

SECTION 8. STATEMENT OF NEED

New Mexico Administrative Code § 17.7.3.10 requires the Company to present a Statement of Need. This Statement of Need first introduces and describes the purpose of the section under the IRP Rule. It next addresses the load forecast assumptions and methodology, then segues into the accredited capacity needs over the Planning Period.

SPS's 2026 IRP presents comprehensive and forward-looking approaches to reliably and efficiently serve projected customer demand while making progress towards New Mexico's clean energy requirements through 2045. The Statement of Need provides different future scenarios to meet that accredited capacity need, modeled on a generic basis, along with a discussion of tradeoffs and considerations as the IRP process moves from generic modeling into actual project solicitation and portfolio development. Finally, Section 10 concludes with a discussion of the types of actions SPS may take to meet these needs. These action types set up the more specific Action Plan detailed in Section 10.

8.1 THE PURPOSE OF A STATEMENT OF NEED

The IRP Rule, and specifically 17.7.3.10 NMAC, defines the parameters of a Statement of Need.

The rule provides in part that:

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.”¹

The IRP Rule also states:

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

¹ 17.7.3.10(A) NMAC.

transmission or distribution grids, or securing energy storage as required to comply with resource requirements established by statute or commission decisions.²

The referenced IRP Rule provisions provide the backdrop for the Statement of Need and the details provided by SPS here, starting with the load forecast and the accredited capacity needs derived from that forecast over the Planning Period.

8.2 THE LOAD FORECAST AND ACCREDITED CAPACITY NEED

SPS has developed different load forecasts for use in portfolio development, including a Low,³ Constrained Planning, and Unconstrained Planning forecast consistent with the requirements of the IRP Rule. Additionally, SPS performed modeling sensitives to explore hypothetical data center load. 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, using it as a middle ground between the Low forecast (which underestimates known customer needs in the SPS service territory) and the Unconstrained Planning forecast (which does not account for any load management or shaping by delaying customer load additions and trying to better match them to the availability of generation resources). SPS received general agreement from stakeholders that (1) SPS's load growth would be underrepresented by the Low forecast; (2) the inclusion of load management, and/or shaping and delaying certain customer loads, within the Constrained Planning forecast methodology was appropriate; and (3) that the Unconstrained Planning forecast indicates a near-term demand that is not reflective of SPS's current resource and transmission constraints. To be clear, consensus on specific load forecasted values was not reached; however, SPS and stakeholders agreed upon the addition of Technical Working Group Conferences prior to issuances of any RFP to review load forecasts that would be utilized in evaluation. SPS believes this consensus process is a meaningful process improvement and provides valuable transparency ahead of

² 17.7.3.10(B) NMAC.

³ The Low forecast is based on the Financial forecast. Please see Section 4 for further description.

an RFP that will select resources, rather than asking stakeholders to agree to a specific forecast at this juncture, prior to the RFP refresh and well in advance of the issuance of the RFP. Moreover, SPS requests that Staff be permitted to participate in the Technical Working Group Conferences given Staff's engagement throughout the Facilitated Stakeholder Process and the interrelationship of the Technical Working Group Conferences with that work. Under the IRP Rule, within 21 days of receipt of the RFP documents, commissioners, commission utility division staff, and intervenors may submit comments to the utility, including on whether its proposed RFP conforms with its accepted statement of need and action plan and is not unduly discriminatory. Comments shall be considered, and may be incorporated, by the utility prior to the issuance of the RFP.⁴ That Rule reinforces the importance of having Staff participate in the Technical Working Group Conference.

Only the Constrained Planning forecast is used to develop cases or scenarios for purposes of the Statement of Need, recognizing that the rest of the IRP does include cases or scenarios based on the other two forecasts.

The current accredited capacity need for the Constrained Planning Forecast for each year of the Planning Period is detailed in Table 8-1 below.

⁴ 17.7.3.12 (D) NMAC.

Table 8-1: Statement of Need – Accredited Capacity Needs for Planning Period

Cumulative Accredited Capacity Need <i>without</i> Resources from the 2025 RFP			Cumulative Accredited Capacity Need <i>with</i> Resources from the 2025 RFP		
Constrained Planning			Constrained Planning		
Year	Summer	Winter	Year	Summer	Winter
2027	385	374	2027	385	374
2028	811	808	2028	811	808
2029	-	158	2029	-	158
2030	133	207	2030	-	-
2031	618	613	2031	-	-
2032	1,428	1,442	2032	-	264
2033	2,042	2,341	2033	442	1,175
2034	2,722	3,186	2034	1,125	2,028
2035	3,172	3,624	2035	1,575	2,466
2036	3,562	4,109	2036	1,969	2,961
2037	4,018	4,606	2037	2,425	3,458
2038	4,276	5,201	2038	2,683	4,053
2039	4,928	5,626	2039	3,334	4,477
2040	5,328	6,622	2040	3,745	5,475
2041	6,078	6,846	2041	4,495	5,699
2042	6,712	7,646	2042	5,144	6,507
2043	7,049	8,222	2043	5,481	7,083
2044	7,166	8,510	2044	5,622	7,407
2045	7,732	8,729	2045	6,208	7,641
2046	7,933	9,451	2046	6,445	8,399
2047	8,111	9,631	2047	6,624	8,580

Base RAP

Under this Statement of Need, the Constrained Planning forecast methodology and approach will form the basis for future procurements associated with this 2026 IRP. As discussed below, SPS intends to use a 2031-2034 RAP for its Base RFP issuance; however, that RAP period could be refined depending on market conditions and other circumstances. SPS will update the forecast values prior to RFP issuance to ensure that procurements capture the best available information, consistent with best planning practices. As previously discussed, SPS expects to conduct Technical Working Group Conferences prior to the issuance of an RFP to review the updated load forecast for use in the RFP

evaluation.

8.3 GENERIC FUTURES BASED ON IRP ANALYSIS AND RELATED CONSIDERATIONS

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. In addition to the accredited capacity need provided in the above tables, SPS is providing additional indicative information based on modeling to help inform stakeholders, the Commission, and potential bidders. In reviewing this information, the purposes of this information the following definitions apply:

- **Firm resources**: Resources that can be counted on to provide dependable capacity when the system needs it, subject to normal operational limitations, fuel availability, outage risk, and applicable accreditation rules. Examples may include dispatchable thermal units, nuclear, geothermal, or other resources capable of supporting resource adequacy needs.
- **Energy Storage resources**: Resources that help balance the system by responding to changing supply, load, and operating conditions over a given timeframe. These resources generally provide flexibility, ramping capability, storage, demand response, or other operational attributes that help manage variability and maintain reliable service.
- **Intermittent resources**: Resources that produce electricity and are dependent upon weather and/or time of day. Examples may include, but are not limited to wind and solar.

