

PNM 2017-2036 Integrated Resource Plan

MARCH 28, 2017 PROCESS UPDATE



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DISCLOSURE REGARDING FORWARD LOOKING STATEMENTS

Statements made in this document that relate to future events or Public Service Company of New Mexico's ("PNM"), 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. Because actual results may differ materially from those expressed or implied by these forward-looking statements, PNM cautions readers not to place undue reliance on these statements. PNM's business is 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. For a discussion of risk factors and other important factors affecting forward-looking statements, please see the PNM's Form 10-K and Form 10-Q filings with the Securities and Exchange Commission, which factors are specifically incorporated by reference herein.

PNM assumes no obligation to update this information, except to the extent the events or circumstances constitute material changes in the Integrated Resource Plan that are required to be reported to the New Mexico Public Regulation Commission pursuant to Rule 17.7.3.10 of the New Mexico Administrative Code.

AGENDA

PROCESS UPDATE

- Intro
- IRP Status Update
- Work Remaining
- Preliminary Analysis
- Schedule

SAFETY AND LOGISTICS

MEETING PRELIMINARIES

- Fire escape routes via stairways at east and west ends of hallway; please let us know if you require special handicap egress or special assistance
- We must obey any fire or emergency alarm; even drills/test alarms
- Restrooms – Women's room at west end; Men's room at east end
- PNM's WiFi – username: guest, password: Tiqin\$eyE5

SAFETY AND LOGISTICS CONTINUED

MEETING PRELIMINARIES

- Please be aware that there are outlets/network connections on the floor
- Must sign-in with security desk each time you enter the building
- Must be escorted in and out of the building by a PNM employee
- Recycling is easy and encouraged

