2026 PNM IRP Facilitated Stakeholder Workshop 9

August 12, 2026

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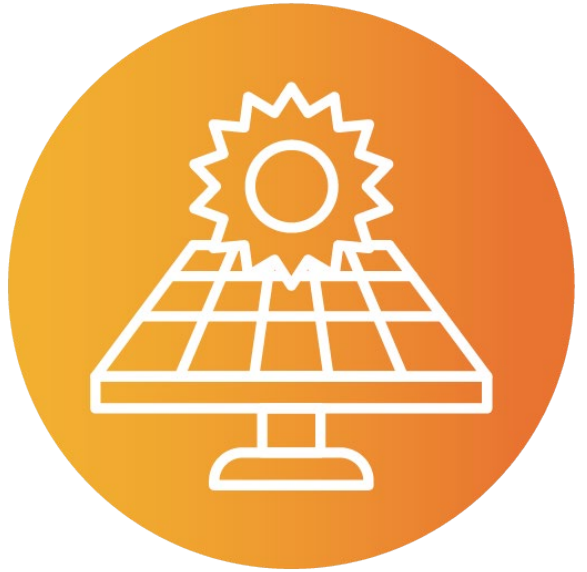
Workshop #9 Agenda

- Review IRP Report Contents
- High Level Rate Impact
- Updates to Statement of Need



2026 IRP Process Check

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

File Report Sept 1

IRP Report Roadmap

Document Overview — How the IRP Is Organized

The IRP is organized into 11 numbered chapters plus front matter — each chapter plays a distinct role in building PNM's 20-year plan.

Front Matter

Cover Page, Safe Harbor Statement, Acknowledgements, Table of Contents

Chapters 1–3— Context & Inputs

Policy environment, planning landscape, and customer load forecast

Chapters 4–6 — Existing System

Current resources, transmission & distribution infrastructure, and reliability standards

Chapters 7–9 — Analytical Work

Scenario building, new resource options, stakeholder scenarios and portfolio analysis

Chapters 10–11 — Outcomes

Statement of Need and Action Plan — the conclusions the plan is built toward

This overview gives you a map of the document before walking through each chapter in the slides that follow.

Front Matter — Safe Harbor, Acknowledgements & Executive Summary

The document opens with legal context, recognition of contributors, and a high-level preview of the full plan.

- **Safe Harbor Statement** — Explains that forward-looking statements in the IRP are based on current expectations and that actual outcomes may differ due to factors beyond PNM's control. [1]
- **Acknowledgements** — Recognizes the stakeholders, consultants, and contributors who participated in the 2026 IRP process.
- **Executive Summary** —Provides a narrative overview of the entire document — the entry point for readers who want a broad picture before reading individual chapters.
- **Purpose** — Orient the reader, establish legal disclaimers, and credit the collaborative process.

Chapter 1 - Introduction

Chapter 1 grounds the plan in its regulatory, stakeholder, and historical context — explaining why this IRP exists and how it was built.
Concepts from Workshop 2

IRP Policy Considerations

The NMPRC rules and legal framework that govern IRP planning

IRP Planning Process

Step-by-step description of how the plan is developed

Public Stakeholder Process

- How community members, advocates, and other parties participated
- Facilitated by Gridworks over a 9-month open process.
- Notes workshops and office hours with stakeholders and stakeholder contributions.

Planning Objectives

The three goals of reliability, affordability, and environmental impact

Review of 2023 IRP

What was planned in the last IRP and how it has progressed, including the Four-Year Action Plan

Enhancements for This IRP

New modeling capabilities: expanded demand-side modeling, demand response, transmission analysis, and affordability considerations.

Stakeholder feedback from 2023 IRP played a key role in enhancements.

Chapter 2 - Planning Landscape

Chapter 2 describes the external forces — national trends, state laws, technology changes, and regional markets — that shape PNM's planning choices.

Shifting National Demand Dynamics

- How electricity demand across the country is changing
- What those changes mean for regional planning

State Energy Policies & Priorities

- Energy Transition Act (ETA) and greenhouse gas reduction goals
- Senate Bill 170 (Utility Pre-Deployment Act) and House Bill 93

Technology Trends

- Evolving costs, performance, and development timelines for energy technologies
- Federal tax credits and emerging technologies on the horizon

Markets & Regional Coordination

- Organized wholesale energy markets and resource adequacy programs
- Interregional transmission planning that affects PNM's options

Chapter 3 - Load Forecast

Chapter 3 examines who PNM serves today and how much electricity the community is expected to need in the future — the foundation for all resource planning that follows.