This Statement of Need shows four future scenarios, each with different planning assumptions and all subject to the response to the competitive bidding process that will follow this IRP—where SPS can construct portfolios of actual resources to meet customer needs. 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.⁵

Specifically, SPS shows pathways to meet the need as follows: (1) on a systemwide, multi-jurisdictional baseline (“MJB”) basis, with State policy preferences addressed after the portfolio is constructed to meet needs on a least-cost basis; (2) with a RPS45 Split Scenario, where New Mexico’s load ratio share on a capacity basis is met with zero-carbon resources;⁶ (3) through a systemwide carbon-free approach that assumes the availability of zero-carbon technologies existing at scale today; and (4) with a systemwide zero-carbon approach that allows the model to access a broader suite of less mature—but dispatchable-zero-carbon resources. These pathways are defined and discussed in more detail in Section 9. The results of SPS’s modeling work are shown in nameplate capacity procurement by specific technology and technology category (i.e., (the Firm, Dynamic Balancing, and Carbon-Free groupings) along with key metrics such as NPV impact (compared back to the MJB), curtailment levels, expected unserved energy (“EUE”), and expected volumes of Market related purchases and sales. This allows for a side-by-side comparison or “cross-walk” view of different futures. Each scenario is supported by an EnCompass output file that shows additional detail for each scenario, such as annual values for System-wide values, transmission constraints, and individual resource attributes. Finally, if legal relief from the REA/ETA 2045 zero-carbon standard is necessary, it is noted as part of the scenario presentation in Section 9, along with potential grounds for such exceptions or relief.

⁵ 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.

⁶ This scenario does show generic thermal resources, procured to meet the Texas load ratio share, serving New Mexico load in the hourly dispatch simulations conducted as part of the modeling for this 2026 IRP. This raises questions as to whether such a scenario meets the requirements of the REA/ETA without an exception.

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The four scenarios are provided to show different future views to satisfy the need—**not as technology-specific procurement targets, minimums, or constraints for the forthcoming RFP**. SPS is providing the results by technology type to provide an informational look at “a set of resource options that the utility *could* use to meet the service needs of its customers over a forecast period,” consistent with IRP Rule directives.⁷

⁷ 17.7.4.7(l)(1)(a) NMAC (emphasis added).

Table 8-2: Generic Resource Needs through 2047 (MW Nameplate Capacity)⁸

	2027-2034			2035-2041			2042-2047			Grand
	Nameplate	Summer Accred.	Winter Accred.	Nameplate	Summer Accred.	Winter Accred.	Nameplate	Summer Accred.	Winter Accred.	Total Nameplate
Firm Generation										
Combined-Cycle										
MJB+Emerging Tech ("MJB+ET")	1,026	703	923	3,591	2,460	3,232	1,539	1,054	1,385	6,156
RPS Split	1,026	703	923	3,078	2,109	2,770	-	-	-	4,104
Carbon Zero w/ Emerging Tech	1,026	703	923	1,539	1,054	1,385	-	-	-	2,565
Carbon Zero w/o Emerging Tech	1,026	703	923	1,539	1,054	1,385	-	-	-	2,565
Combustion Turbine										
MJB+Emerging Tech ("MJB+ET")	602	485	542	201	162	181	401	323	361	1,204
RPS Split	401	323	361	201	162	181	401	323	361	1,003
Carbon Zero w/ Emerging Tech	233	-	-	570	647	723	1,806	1,456	1,626	2,609
Carbon Zero w/o Emerging Tech	233	162	181	169	162	181	-	-	-	401
Carbon-Free										
MJB+Emerging Tech ("MJB+ET")	-	-	-	-	-	-	-	-	-	-
RPS Split	-	-	-	-	-	-	-	-	-	-
Carbon Zero w/ Emerging Tech	-	-	-	-	-	-	2,100	2,100	2,100	2,100
Carbon Zero w/o Emerging Tech	-	-	-	-	-	-	-	-	-	-
Total										
MJB+Emerging Tech ("MJB+ET")	1,628	1,188	1,465	3,792	2,622	3,413	1,940	1,378	1,746	7,360
RPS Split	1,427	1,026	1,285	3,279	2,270	2,951	401	323	361	5,107
Carbon Zero w/ Emerging Tech	1,259	703	923	2,109	1,701	2,108	3,906	3,556	3,726	7,274
Carbon Zero w/o Emerging Tech	1,259	865	1,104	1,708	1,216	1,566	-	-	-	2,966
Energy Storage										
Short Duration Storage										
MJB+Emerging Tech ("MJB+ET")	694	659	601	193	174	147	660	527	346	1,548
RPS Split	698	663	604	497	424	322	746	579	355	1,941
Carbon Zero w/ Emerging Tech	790	745	674	951	765	512	2,250	1,514	703	3,991
Carbon Zero w/o Emerging Tech	908	852	763	12,148	4,489	1,516	29,476	4,707	368	42,531
Long Duration Storage										
MJB+Emerging Tech ("MJB+ET")	150	150	150	-	-	-	-	-	-	150
RPS Split	150	150	150	-	-	-	750	750	750	900
Carbon Zero w/ Emerging Tech	375	375	375	-	-	-	-	-	-	375
Carbon Zero w/o Emerging Tech	-	-	-	-	-	-	-	-	-	-
Total										
MJB+Emerging Tech ("MJB+ET")	844	809	751	193	174	147	660	527	346	1,698
RPS Split	848	813	754	497	424	322	1,496	1,329	1,105	2,841
Carbon Zero w/ Emerging Tech	1,165	1,120	1,049	951	765	512	2,250	1,514	703	4,366
Carbon Zero w/o Emerging Tech	908	852	763	12,148	4,489	1,516	29,476	4,707	368	42,531
Intermittent Generation										
Solar										
MJB+Emerging Tech ("MJB+ET")	3,285	1,137	510	806	177	105	797	167	104	4,887
RPS Split	3,597	1,206	551	1,413	300	184	2,876	576	374	7,886
Carbon Zero w/ Emerging Tech	3,382	1,159	523	2,787	580	362	2,502	501	325	8,670
Carbon Zero w/o Emerging Tech	3,453	1,174	532	4,229	867	550	9,557	1,914	1,242	17,239
Wind										
MJB+Emerging Tech ("MJB+ET")	2,422	533	702	257	57	75	1,111	245	322	3,790
RPS Split	2,895	637	839	1,205	265	337	6,778	1,426	1,543	10,878
Carbon Zero w/ Emerging Tech	3,221	709	934	2,600	558	644	3,101	651	706	8,923
Carbon Zero w/o Emerging Tech	3,551	781	1,030	468	103	126	10,163	2,138	2,285	14,182
Total										
MJB+Emerging Tech ("MJB+ET")	5,707	1,670	1,212	1,063	234	179	1,908	412	426	8,678
RPS Split	6,492	1,843	1,390	2,618	565	521	9,655	2,002	1,917	18,764
Carbon Zero w/ Emerging Tech	6,603	1,867	1,457	5,388	1,138	1,006	5,603	1,152	1,031	17,593
Carbon Zero w/o Emerging Tech	7,005	1,956	1,562	4,697	970	676	19,720	4,052	3,528	31,421

*Accreditation values provided are the combination of resource selections across each period.

⁸ This view was provided in response to a comment and request from Staff.

