

DRAFT – FOR STAKEHOLDER DISCUSSION

SPS 2026 IRP STATEMENT OF NEED AND ACTION PLAN COMPONENTS



SPS 2026 IRP – Statement of Need and Action Plan Components

1. Statement of Need Structure

A. INTRODUCTION AND PURPOSE OF A STATEMENT OF NEED.

- i. The IRP Rule, and specifically 17.7.3.10 NMAC, defines the parameters of a Statement of Need:
 1. “The statement of need is a description and explanation of the amount and the types of new resources, including the technical characteristics of any proposed new resources, to be procured, expressed in terms of energy or capacity, necessary to reliably meet an identified level of electricity demand in the planning horizon and to effect state policies.” (17.7.3.10(A) NMAC)
 2. “The statement of need shall not solely be based on projections of peak load. The need may be attributed to, but not limited by, incremental load growth, renewable energy customer programs, or replacement of existing resources, and may be defined in terms of meeting net capacity, providing reliability reserves, securing flexible resources, securing demand-side resources, securing renewable energy, expanding or modifying transmission or distribution grids, or securing energy storage as required to comply with resource requirements established by statute or commission decisions.” (17.7.3.10(B) NMAC)

B. ALIGNING ON THE LOAD FORECAST ASSUMPTIONS AND METHODOLOGY.

- i. SPS has developed different load forecasts for use in portfolio development, including a Low,¹ Constrained Planning, and Unconstrained Planning forecast consistent with the requirements of the IRP Rule. Additionally, SPS performed modeling sensitivities to explore hypothetical data center load.
 1. The Statement of Need relies on the Constrained Planning Forecast as the most accurate picture of future needs on the SPS system at this time.
 2. The current accredited capacity need for the Constrained Planning Forecast for each year of the Planning Period is as follows:

¹ The Low forecast is also known as the Financial forecast, which represents a conservative load growth forecast.

Accredited Capacity Need <i>without</i> Resources from the 2025 RFP		
Constrained Planning		
Year	Summer	Winter
2027	385	374
2028	811	808
2029	-	158
2030	133	207
2031	618	613
2032	1,428	1,442
2033	2,042	2,341
2034	2,722	3,186
2035	3,172	3,624
2036	3,562	4,109
2037	4,018	4,606
2038	4,276	5,201
2039	4,928	5,626
2040	5,328	6,622
2041	6,078	6,846
2042	6,712	7,646
2043	7,049	8,222
2044	7,166	8,510
2045	7,732	8,729
2046	7,933	9,451
2047	8,111	9,631

Accredited Capacity Need <i>with</i> Resources from the 2025 RFP		
Constrained Planning		
Year	Summer	Winter
2027	385	374
2028	811	808
2029	-	158
2030	-	-
2031	-	-
2032	-	264
2033	442	1,175
2034	1,125	2,028
2035	1,575	2,466
2036	1,969	2,961
2037	2,425	3,458
2038	2,683	4,053
2039	3,334	4,477
2040	3,745	5,475
2041	4,495	5,699
2042	5,144	6,507
2043	5,481	7,083
2044	5,622	7,407
2045	6,208	7,641
2046	6,445	8,399
2047	6,624	8,580

- ii. The Constrained Planning Forecast will form the basis for future procurements associated with this 2026 IRP.
 1. SPS will update the forecast values prior to RFP issuance to ensure that procurements capture the best available information, consistent with best planning practices.

C. DEFINING THE RANGE AND CURRENT PROJECTIONS OF NEEDS BASED ON IRP ANALYSIS.

- i. The characterization of need in the IRP Rule is broad and the 2026 IRP explores the numerous drivers of SPS's sizable needs over the planning period.
 1. Managing affordability and continuing progress towards state policy achievement can be in tension, and the different portfolios developed through the facilitated stakeholder process and the 2026 IRP test different futures with varied assumptions.