PNM Customers

A description of the types of customers PNM serves today — residential households, commercial businesses, industrial operations, and large electricity consumers — and their role in shaping overall demand.

Existing Demand-Side Programs

Programs already in place to help customers manage their electricity use — including energy efficiency initiatives, demand response programs, and a recent request for proposals (RFP) for additional demand-side management resources.

Trends in Usage & Customer Preferences

How usage patterns are evolving — driven by voluntary green energy programs, electrification of heating and transportation, time-varying electricity rates, and the growing adoption of electric vehicle charging.

Future Demand Forecast

The methodology used to project future electricity needs over the next 20 years, a summary of forecast results, and the key assumptions that underpin the projections — the starting point for all resource decisions ahead.

Chapter 4 – PNM's Existing and Planned Resources

Chapter 4 takes stock of the power plants and energy resources PNM already owns or has contracted, organized by technology type. [1]

Existing Resources
Currently operating

- Nuclear
- Coal
- Natural Gas
- Geothermal
- Wind
- Solar
- Energy Storage

Approved Resources
Not yet in service

- Received regulatory approval from the NMPRC
- Currently under construction or being finalized
- Coming online in the near term

Pending Resources
Not yet approved

- Proposed projects awaiting NMPRC approval
- Under regulatory review
- Part of the planned future portfolio

Purpose: establish the starting point — what PNM already has — before the plan looks at what additional resources may be needed.

Chapter 5 -Transmission & Distribution System

Chapter 5 describes the wires, substations, and grid infrastructure that carry electricity from power plants to homes and businesses — and how PNM plans and operates that system.

Standalone chapter created due to significant Stakeholder interest in transmission and regional markets throughout process and IRP integration with other functions – Integrated System Plan.

Key Topics Covered

- **Existing System** [1]History and current configuration of PNM's transmission network, including Grid Enhancing Technologies (GETs)
- **Distribution System** Local network of lines and equipment delivering power directly to customers
- **Grid Modernization Plan** PNM's program to upgrade and modernize the distribution system
- **System Reliability Performance** How PNM measures and reports on grid reliability
- **Critical Facilities & Infrastructure** How essential facilities are accounted for in grid planning
- **Today's Transmission Planning Process** Planning horizons, study cycles, federal reliability standards, large load planning, and FERC order frameworks
- **How Transmission Planning Has Evolved** Progression from earlier IRP approaches through the 2026 IRP's new nodal modeling capability

Chapter 6 - Reliability and Resource Adequacy

Chapter 6 explains what it means for a power system to be "reliable," how PNM measures that reliability, and what regional and industry trends are affecting it.

Standalone chapter based on degree of interest from Stakeholders

Elements of Reliability

- Generation Planning and Resource Adequacy
- Transmission Planning
- Distribution Planning
- Operational Reliability and Resilience
- Four functional areas PNM plans around to keep the grid dependable

Regional Outlook and Industry Trends

- Shifting regional load-resource balance
- Evolving reliability risks and extreme weather event risk
- Importance of firm generating resources
- Regional resource adequacy programs and their impact on planning (WRAP program, EDAM participant initiatives).

2026 Resource Adequacy Study

- Background on resource adequacy concepts (LOLE, ELCC)
- Study methodology and analytical approach
- Key outputs of the study
- Existing system load-resource balance assessment

Key Result: determination of 14.5% reserve margin for 2026 IRP

Chapter 7 - Analytical Approach

Chapter 7 explains how PNM set up its planning analysis — the scenarios it tested, the modeling tools it used, and the logic behind the analytical framework.

Planning Horizon

A **20-year time frame** examined in this IRP — providing a long-range view of how electricity needs and resource options will evolve over time.