Table 8-3: Comparative Analysis Highlights

	2027-2034	2035-2041	2042-2047	Grand Total
Total Cost Net Present Value (\$BB)				
MJB+Emerging Tech("MJB+ET")	\$18.76	\$18.46	\$13.30	\$50.52
RPS Split Scenario	\$18.81	\$18.41	\$13.91	\$51.13
Carbon Zero Scenario w/ Emerging Tech	\$18.75	\$18.50	\$17.20	\$54.45
Carbon Zero Scenario w/o Emerging Tech	\$18.80	\$20.10	\$27.15	\$66.05
System Curtailment (GWh)				
MJB+Emerging Tech("MJB+ET")	71	-	271	342
RPS Split Scenario	91	9	8,703	8,803
Carbon Zero Scenario w/ Emerging Tech	72	147	8,544	8,763
Carbon Zero Scenario w/o Emerging Tech	83	1	42,595	42,679
Expected Unserved Energy (GWh)				
MJB+Emerging Tech("MJB+ET")	-	-	-	-
RPS Split Scenario	-	-	-	-
Carbon Zero Scenario w/ Emerging Tech	-	2	494	497
Carbon Zero Scenario w/o Emerging Tech	-	-	420	420
Market Sales (GWh)				
MJB+Emerging Tech("MJB+ET")	34,368	41,254	41,695	117,317
RPS Split Scenario	35,988	47,842	58,968	142,798
Carbon Zero Scenario w/ Emerging Tech	34,877	46,525	44,857	126,259
Carbon Zero Scenario w/o Emerging Tech	38,390	49,011	73,224	160,625
Market Purchases (MWh)				
MJB+Emerging Tech("MJB+ET")	46,110	53,860	43,893	143,863
RPS Split Scenario	44,635	47,773	27,446	119,854
Carbon Zero Scenario w/ Emerging Tech	45,868	49,666	40,991	136,525
Carbon Zero Scenario w/o Emerging Tech	43,726	52,430	24,347	120,503

The scenario cross-walk above illustrates different pathways to meet SPS’s forecasted needs over the Planning Period. The additional detail in these tables is the result of stakeholder feedback, including a request from Staff for the summer and winter accredited capacity figures in Table 8-2, in addition to the nameplate capacity figures. SPS provides a summary Snapshot of the Statement of Need in Table 8-4 below.

The stakeholder work that resulted in the presentation of these different future scenarios helps to inform future planning to meet needs. It does not, however, constitute an acknowledgement or agreement by any stakeholder that certain resource technology allocations are appropriate or specific

scenarios/portfolios are reasonable. Rather, the portfolio makeup will depend on future resource solicitations and stakeholders can evaluate actual projects at the time.

The cross-walk also illustrates the trade-offs in different approaches. For example, the Carbon Zero without Emerging Technologies scenario is **\$16 billion** more expensive on an NPV basis than the systemwide least-cost plan, i.e., the MJB+ET scenario. Carbon-Zero with Emerging Technologies reduces that NPV impact substantially—but it depends on over 2 GW of carbon-free dispatchable generation being available within the Planning Period. The availability of those emerging technologies may not materialize as actual bids, and they are modeled at assumed generic pricing that may change.

From a legal relief perspective, the MJB+ET scenario would require an exception(s) under the REA/ETA 2045 zero-carbon standard, and the RPS Split Scenario likely would as well because emitting generation is used to serve New Mexico load in the hourly dispatch for the scenario.⁹ The two Carbon-Zero scenarios would not likely require exceptions from the REA/ETA 2045 zero-carbon standard; on the other hand, it would require multi-jurisdictional approval that may be challenging to obtain given the lack of a policy in Texas similar to the REA/ETA 2045 zero-carbon standard. In addition, it is worth noting that the two Carbon-Zero scenarios still select thermal generation during the Planning Period, then reduce their operations to zero—indicative that such resources remain needed and economic even in a modeled, long-term emissions-constrained future.¹⁰ The tensions between managing affordability and continuing progress towards state policy achievement are thus on display in this cross-walk of scenarios to meet customer needs. The scenarios also provide ranges on potential resource technology

⁹ The RPS Split Scenario meets New Mexico's load ratio share with carbon-free energy in 2045, but may not meet the REA 2045 requirement to use 100 percent "zero carbon resources" due to the use of carbon-emitting generation to meet need on an hourly basis. As SPS's system is a multi-jurisdictional system, the model does select carbon-emitting generation to serve customers of the Texas jurisdiction. As these resource types can operate on demand, the model does economically dispatch these resources during certain hours after 2045 for New Mexico needs.

¹⁰ The modeling does not resolve ratemaking issues relating to these units, which would need to be resolved in a future proceeding.

needs over the Planning Period to underpin this Statement of Need. The Commission need not decide among these scenarios in this IRP docket, but they can inform policy choices as SPS moves into its next RFP.

8.4 FRAMING THE ACTIONS TO MEET THE NEEDS

Meeting the needs will require a suite of future actions by SPS. Resource procurement is not the only type of action that can assist in meeting the needs expressed above in the four scenarios—actions have a broader scope. The facilitated stakeholder process has identified general action categories that can assist in solutioning the resource needs on the system, as follows:

- Action Category 1: Actions with existing resources to meet capacity needs.
- Action Category 2: Actions with respect to pilot projects or distribution-connected projects as capacity need management tools for further investigation.
- Action Category 3: Site-specific procurement for identified points of interconnection with retiring generation.
- Action Category 4: Systemwide competitive procurements to meet capacity needs (a traditional RFP).
- Action Category 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.

A diverse Action Plan that covers each of these categories can position SPS to try and elicit the best available options to meet its needs in an affordable manner and make State policy progress. As noted above and illustrated by the scenarios when compared to one another, however, SPS may require relief from the REA/ETA 2045 zero-carbon requirements on affordability and/or reliability grounds in the future proceedings in which it seeks approval of actions under this Action Plan. SPS, to be clear, is not

assuming it will obtain such relief as it moves into the Action Plan implementation. Nevertheless, the market response to procurement and the availability of zero-carbon technologies (or lack thereof) will inform future actions or requests as SPS continues to play its part in ensuring the availability of power to serve economic development and everyday customer needs in its service territory.

8.5 STATEMENT OF NEED SNAPSHOT

This Statement of Need addresses forecasting, ranges of potential resource acquisition, and the scope of actions that can assist in meeting identified needs. The table below reflects the Statement of Need and its key components in a summary format, and 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.

Table 8-4: Statement of Need Key Points

Item	Description
Load forecast fundamentals	Use Constrained Planning Forecast, updated prior to RFP(s) issuance.
2034 Accredited Capacity Need	Base RAP likely 2031-2034. Accredited Need (<i>with</i> 2025 RFP Resources): • Summer: 1,125 MW • Winter: 2,028 MW
Action Categories to Address Needs	Actions with existing resources Actions with pilot projects Site-specific competitive procurement Systemwide competitive procurement Long lead-time competitive procurement

Section 10. ACTION PLAN

New Mexico Administrative Code § 17.7.3.11 requires SPS to present an Action Plan. The IRP Rule, and specifically 17.7.3.11 NMAC, defines the parameters of an Action Plan and sets forth three specific components:

- Component 1: “[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 ...”;¹¹
- Component 2: “[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 ...”;¹² and
- Component 3: “[I]nclude a status report of the specific actions contained in the previous action plan.”¹³

This Action Plan builds on the action categories identified in the Statement of Need, given the interrelationship between the presented Statement of Need and Action Plan and addresses each component above.

