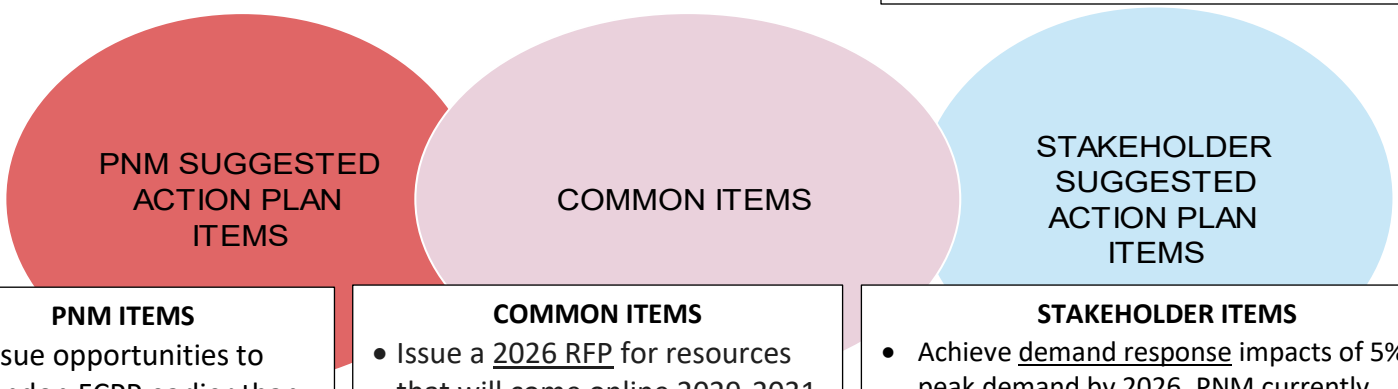
Proposed Framework for Action Plan Items

2023_09_28 DRAFT1
Yellow highlights are items that seem to fit in common item column but need to be discussed with PNM team.



PNM ITEMS

- Pursue opportunities to abandon FCPP earlier than 2031 as available and in the interest of customers.
- Assess the ability to add capacity at PNM's existing plant sites.
- Assess the need to utilize other reliability metrics in planning.
- Conduct the 2026 IRP
- Create pilot programs to explore new technologies in a limited way. PNM should explore avenues to obtain DOE funding if possible.

COMMON ITEMS

- Issue a 2026 RFP for resources that will come online 2029-2031
  - Incorporate into the non-price scoring factors criteria related to environmental justice. (see question 2 below)
  - Incorporate bid evaluation criteria that will include reliability and resiliency assessments, fuel security, and resource diversity.
  - Utilize an independent evaluator as part of the RFP evaluation.
  - Update form contracts
  - File for resource approvals with the NMPC (PPA/CCN), balancing resource selections between utility owned and third-party contracts.
  - QUESTION 1: WILL GEOTHERMAL , LANDFILL GAS AS A FUEL, AND THERMAL STORAGE BE INCLUDED AS OPTIONS?
  - QUESTION 2: WILL FEDERALLY DESIGNATED (IRA) ENERGY COMMUNITIES BE CONSIDERED AS PRIORITY?
- Issue an RFI/RFP for long-lead time resources or newer technologies that could deliver between 2029-2035
  - Conduct system studies necessary for long-lead time resources, like pumped storage and wind including assessment of transmission expansion necessary to access the resources.
  - QUESTION: WILL OTHER LDS OPTIONS BE INCLUDED?
- Continue to explore the benefits of and ability to participate in regional markets, including during extreme weather.
- Evaluate the ability to create new demand response and other customer programs, including customer sited storage, interruptible rates, etc. and request regulatory approvals as necessary. Solicit new DR programs with flexible requirements by mid-2024.

STAKEHOLDER ITEMS

- Achieve demand response impacts of 5% of peak demand by 2026. PNM currently achieves demand response reduction of approximately 3% of peak demand. To reach this goal, PNM should solicit new DR programs with flexible requirements. This new solicitation should go out by mid-2024.
- By 2026, PNM shall have a default time of day rate for all customer classes. PNM shall assess the success of the time-of-day pilot and develop a plan to enroll all customers on a time-varying rate.
- Develop a list of advanced geothermal developers and ensure they are contacted for future RFI's. Develop a relationship with the advanced geothermal development community in the state.
- Solicit geothermal bids and bids for a variety of thermal storage technologies.
- Long duration storage - converge on desired resource characteristics then put out another RFI for narrowing to alternatives that are viable for inclusion in a future RFP and/or bilateral procurement where warranted.
- Evaluate the most promising, maturing carbon free technologies like thermal or iron-oxide storage.
- Convert fossil fuel plants to long duration energy storage as environmental justice for impacted communities.
- Collect distribution feeder level reliability metrics to understand reliability equity.
- Initiate public information effort regarding electricity sector changes and IRP process.
- Explore availability of landfill gas as supplementary/replacement fuel
- Share transmission assumptions with stakeholders and allow developers to give feedback and least-cost site projects.
- Commit to an energy community focus in solicitations (IRA federally designated – make a priority)

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PNM ITEMS, NEXT IRP

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COMMON ITEMS, NEXT IRP

- Establish a stakeholder modeling workshop (or series of workshops) that will kick off no later than 9/15/2024 to inform modeling assumptions and protocols that will be utilized in the 2026 IRP.
- Transition Resource Adequacy modeling to incorporate WRAP forward showing planning requirements and resource attributes no later than PNM's 2026 IRP.
- Investigate improvements to IRP process to incorporate integrated transmission and distribution system planning. ADD DETAILS, DATES, MECHANISMS, HOW TO MANAGE APPROPRIATE PUBLIC ENGAGEMENT GIVEN DATA SHARING RESTRICTIONS (FERC).

STAKEHOLDER ITEMS, NEXT IRP

- Upgrade models and software so PNM can model 8760 hours during the capacity expansion phase.
- Refine modeling parameters including forced outage rates and chemical degradation over time for BESS resources.
- Include future PPA procurement in the modeling process in addition to the assumption that PNM will own new resources.
- Improve financial modeling so it accurately represents the cost difference between a 60-year lifetime resource and a 20-year lifetime resource.
- Incorporate consideration of correlated gas outages
- Include extreme weather considerations.
- Use a better transmission model.