Scenario Analysis Framework

Different possible futures are constructed and tested:

- **Core Scenarios** — the main planning futures used throughout the analysis
- **Sensitivities** — variations that test how results change under different assumptions
- **Stakeholder-Requested Scenarios** — specific scenarios requested by public stakeholder process participants

Modeling Methodology

Four analytical models used:

- Capacity Expansion
- Zonal Production Cost Modeling
- Nodal Production Cost Modeling
- Loss-of-Load-Probability Modeling

Why This Framework Matters

Testing multiple scenarios and using layered modeling tools helps PNM find resource plans that remain sound across many possible futures — not just the most likely one.

- Accounts for uncertainty in costs, technology, and demand
- Allows direct comparison across planning futures
- Supports transparent, stakeholder-informed decisions

Chapter 8 - New Resource Options

Chapter 8 is a catalog of the types of new resources PNM evaluated as potential additions to its portfolio — what each resource type is, and what inputs were used in the analysis.

New Demand-Side Resources

- Energy efficiency programs
- Range of demand response programs evaluated in the potential study

Modeling based on potential study, however, expanded to higher penetration levels per stakeholder requests. Also, added high level VPP analysis.

Renewable and Storage Resources

- Solar PV
- Wind
- Geothermal (Conventional)
- Battery storage technologies
- Other storage technologies

Notes certain assumption adjustments based on stakeholder input.

Emerging Technologies

- LDES
- Geothermal (Enhanced)
- Fusion
- SMR
- CAES

Numerous stakeholder scenario requests based on variations involving these technologies.

New Thermal Resources

- Hydrogen-ready combustion turbines
- Aeroderivative & heavy frame turbines
- Combined cycle plants, linear generators, nuclear

Capacity, Transmission & Commodity Forecasts

- Accredited capacity & transmission cost adders by zone
- Commodity price forecasts: natural gas, hydrogen, carbon, wholesale electricity
- Natural gas volatility study

Stakeholders expressed significant interest in performing a study on gas risks.

Chapter 9 – Portfolio Analysis

Chapter provides key and summarizes results of the IRP model runs.

Chapter 9

Portfolio Analysis

Candidate portfolio results across multiple futures and sensitivities to identify cost-effective paths forward.

- Compares portfolios across core cases, defines the Most Cost-Effective Portfolio (MCEP), the low (LEG) and high (HEG) economic growth cases, and nine stakeholder-requested scenarios.
  - Results presented in April and May workshops.
  - Detailed discussion of stakeholder scenarios and key findings
- Examines rate impacts
- Summarizes key findings of model runs
- Includes Nodal Analysis: system losses, curtailment, congestion hours, and congestion costs across candidate portfolios.

Chapters 10 and 11 — Statement of Need and Action Plan

The final two chapters move from analysis to conclusions — comparing portfolios, declaring what resources are needed, and committing to specific actions.

Chapter 10

Statement of Need

A required document that translates the IRP analysis into an official declaration of resource needs.

Required by NMPRC IRP Rule

- Provides a general description of the **quantities** of resources by operational category PNM anticipates needing to meet its planning objectives.
- Defines tiered approach to needs based on the likelihood of the futures.
- Serves as a bridge between the IRP analysis and future procurement processes.

Chapter 11

Action Plan

Lists specific commitments PNM will take to put the plan into practice.

- Actions on procurement of new resources identified in the plan
- Emerging technology/long-lead challenges workgroup
- Continued transmission evaluation and regional transmission activities
- Grid Modernization program implementation
- Demand-side program expansion and TOD rates
- Regional market participation
- Monitoring of emerging technologies
- Large Load Tariff

Customer Impacts

IRP Rate Impact Overview

PNM's 2026 IRP evaluates futures, each carrying a distinct revenue requirement and customer rate impact by 2036.

Baseline **2029–2032 Resource Filing**
Reference scenario - 2031

Total Rev. Req.
$1,606M
Avg. System Rate
$0.095253/kWh

Cumulative additions by 2036

CTP **Clean Transition Plan**
287 MW solar · 100 MW long-duration storage · 103 MW energy efficiency- 2036

Incremental Rev. Req.
+$229.2M

HEG **High Economic Growth**
349 MW solar · 199 MW wind · 100 MW pumped hydro · 300 MW long-duration storage · 103 MW efficiency - 2036

Incremental Rev. Req.
+$519.1M

LEG **Low Economic Growth**
Incremental energy efficiency only — no new generation capacity - 2036

Incremental Rev. Req.
+$89.6M

Baseline Average System Rate
$0.095253/kWh
Established by 2029–2032 resource filing