2. Resource Adequacy (“RA”) inputs used in the IRP modeling process to identify resource needs, including the Planning Reserve Margin (“PRM”) and resource accreditation values, are subject to change based on updates adopted by the Southwest Power Pool, the Regional Transmission Organization (“RTO”) of which SPS is a member. Prior to issuing an RFP, SPS will adjust the procurement need range to reflect the RA constructs and methodologies applicable at that time.
3. The results of that work are shown as *nameplate* capacity, broken out in procurement need ranges, by technology category (Firm, Dynamic Balancing, and Carbon-Free groupings), developed using the lowest cost portfolios generated to solve the Low and Constrained Planning Forecasts, along with the five-year incremental resource needs identified in the lowest cost Constrained Planning portfolio, adjusted for 2025 RFP Resources pending approval (noting that needs will be addressed through the Action Plan set forth below).
 - a. Firm
 - i. Range: 3.6 GW to 7.1 GW
 - ii. Modeled Generic Preferred Portfolio Value: 169 MW through 2032; through 20-year planning horizon 7,128 MW

Firm	2027-2032	2033-2037	2038-2042	2043-2047	Grand Total 2027-2047
IRP Identified Need (MW)	401	2,766	2,766	1,427	7,360
2025 RFP Resources (MW)	(233)	-	-	-	(233)
Adjusted Identified Need (MW)	169	2,766	2,766	1,427	7,128

- b. Dynamic Balancing
 - i. Range: 1.0 GW to 1.2 GW
 - ii. Modeled Generic Preferred Portfolio Value: 194 MW through 2032; through 20-year planning horizon 1,198 MW

Dynamic Balancing	2027-2032	2033-2037	2038-2042	2043-2047	Grand Total 2027-2047
IRP Identified Need (MW)	694	150	281	572	1,698
2025 RFP Resources (MW)	(500)	-	-	-	(500)
Adjusted Identified Need (MW)	194	150	281	572	1,198

c. Carbon-Free

- i. Range: 4.0 GW to 6.2 GW
- ii. Modeled Generic Preferred Portfolio Value: 1,928 MW through 2032; through 20-year planning horizon 6,221 MW

Carbon-Free	2027-2032	2033-2037	2038-2042	2043-2047	Grand Total 2027-2047
IRP Identified Need (MW)	4,385	1,322	1,092	1,879	8,678
2025 RFP Resources (MW)	(2,457)	-	-	-	(2,457)
Adjusted Identified Need (MW)	1,928	1,322	1,092	1,879	6,221

- 4. These results do not reflect technology-specific procurement targets; rather, a holistic all-source solicitation and development of modeled portfolios will determine the resource mix in future portfolios.
 - a. SPS is providing the Modeled Generic Preferred Portfolio Values by technology type to provide a “a set of resource options that a utility *could* use to meet the service needs of its customers over a forecast period,” consistent with IRP Rule directives. (17.7.4.7(l)(1)(a) NMAC)
- 5. Modeling also reflects the potential for the addition of incremental projects beyond the Adjusted Identified Need to meet New Mexico RPS requirements that include 1.1 GW of Dynamic Balancing nameplate capacity and 10.1 GW of Carbon-Free Energy nameplate capacity by 2047.

D. RESOURCE PROCUREMENT IS NOT THE ONLY TYPE OF ACTION THAT CAN ASSIST IN MEETING THE NEEDS EXPRESSED ABOVE—ACTIONS HAVE A BROADER SCOPE.

- i. The facilitated stakeholder process has identified general action categories that can assist in solutioning the resource needs on the system, as follows:
 - 1. Actions with existing resources to meet capacity needs.
 - 2. Actions with respect to pilot projects or distribution-connected projects as capacity need management tools for further investigation.
 - 3. Site-specific procurement for identified points of interconnection with retiring generation.
 - 4. Systemwide competitive procurements to meet capacity needs.
 - 5. Long lead-time competitive procurements to meet capacity needs and identify emerging technologies that can meet needs and facilitate progress towards state policy goals.