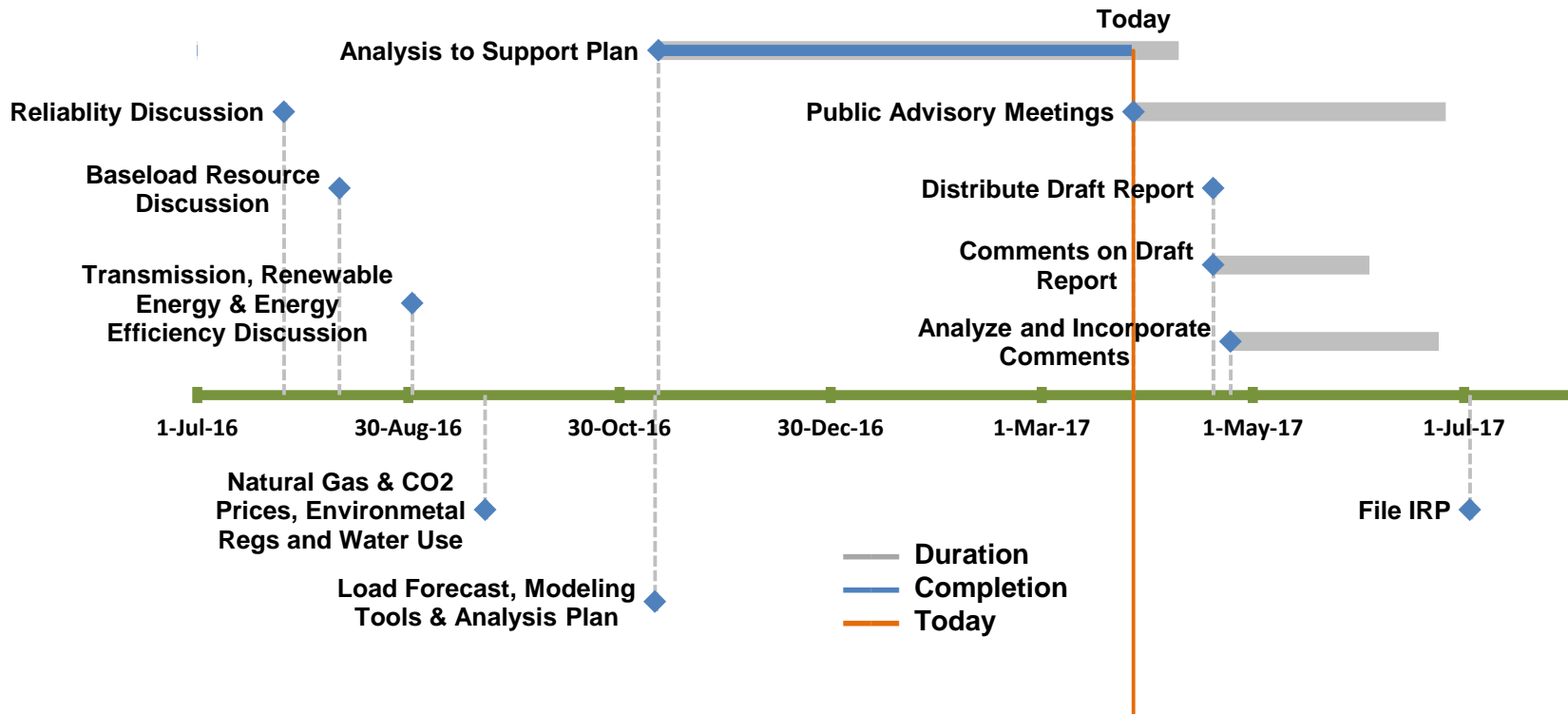
MEETING GROUND RULES

MEETING PRELIMINARIES

- The purpose of the IRP Public Advisory process is to solicit and receive public input
- Questions and comments are welcome
- Comments should be respectful of all participants
- Use name tents to indicate you have a comment or question
- Please silence your cell phone
- Reminder: today's presentation is not PNM's plan or a financial forecast, it is a discussion of PNM's planning process