Residential Rate (Baseline)
$0.145641/kWh

Large Load Rate (Baseline)
$0.116406/kWh

⚠ **HEG carries the largest incremental revenue requirement (+$519.1M), while LEG — despite minimal new resources — still adds $89.6M. Incremental efficiency alone cannot offset the rate-spreading benefit of larger capital investment.**

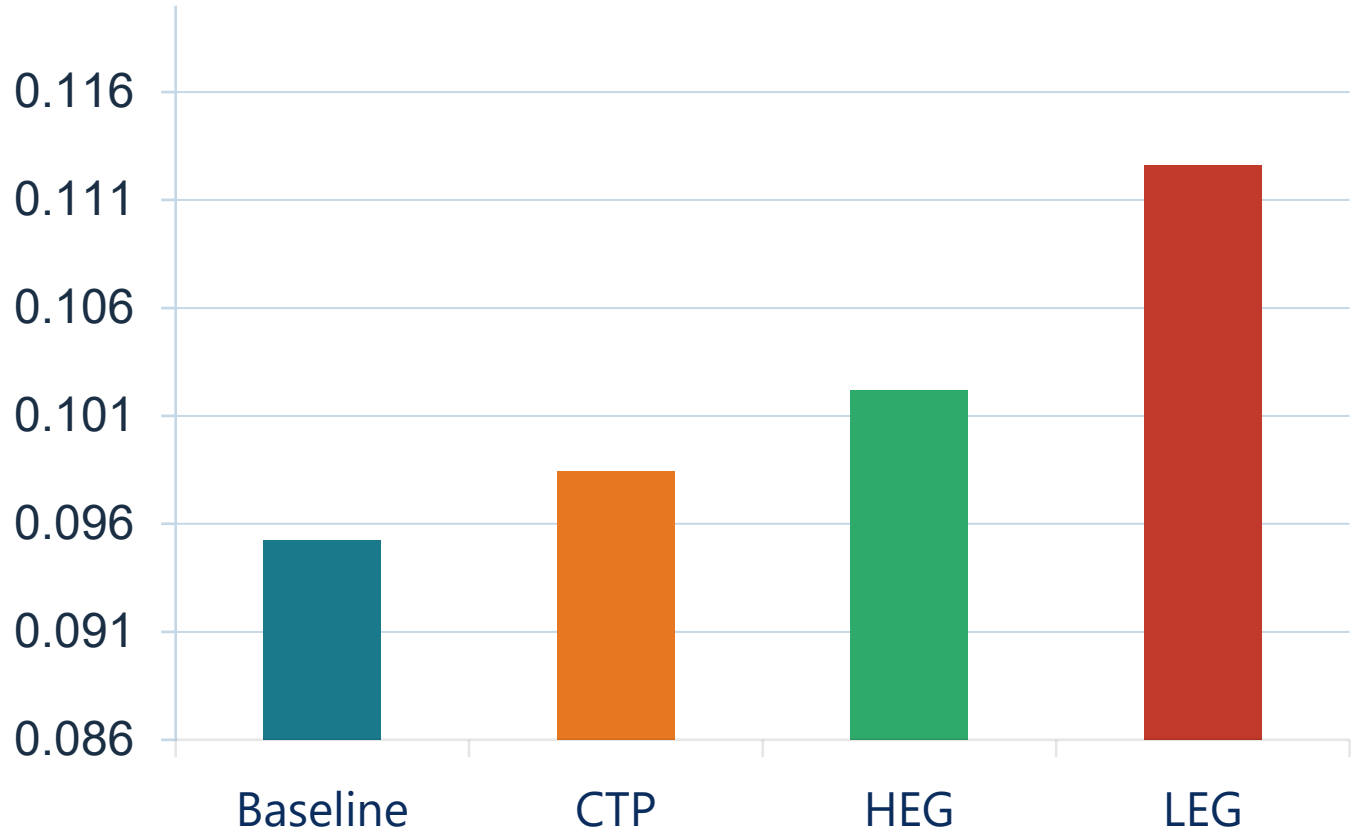
Planning horizon: 2029–2032 · Slide 2 details average system rate comparison across all four scenarios

Average System Rate Comparison by 2036

The average system rate ranges from **$0.095253/kWh** (Baseline) to **$0.112625/kWh** (LEG). LEG — the least capital-intensive future — carries the highest rate due to foregone economies of scale.