E. THIS STATEMENT OF NEED IS A CONSENSUS PROPOSAL WITH RESPECT TO FORECASTING, RANGES OF POTENTIAL RESOURCE ACQUISITION, AND THE SCOPE OF ACTIONS THAT CAN ASSIST IN MEETING IDENTIFIED NEEDS.

- i. The Action Plan provides specific steps for each type of action that will occur within the four-year period following the filing of the 2026 IRP.

2. Action Plan Structure

A. THE IRP RULE, AND SPECIFICALLY 17.7.3.11 NMAC, DEFINES THE PARAMETERS OF AN ACTION PLAN AND DETAILS THREE SPECIFIC COMPONENTS. THE ACTION PLAN MUST:

- i. “[D]etail the specific actions the utility shall take to implement the IRP spanning a three year period following the filing of the utility’s IRP ...”; (17.7.3.11(A)(1) NMAC)
- ii. “[D]etail the specific actions the utility shall take to develop any resource solicitations or contracting activities to fulfill the statement of need as accepted by the commission ...”; (17.7.3.11(A)(2) NMAC) and
- iii. “[I]nclude a status report of the specific actions contained in the previous action plan.” (17.7.3.11(A)(3) NMAC)

B. BEFORE GOING INTO EACH COMPONENT, SPS IS REQUESTING A FOUR-YEAR ACTION PLAN. THE ADDITIONAL YEAR OF THIS ACTION PLAN GETS SPS BACK ON ITS ORIGINAL PLANNING CYCLE, WITH STAGGERED IRP FILINGS BY JURISDICTIONAL UTILITIES OCCURRING EACH YEAR.

- i. This Action Plan facilitates the next IRP filing by SPS in 2030. The RFP(s) below would be issued in this IRP docket “within five months of the commission’s acceptance of its statement of need and action plan,” consistent with the IRP Rule. (17.7.3.12(B) NMAC)

C. FOR THE FIRST COMPONENT, THE ACTION CATEGORIES IN THE STATEMENT OF NEED GUIDE SPS’S ACTIONS IN THE RELEVANT PERIOD FOLLOWING THE FILING OF THE 2026 IRP.

- i. Type: Actions with existing resources to meet capacity needs.
 1. Action: Upgrade to Jones Generating Station Units 3 and 4.
- ii. Type: Actions with respect to pilot projects or distribution-connected projects as capacity need management tools for further investigation.
 1. Action: Explore pilot projects or distribution-connected projects as capacity need management tools, with the objective of advancing technology evolution, increasing resiliency, and capturing capacity benefits.
- iii. Type: Site-specific procurement for identified points of interconnection with retiring generation.
 1. Action: Procurement specificity with respect to Quay County site.
- iv. Type: Systemwide competitive procurements to meet capacity needs.
 1. Action: All-source procurement for near-term period, i.e., the base resource acquisition period (“Base RAP”).

- v. Type: Long lead-time competitive procurements to meet capacity needs and identify emerging technologies that can meet needs and facilitate progress towards state policy goals.
 - 1. Action: All-source procurement for long-lead time period, i.e., the long-lead time resource acquisition period (“LL RAP”).
 - a. *Sub-action*: engagement with Commission and stakeholders on regulatory tools to support development of any projects selected within the LL RAP.

D. FOR THE SECOND COMPONENT, SPS WILL DEVELOP A RESOURCE SOLICITATION WITH EITHER SEPARATE RFPS OR ONE RFP WITH OPTIONS FOR:

- i. Site-specific procurement at Quay County (same timeframe as Base RAP).
- ii. Resource procurement for the Base RAP.
- iii. Resource Procurement for the LL RAP.
 - 1. The Base RAP is expected to cover years 2031-2034.
 - 2. The LL RAP is expected to cover years 2035-2040.