Before going into each component, however, SPS is requesting a four-year Action Plan and contemporaneously filing a variance. This variance was addressed extensively in the facilitated stakeholder process and SPS understands it is unopposed. Adding an additional year to the Action Plan gets SPS back on its original planning cycle, with staggered IRP filings by jurisdictional utilities occurring each year. It also facilitates the next IRP filing by SPS in 2030.

10.1 COMPONENT 1: THE ACTIONS

¹¹ 17.7.3.11(A)(1) NMAC.

¹² 17.7.3.11(A)(2) NMAC.

¹³ 17.7.3.11(A)(3) NMAC.

For the first component, the action categories in the Statement of Need guide SPS's actions in the four-year period following the filing of the 2026 IRP (assuming the variance is granted). Each action category has more specific implementation actions beneath it, followed by a more detailed explanation about each category.

Table 10-1: Action Category 1

Type	Specific Actions
Actions with existing resources to meet capacity needs.	• Upgrade to Jones Generating Station Units 3 and 4. • Bringing forward opportunities such as life extensions or repowers to meet capacity needs or provide customers savings. • Survey the market for near-term in-service dates from expiring contracts or other sources.

Meeting energy and capacity needs, particularly of the magnitude both experienced and forecasted by SPS, requires a broader scope of actions beyond soliciting new resources through competitive procurement. SPS has identified an upgrade to the Jones Generating Station Units 3 and 4 as an action on the existing system and discussed this extensively during the facilitated stakeholder process, with no stakeholder opposing the action. The Jones Generating Station is a gas-fired power plant near Lubbock, Texas with approximately 820 net megawatts of power production capability. The plant consists of four units constructed between 1971 and 2013. Two of the plant's turbines are Westinghouse steam turbines that output 243 net megawatts of electricity, and the other two turbines are Siemens combustion turbines that output 169 net megawatts. Jones Units 3 and 4 are both fast-start combustion turbines with the ability to reach 150 net megawatts of output in less than 10 minutes. The plant provides electricity to customers in SPS's service territory in both the Texas Panhandle and eastern

New Mexico. The upgrade would consist of two parts: (1) installation of a hot gas path (“HGP”), and (2) the actual F(X) upgrades of the units’ vanes and blades. The potential upgrades would increase the output of the two turbines by approximately 19.5 megawatts each at the current air permit limits at a projected cost of \$82 million.

In addition, SPS is assessing its existing fleet of both owned and purchased power for potential life extensions or repowers. Either life extension or repowers can preserve electric generating capacity and manage capacity needs. SPS will bring forward life extensions or repowers for Commission consideration in appropriate proceedings, consistent with this Action Plan.

Finally, SPS will continue to survey the market for power projects with near-term in-service dates. The scope of such options is unclear at this time but may include expiring contracts or uncontracted resources. SPS does not anticipate identifying a significant number of options in this area given the scarcity of generating resources in the region; nevertheless, it is part of this action category and a diverse Action Plan more broadly.

Table 10-2: Action Category 2

Type	Specific Actions
Actions with respect to pilot projects or distribution-connected projects as capacity need management tools for further investigation.	• 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.

In keeping with Action Category 1, SPS will continue to assess the market for distribution-connected pilots that—like actions on the existing system—may be able to assist in managing the size of the capacity needs on the SPS system. This action is complementary to the other action categories, and the scope of impact will depend on the nature of identified opportunities.

Table 10-3: Action Category 3

Type	Specific Actions
Site-specific procurement for identified points of interconnection with retiring generation.	• Procurement specificity with respect to Quay County site subject to point of interconnection limitations and to meet local reliability needs.

Action category 3 is the first of three procurement-related activities within this Action Plan. As either a standalone RFP or as part of a broader RFP with Action Category 4 and Action Category 5, SPS will seek bids for the Quay County point of interconnection. This approach can help identify projects at or near the Quay County site. To the extent a standalone RFP approach is used, the RFP would issue at the same time as any other RFP associated with this Action Plan (i.e., Action Category 4 and Action Category 5). In addition, while a site-specific RFP approach would not be used for other sites, SPS will seek to identify other areas on the system with local reliability needs in the systemwide RFP in response to a request raised during the facilitated stakeholder process.

Table 10-4: Action Category 4

Type	Specific Actions
Systemwide competitive procurements to meet capacity needs.	• All-source procurement for near-term period, i.e., the base resource acquisition period (“Base RAP”).

Action category 4 is the second of three procurement-related activities within this Action Plan. This is a traditional systemwide RFP with a Base RAP period of 2031-2034. By targeting the specific years, it overlaps slightly with the RAP for the recently concluded 2025 RFP, which sought projects with in-service dates 2032 or earlier. This approach can capture any newer projects that were not bid into the 2025 RFP process while also allowing for projects with in-service dates all the way through the end of 2034. SPS anticipates the RFP will issue early in the second half of 2027, thus it allows projects with

both near-term in-service dates and in-service dates further out. If necessary, the Base RAP period could be refined based on market conditions or other circumstances. The systemwide RFP is an all-source competitive procurement consistent with past solicitations.

Table 10-5: Action Category 5

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

Action category 5 is the third of three procurement-related activities within this Action Plan—and a new type of solicitation directly responsive to both intervenor positions in Case No. 25-00066-UT and feedback within the facilitated stakeholder process for the 2026 IRP. The objective of the long-lead time competitive procurement is to provide a competitive space for emerging technologies with longer development timelines, e.g., geothermal, nuclear, long duration energy storage, or other clean firm dispatchable technologies. SPS will develop an RFP for review and comment, consistent with the IRP Rule, that seeks an appropriate level of information from bidders about eligible projects. The requirements for this long-lead time RFP will be different than a traditional RFP given the emerging nature of technologies eligible, and SPS will develop eligibility parameters for this RFP focused on dispatchability and carbon-free. The LL RAP will run from 2035 through the end of 2040, starting where the systemwide RFP’s Base RAP ends and going through the end of the decade. The ultimate goal is to build on the Request for Information for carbon-free technologies included in the 2023 IRP Action Plan with this competitive solicitation. It provides a full RFP opportunity for dispatchable carbon-free project

developers to bid actual projects, which can in turn inform the opportunities that exist to bring these types of projects onto the SPS system to progress towards the 2045 carbon-free goal in the REA/ETA.

SPS will form a working group to evaluate strategic public and private partnerships, policies and funding mechanisms or tax credits, including new state and federal incentives, to support the deployment of emerging dispatchable clean energy resource development with the goal of benefiting customers by reducing development risk and managing associated costs. A focus of the working group will include identifying potential solutions to challenges of seeking emerging and long-lead technologies under the current RFP process outlined in the IRP rule.

SPS envisions two general areas of engagement. The first area is with respect to the RFP parameters for the LL RAP, recognizing these projects are further out in the future and developing bidding requirements that account for the maturity of such projects. This engagement will inform the RFP provided for review and comment under the IRP Rule.

The second area relates to financial tools to advance any projects selected in the LL RAP. Such tools may include the use of construction work in progress/cash return on invested capital models to facilitate early work on dispatchable carbon-free projects, or mechanisms to provide pre-funding to independent power producers (“IPPs”) for similar work. Any pre-funding to IPPs could be paired with commensurate contributions from the IPP to grow the level of pre-development or early development funding available to the project. SPS would undertake the RFP-related work first and include the results in the RFP file with the Commission. The regulatory tools could be developed subsequently and presented to the Commission in an appropriate forum.