Baseline 2031	**$0.095253/kWh**	Reference
CTP	**$0.098451/kWh**	+3.36%
HEG	**$0.102203/kWh**	+7.30%
LEG	**$0.112625/kWh**	+18.25%

Average System Rate by IRP Scenario ($/kWh)



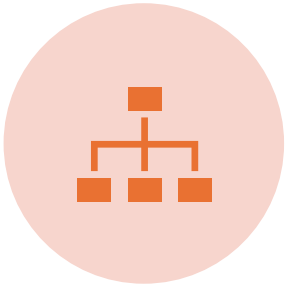
Baseline is 2031 Rate, others are 2036 Rate

⚠ **LEG highest rate despite fewest new resources**

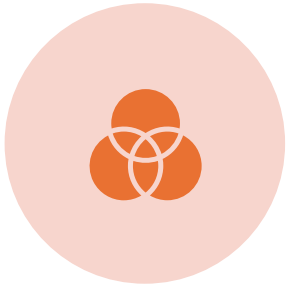
CTP most moderate impact among build-out scenarios

Statement of Need Updates

Statement of Need Updates



Adjusted portfolio ranges so values tie out to specific PNM and stakeholder model runs (Chapter 9)

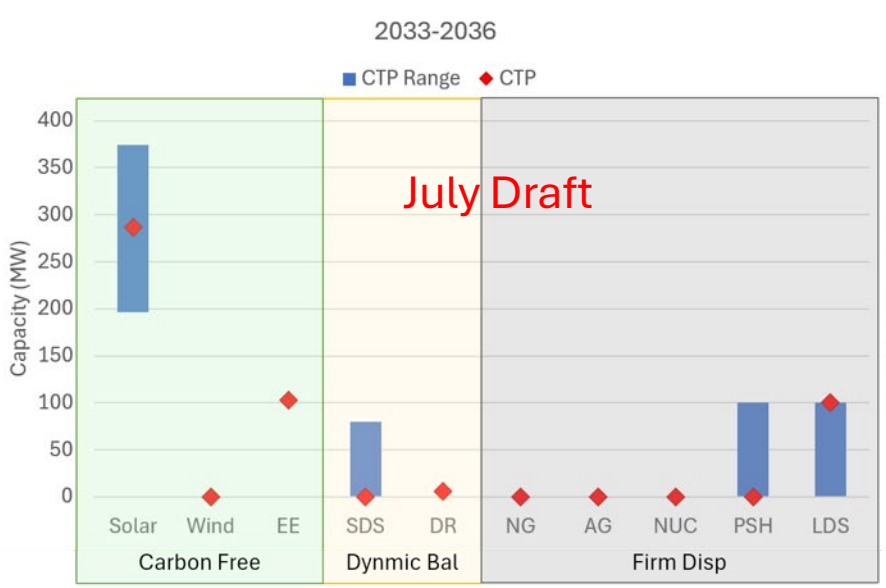


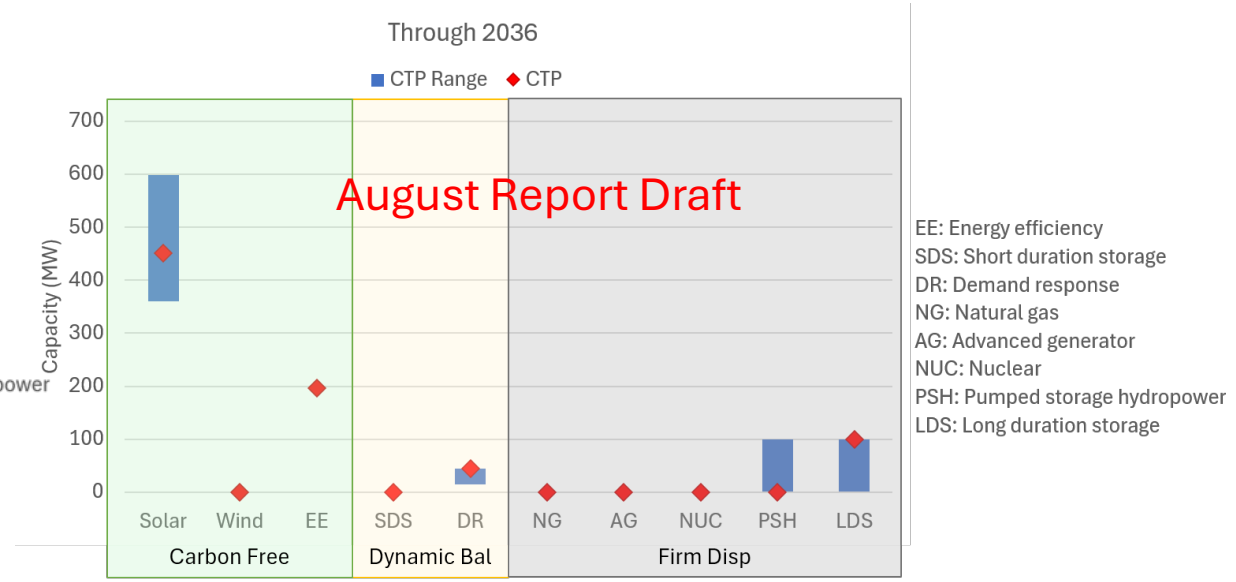
Adjusted Statement of Need to match (Chapter 10)