E. FOR THE THIRD COMPONENT, THE STATUS REPORT ON SPECIFIC ACTIONS FROM THE PREVIOUS ACTION PLAN IS BELOW.

- i. SPS filed its 2023 IRP on October 13, 2023. The 2023 IRP Action Plan is contained in Section 10 of the filed document. The Action Plan indicated that SPS would take steps to implement the 2023 IRP during the three-year period 2024 – 2026, consisting of the first stages to acquire resources needed to meet SPS’s needs through the end of 2030. As summarized by the table on the next page, SPS has implemented or plans to implement all actions identified in the 2023 IRP Action Plan.

Action Plan Item	Status
Issue Request for Proposals (“RFP”) pursuant to Rule 17.7.3.12 NMAC process	Implemented. RFP issued July 22, 2024. SPS also issued an RFP in October 2025 for additional capacity and additional projects needed to comply with 2030 RPS requirements.
Evaluate existing generation life extensions for SPS-owned units.	Implemented. Evaluation of the 2024 RFP included review of generation life extensions. Units eligible for extension were those units listed in Option 2 of the RFP: Nichols Units 1 and 2, Plant X Unit 4, and Maddox Unit 1. Modeling identified life extensions for all four units as cost-effective when compared to new-build alternatives, accounting for their age and condition. These extensions, totaling 521 MW, were selected for the portfolio based on modeling results and engineering reviews.
Subsequent resource approval filings	Plan to implement, including any approvals related to associated transmission investment. SPS submitted resource approval filings in New Mexico and Texas for projects selected in the 2024 RFP in 2025. See Case Nos. 25-00066-UT and Case No. 25-00085-UT. (Texas docket numbers are 58664 and 59034). In addition, SPS will submit resource approval filings for projects selected in the 2025 RFP in 2026.
Advance efforts to build SPS’s renewable energy customer programs. Evaluate expansion of Renewable*Connect.	SPS launched its New Mexico Large Commercial & Industrial Renewable*Connect program on August 1, 2025. Currently the program is not fully subscribed despite several attempts to direct market the program to the subset of eligible customers. At this time, expansion of the existing program is not needed due to current subscription levels.
Evaluate Demand Response Options, including the Interruptible Credit Option (“ICO”), and request regulatory approval where appropriate.	Requested authorization of ICO program in Case No. 22-00124-UT and was subsequently ordered to propose the ICO program in SPS’s November 2024 Energy Efficiency Plan filing. In Case No. 24-00269-UT, SPS included a proposed ICO tariff aimed at Primary General Service, Secondary General Service, and Large General Service Transmission (“LGST”) customers. SPS is awaiting a final order in the case. On October 10, 2024, in Case No. 24-00259, SPS proposed an additional demand response market offering, the Southwest Power Pool Integrated Marketplace Demand Response Option Tariff, which is a pilot interruptible program for LGST customers. SPS’s application, as modified by the Stipulation, was approved on June 26, 2025.
Include an interruptible tariff request in upcoming Energy Efficiency Reconciliation filing.	See note above regarding Demand Response Options and ICO.
Conduct TOU study according to the rate case stipulation in Case No. 22-00286-UT.	The Study has been completed, and a comprehensive TOU Summary has been provided to all participants and published for public access on Xcel Energy’s website.
Develop RFI for long-lead time emerging dispatchable resources.	Implemented; RFI issued August 21, 2024, and a re-issuance on July 15, 2025 to further focus the information request and simplify the response process.
Develop RFP bid evaluation documents that include appropriate reliability and resiliency assessments.	For the 2024 RFP, SPS provided its Evaluation of Proposals to the Independent Monitor on June 17, 2025. The Independent Monitor filed its Final Report on July 17, 2025. For the 2025 RFP, SPS provided its Evaluation of Proposals to the Independent Monitor on June 29, 2026. The Independent Monitor filed its Final Report on July 24, 2026. Each Final Report includes an assessment of the evaluation process.