10.2 COMPONENT 2: IMPLEMENTING THE ACTIONS

SPS will take concrete steps to implement the Action Plan components. SPS will assess actions on the existing system and bring them forward for Commission approval as necessary (Action Category

1). SPS will also test the market for distribution-connected resources through appropriate steps (Action Category 2). For Action Categories 3 through 5, SPS will develop a resource solicitation with either separate RFPs or one RFP with options for:

- Site-specific all-source procurement at Quay County (using the Base RAP of 2031-2034);
- A systemwide all-source competitive solicitation (using the Base Rap of 2031-2034); and
- A long-lead time competitive solicitation for dispatchable carbon-free technologies (using the LL RAP of 2035-2040).

After drafting the RFP document(s), and consistent with discussions and commitments made in the facilitated stakeholder process, SPS will convene a Technical Working Group Conference before filing the RFP with the Commission. The purpose of the Technical Working Group Conference is to discuss key components of the RFP, including the updated Constrained Planning load forecast for use in the RFP(s).

Following the Technical Working Group, as mentioned, SPS will provide a draft RFP document in this docket. Under the IRP Rule, within 21 days of receipt of the RFP documents, commissioners, commission utility division staff, and intervenors may submit comments to the utility, including on whether its proposed RFP conforms with its accepted statement of need and action plan and is not unduly discriminatory. Comments shall be considered, and may be incorporated, by the utility prior to the issuance of the RFP.¹⁴ Those comments could include IRP stakeholder input regarding the updated Constrained Planning load forecast.

The RFP(s) 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.¹⁵

¹⁴ 17.7.3.12 (D) NMAC.

¹⁵ 17.7.3.12(B) NMAC.

SPS will file annual reports to demonstrate the progress of its Action Plan.

SPS will complete the 2030 IRP in accordance with 17.7.3 NMAC, upon receipt of the requested variance detailed above.

10.3 COMPONENT 3: STATUS REPORT ON THE 2023 IRP ACTION PLAN

For the third component, the status report on specific actions from the previous action plan is below. 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.

TABLE 10-6: Status Report

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. The ICO program and tariff was approved in the October 30, 2025 Final Order.

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Action Plan Item	Status
	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. SPS introduced new TOU time periods and On-Off peak pricing in its 2025 Rate Case, which is pending before the Commission.
Develop RFI for long-lead time emerging dispatchable resources.	Implemented; RFI issued August 21, 2024, and a re-issuance on July15, 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.

10.4 RESPONSES TO OTHER STAKEHOLDER COMMENTS

SPS developed a detailed outline of its Statement of Need and Action Plan and worked through the outline in dedicated facilitated stakeholder process meetings on August 26-27, 2026, in Carlsbad, New Mexico (with virtual participation options). Following this two-day meeting, the facilitator (Gridworks) offered an additional written comment opportunity to participants. Gridworks received extensive written comments following the discussion during the August 26-27, 2026, meeting. A number of comments are incorporated into the Statement of Need and Action Plan. For ease of reference, the table below provides a summary of key points from comments and SPS's response to such comments. These responses reflect the adjustments to the Statement of Need and Action Plan made by SPS in response to comments, driving a high level of consensus on these central portions of the 2026 IRP.

TABLE 10-7: Response to Statement of Need and Action Plan Comments

Commenter	Topic(s)	Comment	SPS Response
New Mexico Energy Initiatives	Modeling capacity, constraints, congestion, curtailment.	Suggestions that commenter noted may be more appropriate as studies for a future IRP.	SPS notes the comments for consideration for future modeling.
	CCS/CCUS Projects	- Transmission and interconnection analysis evaluating available capacity and deliverability at key POIs, transmission and substation constraints, congestion and curtailment, and the need, cost, and benefits of potential upgrades or new lines. Where possible, analysis could also inform RFPs and evaluation of total delivered system costs. - CCS/CCUS: Consider Gas-CCS/CCUS as a possible firm, lower-carbon resource option in future all-source analysis and procurements.	CCS/CCUS projects, coupled with generation projects, are eligible to bid into future RFPs and could be well-suited for a Long-Lead RFP (Action Category 5).

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Long Duration Energy Storage Council	LDES duration	Primary concern with the current modeling is that it appears to jump from four-hour BESS directly to a generic 100-hour BESS. Want to ensure that SPS's planning framework appropriately represents the differentiated capabilities of LDES at different durations and most accurately evaluates the most cost-effective resources to meet state policy objectives: future reliability, affordability, and clean-energy needs.	Based on input from Stakeholders during Facilitated Stakeholder Workshop #5, SPS ran additional models including 6-hour and 8-hour batteries. Importantly, SPS's modeling of 4-hour, 6-hour, 8-hour, and 100-hour batteries were to demonstrate that a single day and multi-day storage could provide value to SPS's system but, due to modeling runtime constraints, could not model every possible duration amount between 4-hour and 100-hour. Modeling results should not be interpreted that only those duration ranges modeled are endorsed for future RFPs; rather, it supports the conclusion that durations between 4-hour and 100-hour demonstrated value for SPS's system.
Long Duration Energy Storage Council	LDES characteristics	Statement of Need should define categories of need to inform stakeholders, Commission, and potential bidders of diverse role of LDES across system needs.	SPS's Outline of the Statement of Need did not specify resource preferences but instead demonstrated that a diverse range of resource types can serve SPS's future needs and that the modeling results indicate possible variations of resource mixes can serve SPS's system. SPS acknowledges that specific resources or combinations of resources may cross between defined categories as presented. SPS has adjusted the categories to the following: Firm, Energy Storage, and Intermittent.
Long Duration Energy Storage Council	LDES	Commenter supports areas of the Action Plan that allow for LDES eligibility.	SPS's Statement of Need does not specify resource preferences and uses "all-source" competitive procurement.

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Coalition of Clean Affordable Energy (CCAEE) and Energy Futures Group (EFG)	Near-term capacity position	Commenter concerned about capacity position in 2027-2029 and how SPS will manage the near-term need.	SPS acknowledges that capacity needs prior to 2030 exist. SPS intends to either manage customer load connections and/or secure short-term capacity through bilateral purchases across Southwest Power Pool's Marketplace to satisfy its seasonal Resource Adequacy Requirements as necessary.
CCAEE and EFG	Load Forecast	Acknowledges that SPS's use of the Constrained Planning forecast results in the accredited capacity need shown in the draft Statement of Need, but cannot provide support for the use of the Constrained Planning forecast without additional information from SPS. Has concerns about the level of probabilistic load included in the Constrained Planning Forecast given the substantial portion of the forecast that this load represents. SPS should provide stakeholders with information that breaks down customers into "Oil/gas" and "Data center" and provides information on a basis that allows stakeholders to understand how SPS tracks and categorizes customer requests, including where each customer is in the process of interconnection and the milestones that SPS tracks (i.e. signed transmission agreement, signed service agreement, under evaluation at SPP, at the initial stages of evaluation and has no milestones to report, etc.).	SPS understands that the load forecast is a critical factor in the integrated resource planning process. As part of the IRP modeling, SPS has developed scenarios based upon a Low forecast, Constrained Planning forecast, and Unconstrained Planning forecast. All scenarios indicate a diverse set of resources is needed regardless of load forecasting assumptions. The Constrained Planning forecast best balances known customer needs with likely resource availability and will serve as the methodological basis for the RFP(s) in the Action Plan. Additionally, SPS intends that prior to the issuance of any RFP, it will conduct Technical Working Group conferences focused on the load forecast that would be utilized for evaluation. This process improvement identified in the facilitated stakeholder process provides transparency into SPS's load forecasting ahead of any competitive solicitation and subsequent bid evaluation.