Generally narrowed ranges but increased magnitude in some cases

All updates in posted Chapter 10 provided to stakeholders

CTP Statement of Need Changes





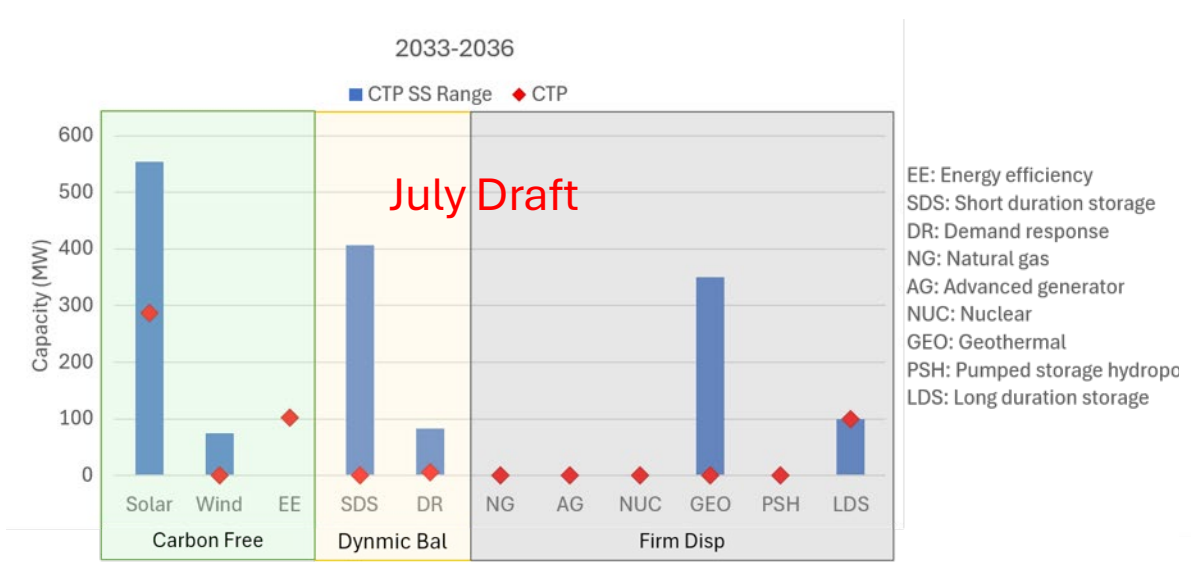
Incremental to 2029 Baseline

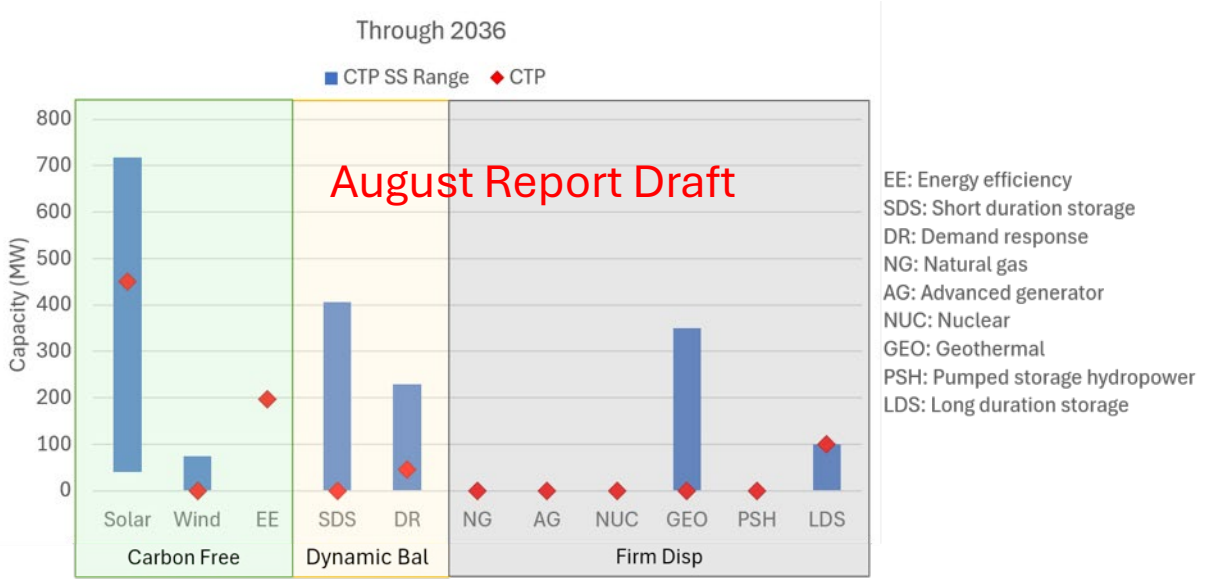
Table 4 – Incremental Installed Capacity Resource Needs Based on CTP Future and Sensitivities

Resource Category	Through 2036		Through 2045	
	Low	High	Low	High
Carbon-Free Energy (Supply-Side)	~~196~~ 360	~~374~~ 598	~~657~~ 1,144	~~1,533~~ 1,409
Carbon-Free Energy (Demand-Side)	~~103~~ 196	~~103~~ 196	~~327~~ 420	~~327~~ 420
Dynamic Balancing (Supply-Side)	0	~~80~~ 0	517	~~883~~ 768
Dynamic Balancing (Demand-Side)	~~6~~ 15	~~6~~ 45	~~10~~ 19	~~12~~ 52
Firm Dispatchable (Supply-Side)	0	200	~~584~~ 863	~~2,208~~ 1,602

Stakeholder Scenario SON Changes 2036

Incremental to 2029 Baseline





LEG Statement of Need Changes

Incremental to 2029 Baseline

Table 5 – Incremental Resource Needs Based on LEG Future and Sensitivities

