

FOR IMMEDIATE RELEASE: March 12, 2021

CONTACT: Raymond Sandoval; 206-719-9652; cell; Raymond.Sandoval@pnm.com

PNM Supplemental Filing for Four Corners Abandonment will reaffirm millions in savings for customers and add benefits of significant carbon reductions starting in 2023

Owners support agreement aligned with a Just Energy Transition

(ALBUQUERQUE, NM) – PNM enhances its case for a coal-free energy future in its supplemental filing to the Four Corners' abandonment case.



PNM will supplement its Abandonment filing to the New Mexico Public Regulation Commission (NMPRC) on March 15. PNM will provide additional detail on the company's investments in the Four Corners power plant more information about the transfer of PNM's 13% ownership to Navajo Transitional Energy Company (NTEC), a Navajo enterprise.

In the supplemental filing, PNM will reaffirm its early exit from coal in 2024 and the use of securitization to save customers anywhere from \$30-\$300 million. Customers will also begin receiving more sustainable electricity six and a half years earlier than previously planned. In its original filing, PNM outlined an innovative solution to successfully navigate the company away from coal while recognizing the priorities of the community where the plant is located.

The PNM-NTEC agreement received Navajo Nation support for its alignment with the Just Energy Transition initiative laid out by President Jonathan Nez with a responsible timeline to allow the Navajo economy to replace the income from royalties and taxes. PNM's abandonment, if approved, allows for funding of \$16.5 million for the local communities, including the Navajo Nation, as is defined by law through the New Mexico Energy Transition Act.

The PNM supplemental filing will further strengthen the company's rationale to abandon the Four Corners Power Plant and defines additional benefits in terms of tangible carbon reductions starting in 2023.

PNM and the Four Corners plant owners (PNM, Arizona Public Service, Salt River Project, Tucson Electric Power, and NTEC) ("Owners") mutually agreed to terms and conditions to transform the power plant from 24/7 operations to seasonal operation of one of the two units, while also fully considering the needs of a just energy transition for the Navajo Nation and local communities. The seasonal operations have far-reaching benefits, including an annual reduction in carbon emissions starting in the fall of 2023 and reaching 20-25 percent annually at the end of 2024 after the first full year, all while retaining jobs and royalty payments for the Navajo Nation.

"We appreciate the plant owners prioritizing jobs, revenues, and the lessening of carbon emissions through their plans for seasonal operation," Navajo Nation President Jonathan Nez said. "This new strategy for the future of the Four Corners plant will benefit the environment and better equip the Nation's economy as we move forward in the transition of our energy portfolio to more renewable and sustainable power sources."

This plan is the result of PNM's continued extensive collaboration and negotiations with the other Owners. PNM remained focused throughout these negotiations on its early exit from coal while honoring the need for a just transition for the community.

The approval of the PNM transfer of ownership to NTEC is key to moving forward with this plan to use seasonal operations and fully consider the interest of all parties. The transfer and the seasonal operation agreement work in tandem to achieve customer, reliability and environmental goals as well as adhere to the principles of a "Just Energy Transition."

Through our plan to be coal-free, PNM would:

- Put customers first by providing customers with millions in savings as it exits the Four Corners plant;
- Transfer the PNM 13 percent ownership to NTEC effective December 31, 2024;
- Support the Navajo Nation and affected communities with \$16.5 million available in local community funding for the Four Corners power plant transition;
- Reduce carbon emissions for New Mexico starting in 2023; and

- Continue its transition to 100 percent carbon-free electricity and provide PNM customers with safe, reliable, sustainable electricity.

The combination of these plans with our planned exit from Four Corners demonstrates the comprehensive approach within our ESG strategy to do what's right for customers, employees, communities and the environment," said Pat Vincent-Collawn, PNM Resources' chairman, president and CEO. "Our accelerated exit from coal and utilization of securitization financing provides customer savings and financial support to communities, including the Navajo Nation, and now the plan for seasonal operations achieves environmental benefits while preserving the community's jobs and royalty payments. I'm proud of our team who continued to collaborate with all of the parties to address the overall needs of each of the owners and achieve these additional benefits."

This is a landmark agreement as all parties worked collaboratively to transition to a clean, bright, and carbon-free electricity future that leaves no-one behind.

###

With headquarters in Albuquerque, PNM is the largest electricity provider in New Mexico, serving 530,000 customers in dozens of communities across the state. PNM is a subsidiary of PNM Resources, an energy holding company also headquartered in Albuquerque. For more information, visit PNM.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

Statements made in this news release for PNM Resources, Inc. ("PNMR"), Public Service Company of New Mexico ("PNM"), or Texas-New Mexico Power Company ("TNMP") (collectively, the "Company") that relate to future events or expectations, projections, estimates, intentions, goals, targets, and strategies are made pursuant to the Private Securities Litigation Reform Act of 1995. Readers are cautioned that all forward-looking statements are based upon current expectations and estimates. PNMR, PNM, and TNMP assume no obligation to update this information. Because actual results may differ materially from those expressed or implied by these forward-looking statements, PNMR, PNM, and TNMP caution readers not to place undue reliance on these statements. PNMR's, PNM's, and TNMP's business, financial condition, cash flow, and operating results are influenced by many factors, which are often beyond their control, that can cause actual results to differ from those expressed or implied by the forward-looking statements. Additionally, there are risks and uncertainties in connection with the proposed acquisition of us by AVANGRID which may adversely affect our business, future opportunities, employees and common stock, including without limitation, (i) the expected timing and likelihood of completion of the pending Merger, including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the pending Merger that could reduce anticipated benefits or cause the parties to abandon the transaction, (ii) the failure by AVANGRID to obtain the necessary financing arrangement set forth in commitment letter received in connection with the Merger, (iii) the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement, (iv) the possibility that PNMR's shareholders may not approve the Merger Agreement, (v) the risk that the parties may not be able to satisfy the conditions to the proposed Merger in a timely manner or at all, (vi) risks related to disruption of management time from ongoing business operations due to the proposed Merger, and (vii) the risk that the proposed transaction and its announcement could have an adverse effect on the ability of PNMR to retain and hire key personnel and maintain relationships with its customers and suppliers, and on its operating results and businesses generally. For a discussion of risk factors and other important factors affecting forward-looking statements, please see the Company's Form 10-K, Form 10-Q filings and the information included in the Company's Forms 8-K with the Securities and Exchange Commission, which factors are specifically incorporated by reference herein.

(END)