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CCAIE and EFG	Load Forecast	Support updating load forecast before an RFP. Before an RFP, will be important for SPS to provide stakeholders with information around the load forecast at the time that the forecast is updated so stakeholders can understand what factors are driving any forecast updates.	Consistent with this comment and as denoted in the Action Plan, SPS intends to provide additional load forecasting information and review prior to the issuance of an RFP via a Technical Working Group Conference.
CCAIE and EFG	Load Forecast	Clarify that Low planning forecast was not used to develop procurement need ranges.	SPS does not intend to utilize the Low Planning Forecast and included language in the Statement of Need to clarify, consistent with the comment. The Statement of Need as revised in response to stakeholder feedback instead defines ranges via the following scenarios: 1. Constrained Planning Baseline + Emerging Tech 2. Constrained Planning RPS – Split 3. Constrained Planning Carbon-Zero w/Emerging Tech 4. Constrained Planning Carbon-Zero w/Existing Tech Only
CCAIE and EFG	Tech Categories	Suggest not putting technical categories in RFP. Providing that information will be confusing and could convey that SPS would not contemplate procuring more of one technology. Including the resource technology tables from the draft Statement of Need risks artificially constraining the bid pool.	SPS is providing the resource categories for informational purposes only in the Statement of Need and throughout this 2026 IRP. These categories are used to bucket the results of generic long-term modeling and used to indicate that a variety of resources serve SPS's system needs under different future scenarios. The exact volume of any one category does not represent a limit and the systemwide RFP and site-specific RFP will be all-source, as discussed in the Action Plan.

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CCAIE and EFG	Site-specific RFP Information	Asks that when an RFP is issued specific to the Quay County site, any important site-specific information be made available to the extent possible. This will help to ensure that SPS receives competitive bids for the Quay County site.	Consistent with the comment, SPS will provide any pertinent site-specific information within the associated RFP documents.
CCAIE and EFG	Long-lead RFP Design	During an RFP technical conference, crucial for there to be discussion about Long Lead-Time RFP design and considerations that need to be made about how bidders may need more flexibility in the responses they can provide compared to the Base RAP RFP given the information requirements and potential for bid disqualification. There should also be a discussion about the tradeoffs of SPS issuing one RFP versus issuing separate RFPs.	SPS intends for any Long Lead RFP to be a more flexible option and is in the process of identifying and reviewing any needed criteria and considerations needed to fully evaluate such an RFP. All future RFP design work is in progress and, in accordance with the IRP Rule, SPS will provide RFP documents in advance for public comment. Additionally, SPS intends to provide technical conferences to review both the load forecast and key RFP details prior to the issuance of an RFP through the Technical Working Group Conference.
CCAIE and EFG	Details on distribution connected pilot projects	On the Action item related to distribution-connected projects and SPS pursuing pilot projects for further investigation, it would be helpful if SPS could provide stakeholders with more information around these projects. For example, has SPS already identified potential sites for distribution-connected projects? What would the timeframe be for implementing the pilot and then scaling up those pilot programs?	SPS originally identified the Action as “Explore pilot projects...” At this time, SPS does not have additional information to share as no firm project exists but expects to investigate possible projects. Rather, it is a proposed action category within the Statement of Need and Action Plan, with future details remaining to be developed as opportunities are identified by SPS.

NMPRC Staff	Staff's Summary of Detailed Comments	Requested revisions before the October 13 filing 1. Delete “consensus proposal,” or limit it to specifically identified matters on which agreement exists. 2. Add a systemwide/New Mexico cross-walk and a side-by-side comparison of the systemwide reliability/least-cost plan and the New Mexico current-law case. 3. Preserve the summer/winter accredited-capacity table. For each Firm, Dynamic Balancing, and Carbon-Free category, separately state how summer and winter accredited contributions and performance will be determined. If category quantities are shown as modeled results, show their separate seasonal contributions; do not convert them into procurement quotas or substitute one combined list said to apply to both seasons. 4. Provide a reproducible current-law New Mexico benchmark. If the model shows no feasible portfolio or a materially higher-cost or operationally constrained result, identify the binding constraints and compare that result with	1. SPS has reviewed and incorporated the extensive comments received following the Statement of Need and Action Plan-focused facilitated stakeholder workshops and believes it has a structure that is supported by stakeholders. 2. Consistent with the comment, SPS updated its Statement of Need with four scenarios in a side-by-side comparison as requested those runs include: a. Constrained Planning Baseline + Emerging Tech b. Constrained Planning RPS – Split c. Constrained Planning Carbon-Zero w/Emerging Tech d. Constrained Planning Carbon-Zero w/Existing Tech Only 3. SPS has developed a cross-walk as identified in Table 8.3. SPS believes that this addition is responsive to this comment. 4. SPS is providing detailed (confidential) modeling runs for each of the above scenarios, in support of the requested cross-walk and consistent with the comment. See Appendix L.¹⁶ In addition, specific reviews and comparisons of modeling runs will be provided in Section 9 of the IRP document.
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¹⁶ Appendix L contains confidential information. Confidential information will be provided to the Commission’s Records Department and will be provided to parties executing a non-disclosure agreement in accordance with the Protective Order issued in this case.