Resource Category	Through 2036		Through 2045	
	Low	High	Low	High
Carbon-Free Energy (Supply-Side)	0	0	778	894
Carbon-Free Energy (Demand -Side)	~~81~~ 163	~~81~~ 163	~~287~~ 369	~~299~~ 381
Dynamic Balancing (Supply-Side)	0	0	268	364
Dynamic Balancing (Demand -Side)	~~4~~ 9	~~4~~ 9	~~13~~ 18	~~15~~ 20
Firm Dispatchable (Supply-Side)	0	0	146	624

HEG Statement of Need Changes

Incremental to CTP Needs – HEG Total Need is CTP Range Plus Table Below

Table 6 - Incremental Resource Needs based on HEG future and sensitivities

Resource Category	Through 2036		Through 2045	
	Low	High	Low	High
Carbon-Free Energy (Supply-Side)	~~199~~ 603	~~746~~ 666	~~668~~ 401	~~1,886~~ 604
Carbon-Free Energy (Demand-Side)	~~103~~ 0	~~103~~ 0	~~327~~ 0	~~327~~ 0
Dynamic Balancing (Supply-Side)	~~0~~ 31	~~492~~ 649	~~200~~ 107	~~1,300~~ 120
Dynamic Balancing (Demand-Side)	~~6~~ 0	~~6~~ 1	~~11~~ 0	~~12~~ 3
Firm Dispatchable (Supply-Side)	~~0~~ 80	~~580~~ 200	~~584~~ 260	~~2,992~~ 571

