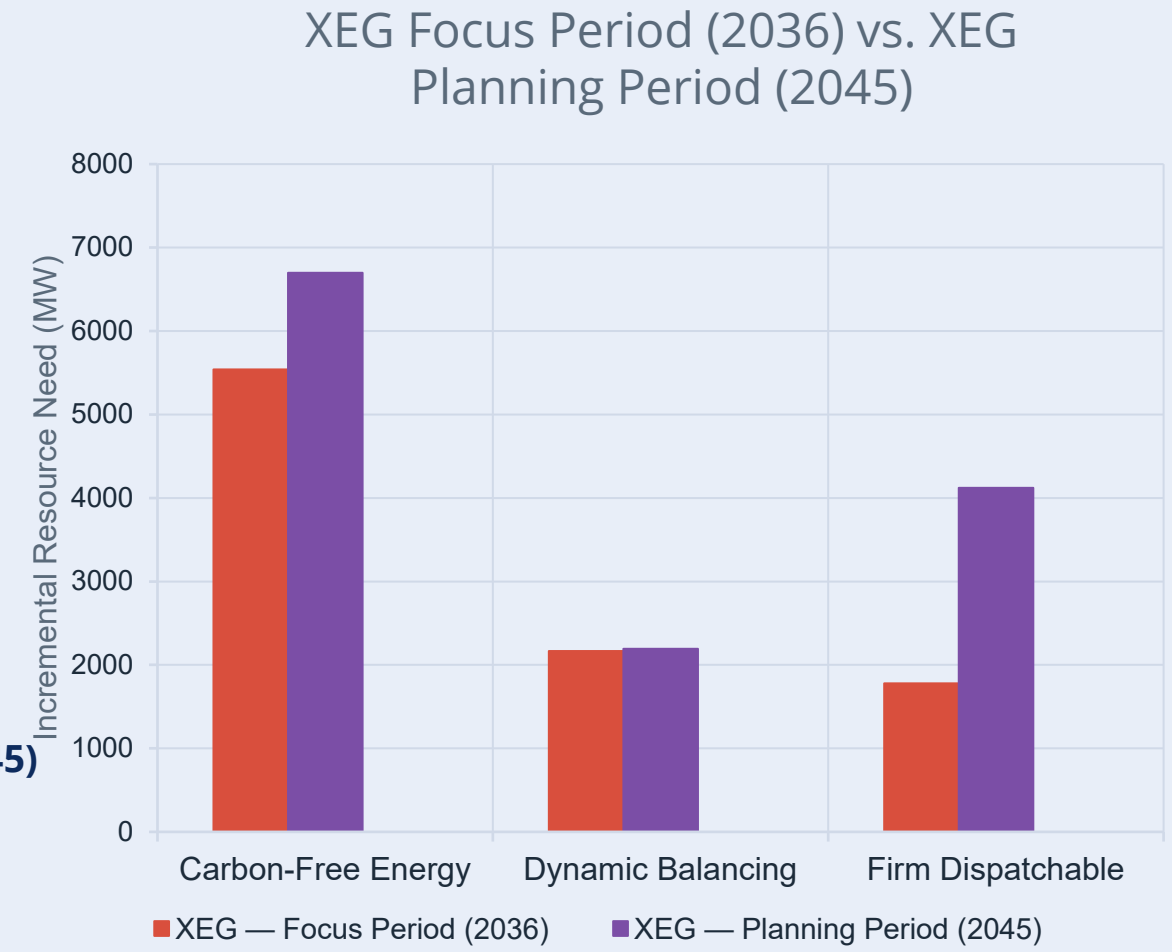
XEG Extreme Economic Growth — Focus Period (through 2036)

5,539 MW Carbon-Free Energy | **2,168 MW** Dynamic Balancing | **1,780 MW** Firm Dispatchable (incremental above baseline).

XEG Extreme Economic Growth — Planning Period (through 2045)

6,698 MW Carbon-Free Energy | **2,194 MW** Dynamic Balancing | **4,122 MW** Firm Dispatchable — unprecedented load scenario evaluated for load growth.

XEG — Incremental Resource Needs (MW)



Source: PNM Draft SoN Workshop 7.docx

Action Plan — Resource Procurement

1

Regulatory Approvals & Construction

Continue regulatory approvals and advance construction for resources in the 2029–2032 System Resources Application and the Four Corners Power Plant abandonment proceeding.

Pending regulatory approval

2

Advance RFP Supplement — Issued May 1, 2026

Advance the 2029–2032 All-Source Generation Resource RFP Supplement — proceed with evaluation and selection of resources to supplement 2029–2032 system needs identified in the 2023 IRP.

Active solicitation — award pending

3

New All-Source RFP for 2033–2036 System Needs

Issue a new All-Source RFP for supply-side and demand-side resources to meet 2033–2036 system needs. Long development timelines require early initiation; finalization of RFP Supplement selections is a prerequisite — a schedule variance may be required.

Focus period: 2033–2036

Action Plan — Transmission, Partnerships, and Regional Programs

4

Strategic Partnerships

Form a working group to evaluate strategic partnerships, policy mechanisms, and funding mechanisms — including state and federal incentives — focused on reducing development risk and managing customer costs.

5

Transmission Alternatives Analysis

Further analyze four IRP-evaluated transmission alternatives to validate economic findings and clarify regional market access benefits.

Rio Sol facilities · SunZia AC facilities · SPP system near Blackwater HVDC · Expanded Four Corners interconnection

6

Western Regional Resource Adequacy (EDAM)

Participate in development of a western regional resource adequacy program for EDAM participants. As a sponsor and active working group member, advance a final resource adequacy proposal to the ROWE Board by end of Q1 2027.

Evaluate impacts to long-term reliability planning metrics for incorporation into the next IRP.

Action Plan - Demand-Side Programs and Reporting

7

Demand-Side Expansion

Continue to support expansion of demand-side options including demand response and energy efficiency through triennial Energy Efficiency and Load Management program filings and Grid Modernization Plan development — to help meet portfolio goals and reduce customer demand.

8

Time-of-Day Rates

Recognize stakeholder support for opt-out time-of-day rates and continue work through the Pricing Advisory Committee (PRAC) on its Roadmap to Default TOD rates as part of the grid modernization plan.

9 Regulatory Reporting

Regulatory Reporting

File annual reports to demonstrate the progress of the Action Plan, maintaining transparent accountability to the Commission and stakeholders throughout the IRP planning cycle.

Questions