		the preferred plan and any assumed future relief or legal change. 5. Include the written seasonal-need and evaluation memorandum with the draft RFP package and use SPS's already-proposed technical conference to discuss it before solicitation begins. Replace vague long-lead "engagement" language with specific constraints, deliverables, and dates; do not create a separate funding or partnership working group. 6. In the October 13 filing, identify the requested four-year Action Plan as a variance under 17.7.3.17 NMAC. 7. Add to the beginning of the Statement of need a statement that reflects the Need. 8. Revise the Action Plan to Include a working group to evaluate strategies and support deployment of emerging (or existing large capital) clean energy resources.	5. Consistent with the comment, SPS intends to design RFPs with seasonal-needs defined as well as clear evaluation criteria within the RFP package. Additionally, SPS intends to convene the Technical Working Group Conference prior to issuing an RFP to discuss both load forecasting and RFP design. Concerning the Long-Lead RFP (Action Category 5), SPS is still evaluating and designing the structure of such an RFP and intends to discuss any specific details through the Technical Working Group Conference prior to RFP issuance. 6. Consistent with the comment, SPS will seek a formal variance. SPS's understanding from the facilitated stakeholder process and discussion of this request is that it is unopposed. 7. SPS has incorporated a modified version of the statement requested by Staff, which is consistent with the request: "SPS's 2026 IRP presents a comprehensive and forward-looking approaches to reliably and efficiently serve projected customer demand while making progress towards New Mexico's clean energy requirements through 2045." 8. SPS has modified the Action Plan accordingly with language discussed in the facilitated stakeholder
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			process and provided in comments by Staff.
NMPRC Staff	Specific Language	Delete statement in draft that the Statement of Need is a “consensus proposal,” or identify separately each framework item on which agreement exists and each issue that remains unresolved.	SPS has reviewed and incorporated the extensive comments received following the Statement of Need and Action Plan-focused facilitated stakeholder workshops and believes it has a structure that is supported by stakeholders.
NMPRC Staff	Systemwide Plan vs NM Statutory Case	1. Show the systemwide plan and New Mexico statutory case side by side. May begin with a systemwide reliability plan, but Statement of Need should also show how resources, energy, market purchases, and costs are assigned to New Mexico customers and provide a current-law New Mexico case so the reliability, affordability, and statutory tradeoffs are visible. 2. Show how separate policy cases change cost, curtailment, expected unserved energy, market reliance, or assignment to New Mexico. 3. Filed Statement of Need should connect those analyses through an example cross-walk. 4. SPS should state its legal assumption for 2045. In Case No. 25-00066-UT, SPS sought a determination that 363 MW of the Gaines resource qualified as zero-carbon and a present determination that Gaines and Tolk could qualify for relief from the 2045 standard based on reliability and unreasonable bill impacts. The	1. Consistent with the comment, SPS updated its Statement of Need with four scenarios in a side-by-side comparison (i.e., the requested cross-walk) and those runs include: a. Constrained Planning Baseline + Emerging Tech b. Constrained Planning RPS – Split c. Constrained Planning Carbon-Zero w/Emerging Tech d. Constrained Planning Carbon-Zero w/Existing Tech Only 2. SPS will be providing summary modeling results and key findings within Section 9 of the IRP. Additionally, SPS is providing a summary of these identified metrics within the Statement of Need for the identified scenarios in the above bullet 1. 3. SPS has included the requested cross-walk for the above identified scenarios within the Statement of Need. 4. Consistent with this comment and as part of the Statement of Need, SPS is identifying scenarios that would require

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		Commission denied the zero-carbon designation and denied the requested predetermination without prejudice, finding that reliability and affordability depend on the conditions existing in 2045 and beyond. 5. A current-law New Mexico case is not an endorsement of an unaffordable build plan and need not be the preferred portfolio. It is a transparent benchmark. Commenter goes on to suggest details to bring into the Statement of Need.	legal relief from 2045 REA/ETA requirements. 5. SPS appreciates, understands, and concurs in this comment. In addition to the cross-walk of select scenarios, all modeling results for all scenarios are provided within Section 9 of the IRP, including key findings for each scenario.
NMPRC Staff	Measurable Technical Characteristics for Summer and Winter	1. Rule requires the amount, types, and technical characteristics of resources to be procured. Identify the need, state the operational capability required to meet it, and explain how the resulting portfolio addresses New Mexico requirements. 2. The problem is that the draft does not identify which seasonal and functional attributes will carry into the request for proposals (RFP). The RFP must state its evaluation criteria, the overall amount and duration of power solicited, and the degree of dispatchability required. 17.7.3.12(F)(1), (2), and (4) NMAC. Without a measurable link between the accepted Statement of Need and those RFP terms, Staff cannot perform the conformity review under 17.7.3.12(D) NMAC.	1. Consistent with the comment, SPS's modeling identifies both amount of resources and type of resources to be procured and a detailed description of all modeled results will be included in Section 9 of the IRP. Section 7 of the RFP identifies all resource options as well as their characteristics. The updated Statement of Need and cross-walk provides systemwide least-cost scenarios, a split system scenario that may still require REA/ETA legal relief, and two systemwide carbon-zero scenarios that would be compliant with the 2045 REA/ETA goal but may raise affordability and/or reliability issues, among others. 2. In response to the comment, the RFP will contain seasonal requirements and actual need any RFP is designed to solution will be the result of the most up-to-date forecast

		3. Preserve the year-by-year seasonal table and show how the Base RAP is designed to satisfy each seasonal requirement. If SPS continues to present Firm, Dynamic Balancing, and Carbon-Free nameplate ranges, it should provide the corresponding summer and winter accredited contributions and make clear that nameplate capacity is not accredited capacity. Commenter provides an example table and further instructions.	and will be reviewed via a Technical Working Group Conference prior to RFP issuance as well as key design characteristics of any RFP. In accordance with NMAC 17.7.3, SPS will make available any RFP for public comment. 3. In support of the Statement of Need cross-walk scenarios, SPS intends to provide the confidential modeling outputs informing each scenario in the Statement of Need. These files provide all annual accredited capacity contributions by season and year for each resource. Additionally, SPS will provide final accredited capacity volumes through the Planning Period for each scenario in the requested (and adopted) cross-walk.
NMPRC Staff	State market limitations accurately and make the Action Plan specific	1. The 2024 all-source RFP record does not support a generalized statement that SPS cannot attract generation bids. The narrower record is that SPS did not receive a qualifying combined-cycle bid.⁵ If SPS relies on market scarcity to justify broad categories or delayed procurement, it should identify the specific technology and explain the role of timing, minimum requirements, interconnection, and commercial terms. 2. Staff does not object to an all-source Base RAP for 2031–2034, a Long-Lead Resource Acquisition Period for 2035–2040, a site-specific	1. SPS agrees that SPS’s last two RFPs have sufficiently attracted generation bids with enough volume and sufficient diversity to provide a valid comparative analysis for bid selection. SPS expects the future systemwide or site-specific RFPs in the Action Plan to be “all-source” to continue this trend; however, SPS does acknowledge that it is beholden to what bidders ultimately provide in response to any future RFP. 2. 1. SPS intends to design RFPs with seasonal-needs defined as well as clear evaluation criteria within the RFP package. Additionally,

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		all-source solicitation at the Quay point of interconnection, or updating load and resource-adequacy inputs before RFP issuance. Rather than creating additional standing working groups, Staff requests the following Action Plan changes: 1. When SPS circulates the draft RFP under 17.7.3.12(C), include a written technical memorandum stating the separate summer and winter needs and the proposed evaluation protocol. Use the Technical Working Group Conference already proposed in the draft Action Plan to discuss that package during the draft-review period and before solicitation begins. This is not a request for a new standing working group or for Staff to draft the RFP. 2. Replace the vague long-lead sub-action concerning “engagement with Commission and stakeholders on regulatory tools” with a written description of the specific constraints SPS believes limit long-lead resources. Workshop discussion confirmed that the long-lead solicitation’s selection metrics,	SPS intends to convene a Technical Conference Working Group (preferably with Staff participation, as discussed in the Statement of Need) prior to filing its RFP(s) to discuss both load forecasting and key RFP design. Concerning Long-Lead RFPs, SPS is still evaluating and designing the structure of such an RFP and intends to discuss any specific details within Technical Conference Working Group prior to filing the Long-Lead RFP. 2. Consistent with the comment, please see the response immediately above. 3. Please see prior response regarding the variance request.
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		contracting structure, and off-ramps remain to be developed. The description should address technology maturity, development lead time, financing, permitting, transmission and interconnection, SPP accreditation, affordability, and any assumption concerning New Mexico law or future relief. State what SPS will analyze, the deliverable or decision, and the date. Existing IRP processes may be used; Staff is not requesting a separate funding or partnership working group. 3. File the four-year Action Plan term as a variance under 17.7.3.17 NMAC. Staff does not object if the request is filed and year four is limited to long-lead development and the 2030 IRP cycle.	
NMPRC Staff	Statement Reflecting the Need	Add to the beginning of the SON a statement that reflects the Need. Such as: “SPS’s 2026 IRP presents a comprehensive and forward-looking strategy to reliably and efficiently serve projected customer demand while achieving compliance with New Mexico’s clean energy requirements through 2045.”	SPS has incorporated a modified version of the statement requested by Staff, which is consistent with the request: “SPS’s 2026 IRP presents a comprehensive and forward-looking approaches to reliably and efficiently serve projected customer demand while making progress towards New Mexico’s clean energy requirements through 2045.”