Takeaways

Key 2026 IRP Takeaways

Statement of Need

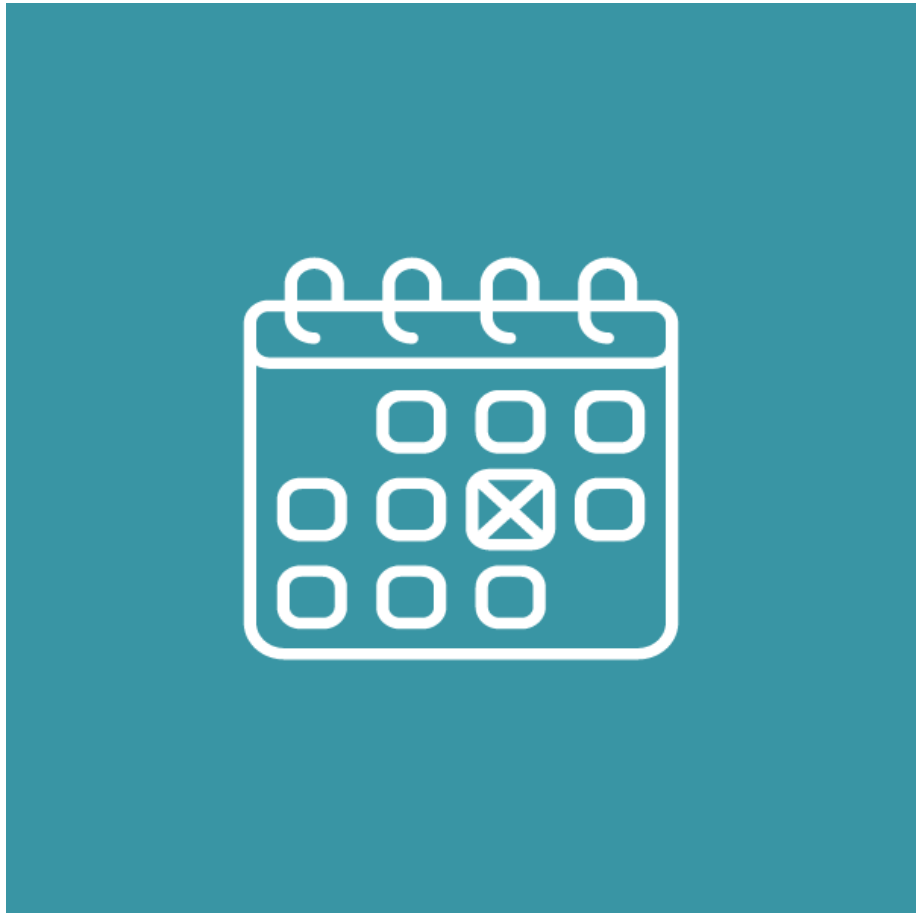
Action Plan

Other takeaways of 2026 IRP:

- Limited resource needs through 2036 depending on load
- For next IRP, expand potential modeling sensitivities for late 30's and beyond to provide better insight on options and challenges to complete path to a zero-carbon portfolio
- Continued work advancing Integrated System Planning concepts
- Enhance information on demand-side program possibilities and potential

Pending Items

1. Distribute PowerGem Study
   - More on next slide
2. Complete IRP Report



2026 IRP Resource Adequacy Analysis

- Detailed report written by PowerGem to be provided as an appendix to 2026 IRP report. Main topics covered are;
- Planning Reserve Margin (PRM) development
  - Calibrated to 14.5% PRM to meet the 1-day-in-10 standard (0.1 LOLE)
- Existing portfolio accreditation (ELCCs)
  - Accreditation by technology including thermal ELCCs
- Incremental ELCC by technology analysis
  - Marginal ELCCs for solar, wind and storage
- Portfolio reliability verification
  - CTP, HEG and stakeholder scenarios validated for 0.1 LOLE
- Extreme weather resiliency analysis
  - Summer/Winter resiliency, market impacts, impacts by resource category

What Happens Next?

File Report September 1

Public Comments – 30 days from Sept 1

- PNM Response 60 days (30 days after Public Comment)

PRC Staff Comments – 90 days from Sept 1

- 30 days after PNM Response

Commission acceptance -120 days after Sept 1.

Questions