

As a first step towards this end point, our Action Plan comprises the following steps over the next three years:

1. Issue an all-source RFP for resources coming online 2029–2031 time periods

- Include environmental justice factors in the bid evaluation process;
- Include system reliability and resiliency assessments, fuel security, and resource diversity in the bid evaluation process;
- Utilize an independent evaluator as part of the RFP process;
- File for resource approvals with the NMPRC (PPA/CCN), balancing resource selections between utility owned and third-party contracts; and
- Maximize IRA funding, as available, to the extent practical in alignment with system resource timing needs.

2. Issue an RFI/RFP for long-lead time resources or newer technologies that could deliver between 2029-2035

- Include environmental justice factors in the bid evaluation process;
- Continue to assess longer term needs of the system, including potential transmission expansions, to help facilitate long lead or newer technology additions;
- Continue to monitor the state of maturation of emerging technologies that are not yet commercially viable or cost effective; and
- Leverage programs available under the IRA to access affordable, carbon-free resources.

3. Evaluate abandon of FCPP earlier than 2031 as available and in the interest of customers.

- Address the energy and capacity implications of removing this resource from the portfolio;
- To the extent that abandonment of FCPP and replacement resources are available and provide benefit to PNM customers, file for abandonment of FCPP interest; and
- Leverage IRA programs, like the “energy community” bonus, to maximize benefits, mitigate financial costs, and promote environmental justice.

4. Transition Resource Adequacy modeling to incorporate WRAP planning requirements and resource attributes no later than PNM’s 2026 IRP.

- To the extent these resource attributes and planning requirements are known and PNM makes a binding commitment to fully participate in WRAP, associated resource adequacy modeling should be incorporated into PPA and/or CNN filings prior to filing the 2026 IRP.

5. 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.

- Discuss concepts and have PNM test those concepts, if possible, to inform the group’s recommendations;

- Demonstrate loss of load expectations under situations, like correlated gas outages and battery storage degradation, to inform resource modeling; and
- Promulgate significant findings to help public stay informed about relevant insights

6. 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.

- Continue to develop and implement cost effective energy efficiency and demand side management programs and file plans with the Commission as applicable;
- Explore cost-effective options to maintain system supply and reliability;
- Continue to explore, develop, market, promote, and seek approval of dynamic pricing structures (e.g., TOD) to empower ratepayers and encourage energy usage that minimizes usage during peak system risk periods;.
- Continue advancing grid modernization efforts, including AMI conversion, to support new customer programs in the future; and
- Consider new DR programs, including flexible requirements, with the goal of improving program performance during peak risk periods.

7. Assess the ability add capacity at PNM's existing plant sites

- Inventory existing sites, identifying:
 - greatest expansion potential, considering utilization of supporting resources (land, water, staff, etc.);
 - most desirable with respect to available transmission capacity; and,
 - nearest to existing or developing load centers.
- Consider supplementary resources (e.g., modular generators or storage) that could be used to add capacity to existing sites;
- Determine which sites, if any, may be conducive for retrofitting existing infrastructure to increase capacity; and
- Identify constraining assets (e.g., substation transformers, cooling systems, operating permits, etc.) that may reduce headroom or restrict capacity additions

8. Continue to explore the ability to participate in regional markets

- To the extent that it is under PNM's control, encourage dialogue with regional partners to advance regional coordination and cooperation
- Communicate with neighboring utilities and participate in planning activities to help determine options, risks, benefits, and ultimately, the best path forward for PNM;
- Monitor regional attributes like resource liquidity, especially during times of severe local weather; understand market value and trends; and
- Assess benefits of regional market participation, as it relates to extreme weather;

9. Assess the need to utilize other reliability metrics in planning

- Evaluate whether the industry standard of 0.1 loss of load expectation (LOLE) per year remains best practice for resource adequacy planning;
- Assess whether additional metrics should be utilized in resource adequacy planning and/or how resiliency metrics should be established and considered in planning; and
- Continue grid modernization activities, including AMI deployment, to improve visibility into system outages at the distribution level.

10. Conduct the 2026 IRP

- Address the implications of the expiration of supply contracts and any retiring resources (e.g., Valencia, Reeves and Red Mesa);
- Work with stakeholders in an ongoing collaborative public advisory process, including communication of electricity sector changes and the IRP process

11. Create pilot programs to explore new technologies

- Explore opportunities for federal and state funding, as available

12. Investigate improvements to IRP process to potentially incorporate integrated transmission and eventually distribution system planning

- Understand internal constraints and other considerations against which improvements must be weighed and balanced;
- Review initiatives undertaken by peer utilities to migrate from a standard Integrated Resource Planning (IRP) framework to a more holistic Integrated Systems Planning (ISP) process; cultivate lessons learned, general roadmap, and real or anticipated benefits;
- Discuss the potential benefits and trade-offs with stakeholders through the 2026 IRP process and gain feedback from Stakeholders during the modeling workshops outlined in Action Plan item 5.

13. Continue to assess and pursue system needs for economic development in New Mexico, including issuing RFPs for timely resource additions as necessary.

14. Achieve Renewable Energy Standard goals as well as the ETA carbon intensity standards including necessary resource changes or additions, including issuing RFPs as necessary for timely compliance.