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NMPRC Staff	Working Group for Long Lead Tech	SPS will form a working group to evaluate strategic public and private partnerships, policies and funding mechanisms or tax credits, including new state and federal incentives, to support the deployment of emerging [or existing large capital] clean energy resource development with the goal of benefiting customers by reducing development risk and managing associated costs. A focus of the working group will include identifying potential solutions to challenges of seeking emerging and long-lead technologies under the current RFP process outlined in the IRP rule.	SPS has modified the Action Plan accordingly with language discussed in the facilitated stakeholder process and provided in comments by Staff.
NM Large Customer Group (NMLCG)	Load Forecast	Statement of Need should provide greater transparency regarding load forecasts and data center large load interconnection requests. Statement of Need does not provide sufficient transparency for the NMLCG to confidently comment on or support data center load forecast. Critical for SPS to (1) define the methodology SPS utilizes to consider large load requests in planning forecast; and (2) provide expected materialization rates, load ramp schedules, and pending large load interconnection requests. SPS data center load forecast considers both known requests and—through a “probability distribution” methodology—additional unknown loads. But the IRP stakeholder process provided	SPS has adjusted its Statement of Need in response to these comments. To reiterate, SPS received general agreement from stakeholders that (1) SPS's load growth would be underrepresented by the Low forecast; (2) the inclusion of load management, and/or shaping and delaying certain customer loads, within the Constrained Planning forecast methodology was appropriate; and (3) that the Unconstrained Planning forecast indicates a near-term demand that is not reflective of SPS's current resource and transmission constraints. SPS is also providing additional Appendices related to information provided in Section 4 (Current Load Forecast), that discusses inclusion and exclusion of demand in the load forecast. Additionally, SPS's Large Load

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		insufficient clarity regarding both methodologies. SPS did not define its criteria to consider a data center load forecast “known.” Did not present details regarding formulation of distribution(s), empirical input assumptions, or resulting probabilities as a part of the stakeholder process. The lack of specificity and transparency represents a flaw in the IRP and Statement of Need, and frustrates stakeholders’ ability to analyze load forecast accuracy.	Tariff is forthcoming and seeks to reduce impacts to existing customers. Finally, SPS will be reviewing load forecasts prior to any RFP through Technical Working Conferences as discussed in the Statement of Need.
NMLCG	Forecast Updates	Action plan should call for updated load forecasts on rolling basis. Opaque and speculative data center forecasts largely drive SPS’s Statement of Need. The Statement of Need—incorporating loads that may fail to materialize—could call for unnecessary and excessive resource acquisitions. Company should adopt a more flexible IRP process enabling frequent load forecast updates. SPS, for example, could engage in more frequent IRPs that consider “trued-up” and more accurate load forecasts. Alternatively, the Company could true-up load forecasts at each stage of an individual IRP’s Request for Proposal (“RFP”) process, ensuring the Company is targeting the correct and most up to date load forecast. Ultimately, the current IRP resource planning process is	SPS agrees that transparency is a foundational cornerstone to the IRP process and is why SPS is proposing to convene a Technical Working Group Conference prior to the filing of any RFP, which provides a forum to discuss both the load forecast to be used in a given RFP as well as key design details of the RFP structure.

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		designed to serve slowly expanding load. This model is no longer adequate. Large data centers may request expedited interconnections or fail to materialize altogether, greatly frustrating long term planning horizons. More frequent, flexible IRP updates would possibly capture these big load forecast swings, and thus may address these concerns.	
NMLCG	Tech Categories	Technology categories will not benchmark or otherwise inform resource procurement or RFP efforts. Ultimately, the technology category procurement targets are apparently immaterial and may unnecessarily raise confusion. For example, questions regarding the categorization of hybrid resources, and their qualifications in future procurement cycles, were left open during the last stakeholder workshop. Thus, the NMLCG recommends that the Company clarify its “technology category” intentions, the application of each “bucket,” and the IRP model’s process informing resource procurement. Otherwise, the Statement of Need’s ultimate resource acquisition goal is unclear.	Consistent with the comment, SPS has not characterized the technology categories as procurement targets and made that clear in the Statement of Need. The resource categories are a tool to broadly characterize general attributes of various technology types and how various modeling assumptions/scenarios affect the composition of resources to meet forecasted needs. This information also provides an indication to developers that SPS’s system benefits from a broad range of resources across a range of modeling assumptions.

NMLCG	Action Plan on RFPs	Action Plan should call for broad RFPs to ensure bid pool is as robust as possible. Specifically, the Action Plan should direct RFPs to: 1. Consider surplus interconnection resource capacity currently constrained by existing interconnection capabilities. Previous RFPs excluded interconnection resource capacity constrained by existing interconnection capabilities, and thus may have unnecessarily limited cost-effective capacity. 2. Include capacity-only, “bring-your-own-generation,” and sleeved arrangements. This would mitigate concerns related to speculative data center loads, which could possibly participate in bring-your-own-generation arrangements. 3. Expand the “product” definition, which in previous RFPs limited eligible projects to resources “that convey all energy, capacity, ancillary services including reactive supply and voltage control, and any environmental benefits generated from the proposed project.” This definition unnecessarily excludes renewable resources that seek to retain Renewable Energy Credits. 4. Relax SPP interconnection queue criteria. Previous RFPs limited eligible projects to resources that (1)	1. Consistent with the comment, SPS issues all-source RFPs with parameters and requirements that provide a consistent evaluation across technology types. SPS will continue to adjust its requirements to maintain as broad a bid pool as possible while ensuring as firm pricing as possible and ensuring projects can deliver their capacity. 2. As previously discussed, SPS expects the proposed Technical Work Group conferences to provide updates and discussion on the load forecast for use in any forthcoming RFP(s). The types of proposals addressed in this comment would be accounted for in the load forecast and discussed through this process. 3. According to New Mexico’s RPS requirements Energy and Renewable Energy Credits cannot be unbundled. Allowing a renewable energy resources to contribute to New Mexico’s load requirements without their associated RECs thus negatively affects SPS’s ability to meet New Mexico’s RPS requirements. 4. As previously stated, SPS always reviews its bid requirements ahead of issuing an RFP. As an example, in response to stakeholder input into the 2025 RFP, SPS relaxed its Southwest Power Pool DISIS requirements from Phase II to
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		are in the SPP queue; and (2) have completed related Phase 2 studies. This, again, may unnecessarily exclude cost effective and reliable resources.	Phase I. This had the effect of expanding eligible projects able to bid into the 2025 RFP. Importantly, SPS’s evaluation timing was impacted due to project withdrawals after projects received Phase II costs during the evaluation.
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