STATUS UPDATE

IRP PROCESS



WORK REMAINING

ANALYSIS AND REPORTING CONTINUES

Sensitivities

Reliability

Most Cost
Effective
Portfolios

Draft Report
for Comment

Incorporate
Comments

File IRP

WORK REMAINING

SENSITIVITIES

Solar & Wind

Energy Storage

Palo Verde
Leased
Capacity

Four Corners
2031 Retirement

High Load
Forecast Data
Center
Assumption

Nuclear Fuel
Prices

San Juan Coal
Prices

Energy
Efficiency &
Demand
Response

Natural Gas
Type, Size and
Price

Renewable
Energy
Integration
Costs

Small Modular
Nuclear
Reactors

RPS Expansion

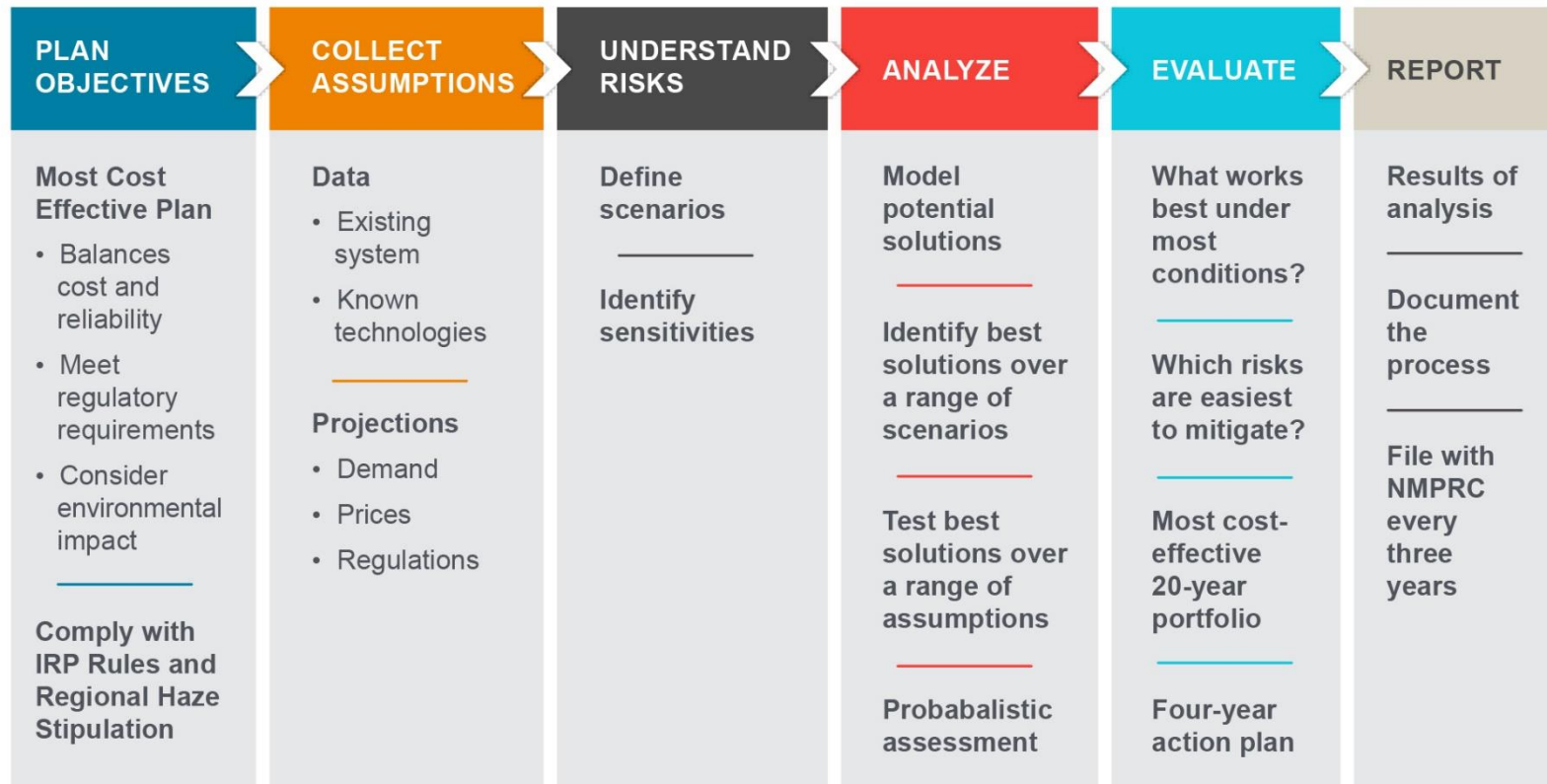
WORK REMAINING

RELIABILITY

- Loss of load probabilities at different levels of reserves
 - Planning reserve margin
 - Contingent and Regulating Reserves (spinning and non-spinning)
- Replacement resource siting requirements

PRELIMINARY ANALYSIS

ANALYSIS PLAN REMINDER



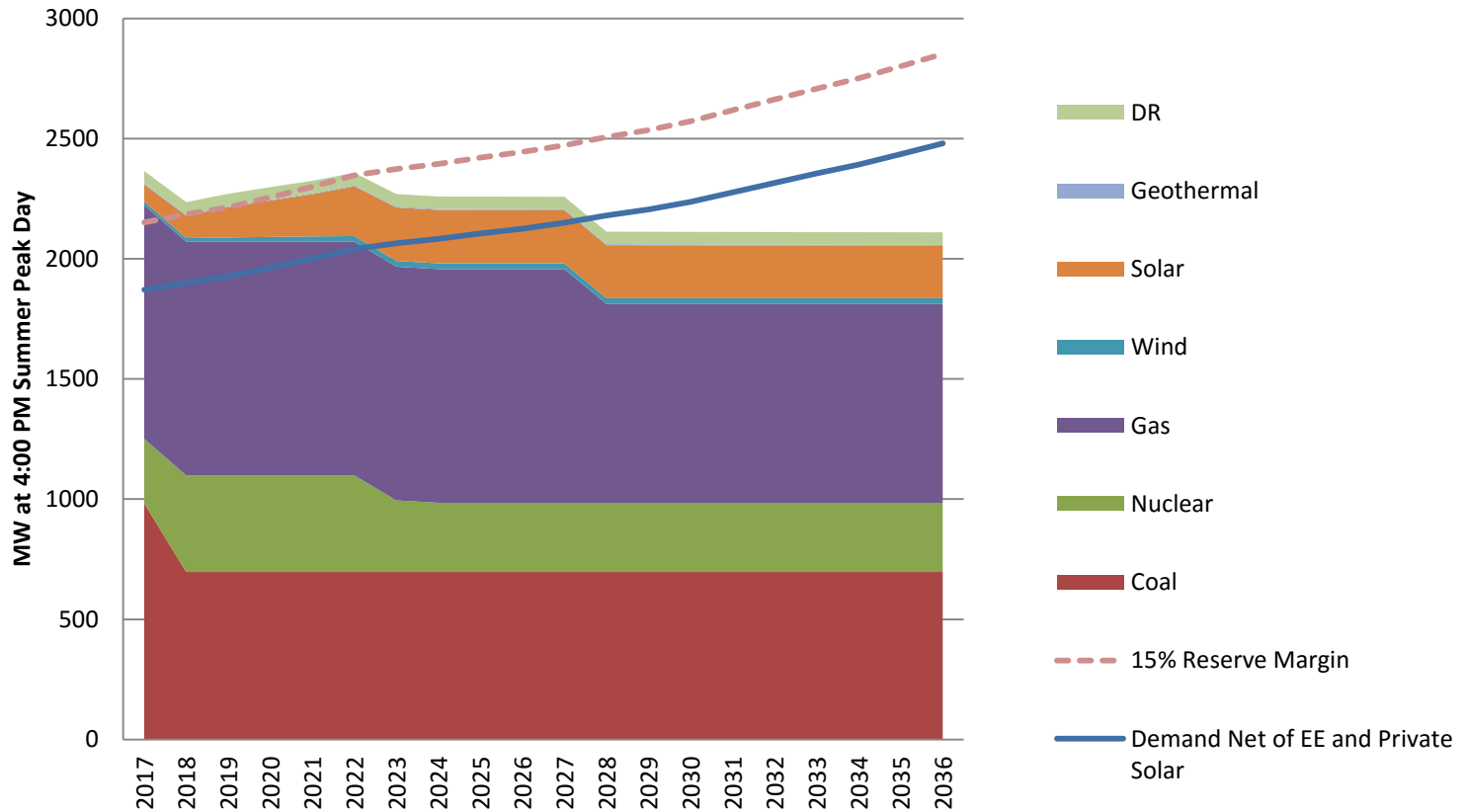
PRELIMINARY ANALYSIS

SAN JUAN GENERATING STATION SCENARIO REMINDER

Assumption	Continued Operation	2022 Retirement
Co-owners	2018 Ownership structure remains	Costs for mine reclamation and plant decommissioning based on existing agreements
Coal Supply	Existing reserves supply agreement through 2036	Current supply agreement through 2022
Coal Price	Price range based on existing mining operations costs	Existing agreement with inventory management to ensure supply through 2022
Asset Recovery	Plant balance depreciates through 2053	A regulatory asset for unrecovered costs will be created upon retirement and such costs, including return on and return of undepreciated investment, will be collected over a twenty-year period beginning upon retirement

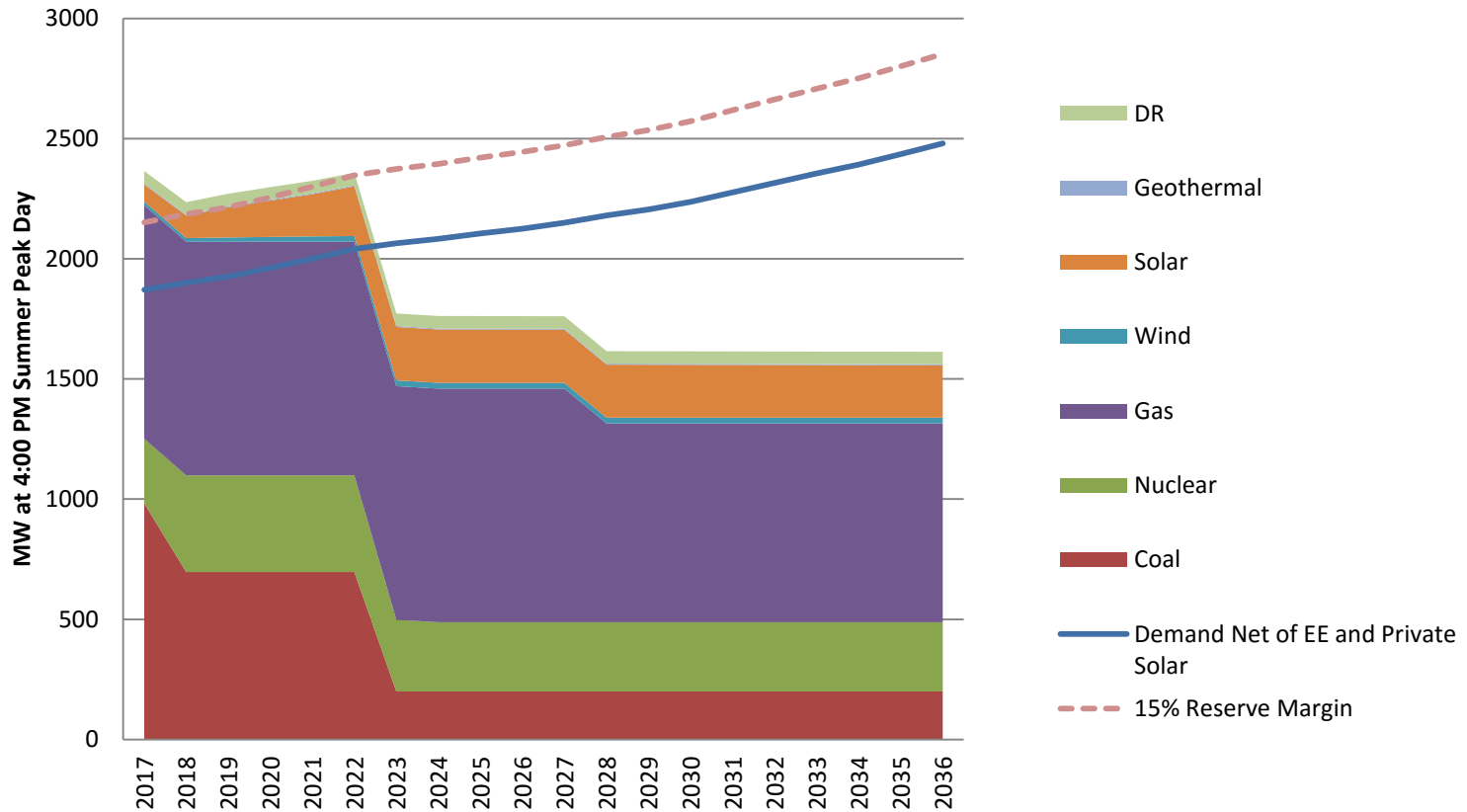
PRELIMINARY ANALYSIS

SCENARIO ILLUSTRATION – SJGS CONTINUES



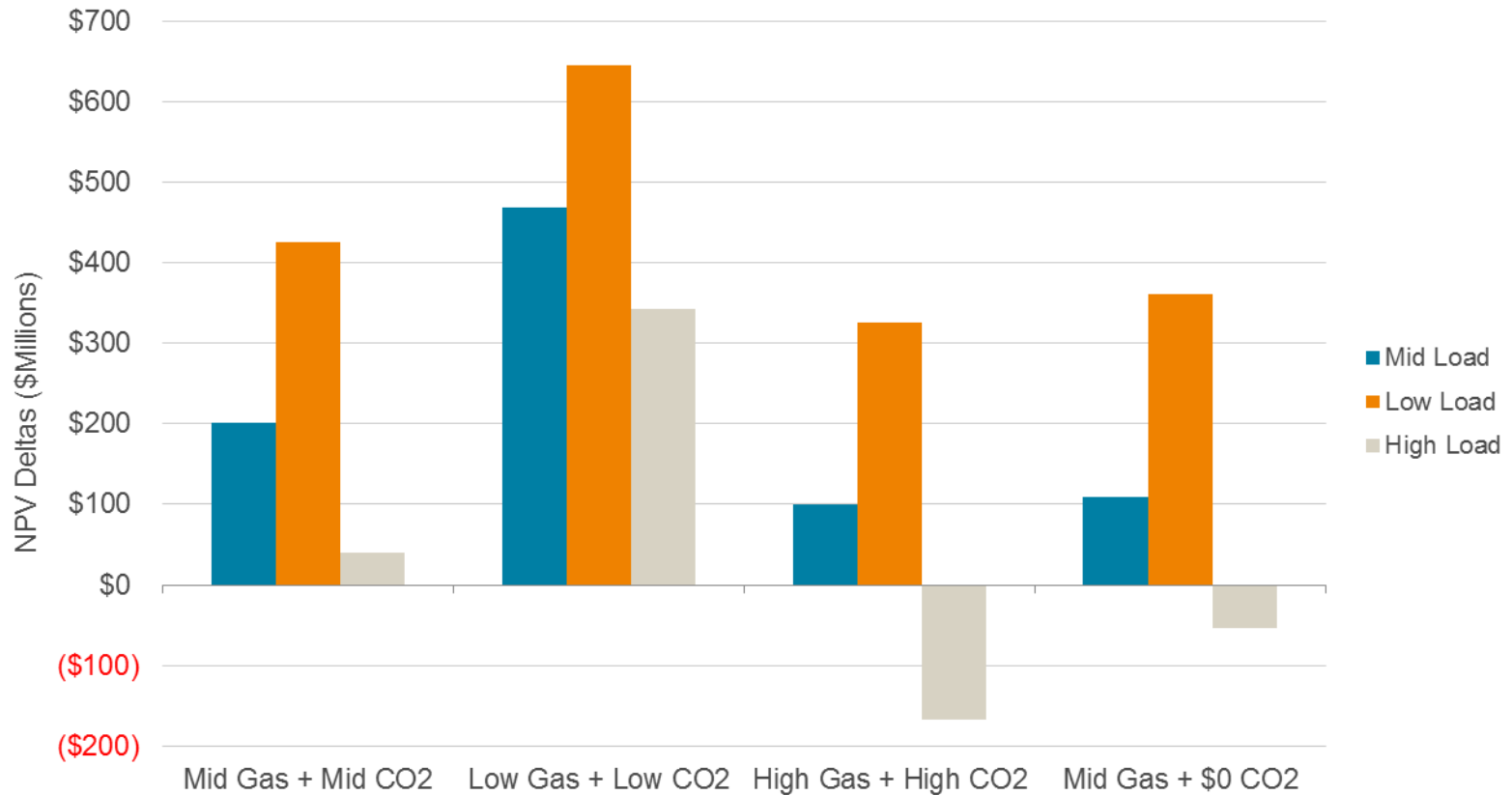
PRELIMINARY ANALYSIS

SCENARIO ILLUSTRATION – SJGS RETIRES



PRELIMINARY ANALYSIS

NPV DIFFERENCE: CONTINUE SJGS MINUS RETIRE SJGS



NEAR TERM SCHEDULE

IRP EVENTS SCHEDULED THROUGH JULY

The following meetings are scheduled to discuss comments

- Meeting Today: Process update, including this discussion of public advisory process
- April 18 Meeting: Reliability and risk preliminary results
- April 20: Post draft report for comment on pnm.com
- April 25 Meeting: Discuss initial comments
- May 23 Meeting: Last opportunity for analysis requests
- July 3: File IRP at the NMPRC
- July 5 Meeting: Distribute copies of filed report

www.pnm.com/irp for documents

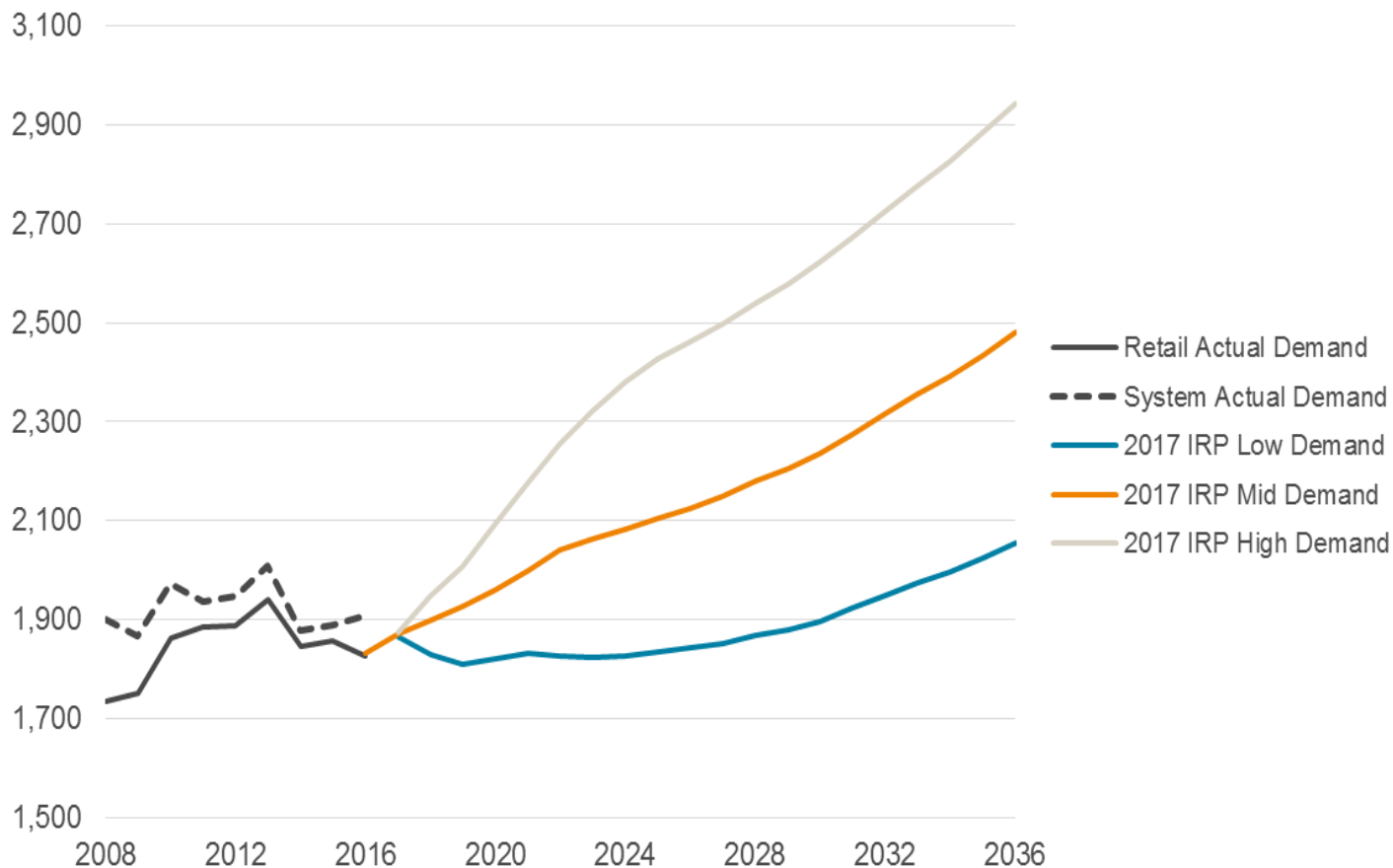
irp@pnm.com for e-mails

Thank you

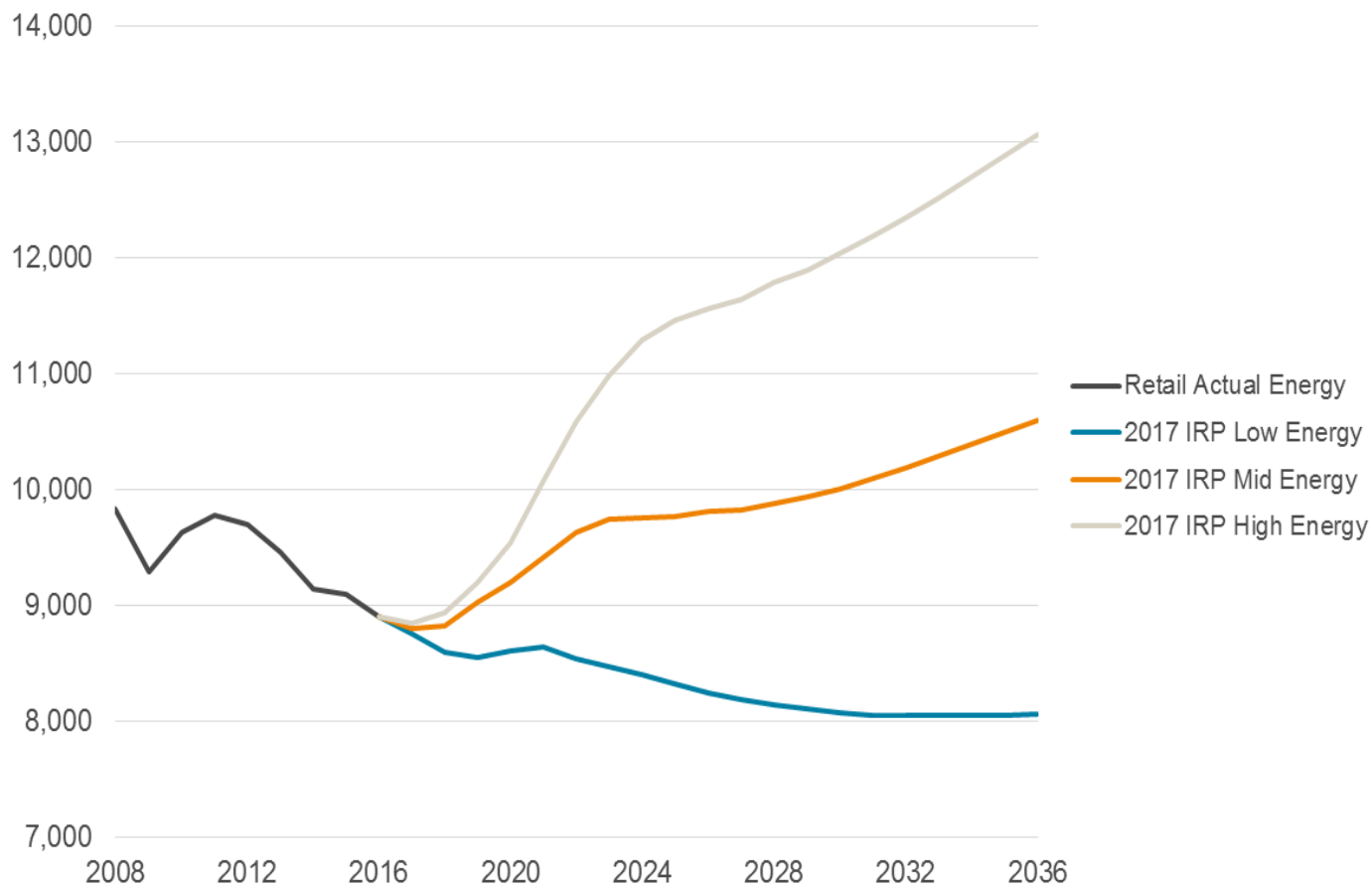


Appendix Slides

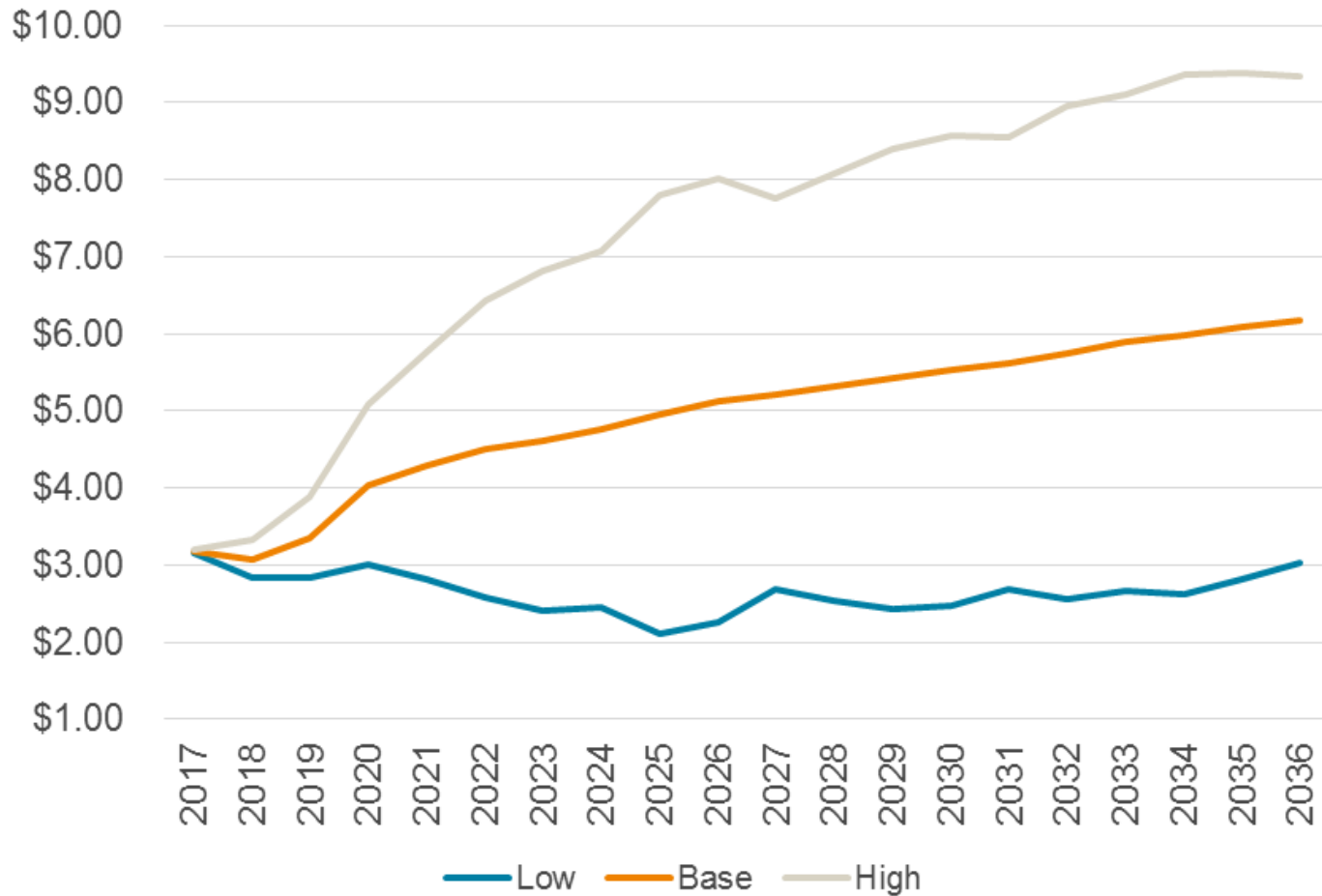
RETAIL DEMAND SCENARIOS (MW)



RETAIL ENERGY SCENARIOS (GWH)



SAN JUAN NATURAL GAS PRICE SCENARIOS (\$/MMBTU)



CARBON PRICE SCENARIOS

