

PNM 2017 Integrated Resource Plan

Joint Legislative Finance and Revenue Stabilization & Tax Policy Interim Committee

Sayuri Yamada, Director of Government Affairs

Pat O'Connell, Director of Planning and Resources

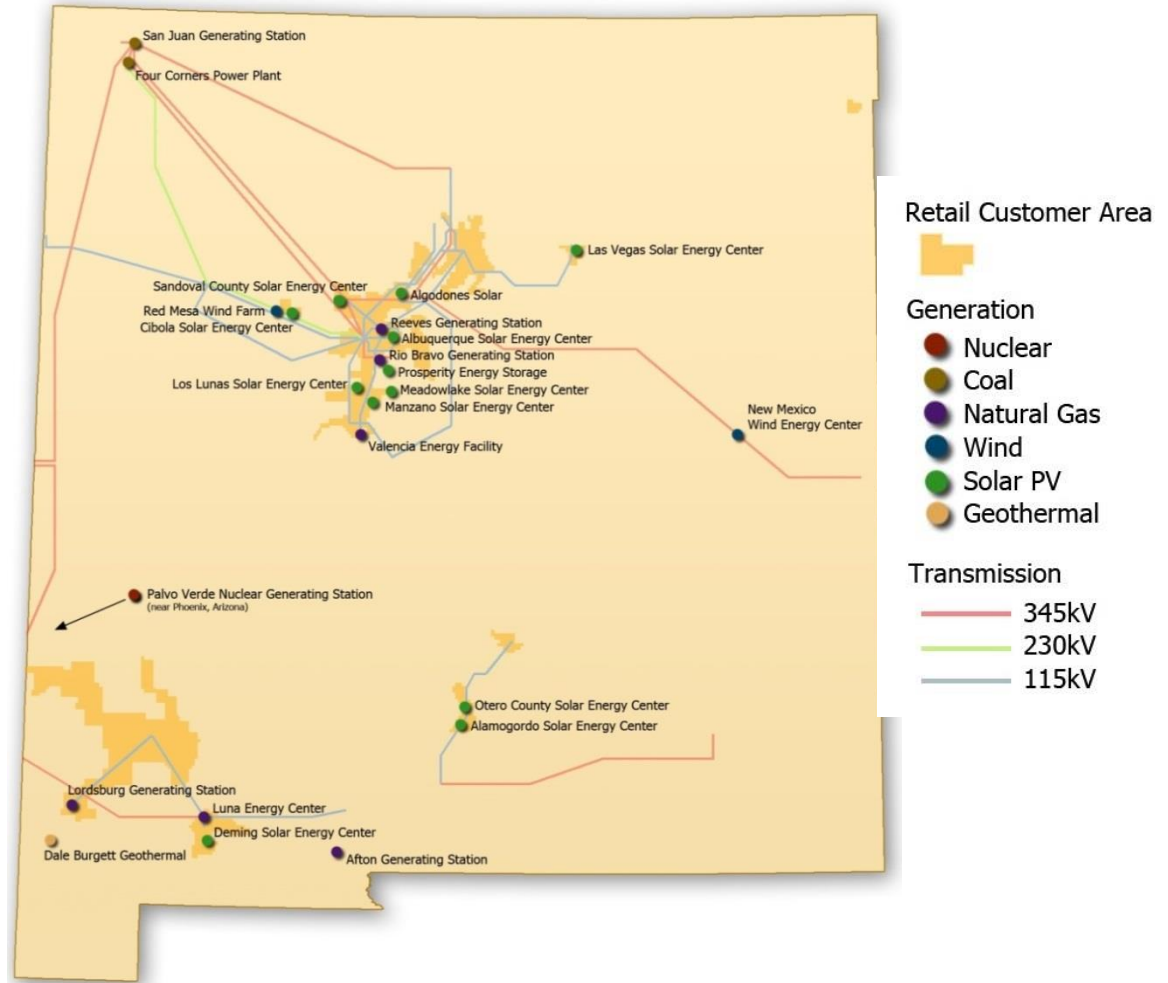


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PROUDLY SERVING NEW MEXICO FOR 100 YEARS

- 520,000 customers in 40 communities
- 15,049 miles of transmission and distribution lines
- 2,791 MW generation capacity
- Top quartile reliability
- Only NYSE traded company headquartered in New Mexico
- Cheapest electric bills in the nation



2017 INTEGRATED RESOURCE PLAN OVERVIEW

NEW MEXICO STATUTE 62-17-10 INTEGRATED RESOURCE PLANNING

Must file the most cost effective energy portfolio to supply customer needs with the NMPRC every 3 years

- Compared operating San Juan coal plant to retiring after agreements end in 2022
- Analyzed multiple load, natural gas price and CO2 regulation scenarios
- Simulated over 300,000 of potential resource portfolios
- Measured portfolios for cost, reliability and environmental impact
- Reported a four year action plan and most cost effective portfolio for the next 20 years

Planning incorporates a public advisory process

- 17 public meetings over the past year
- Albuquerque, Farmington, Silver City, Deming, Alamogordo and Santa Fe

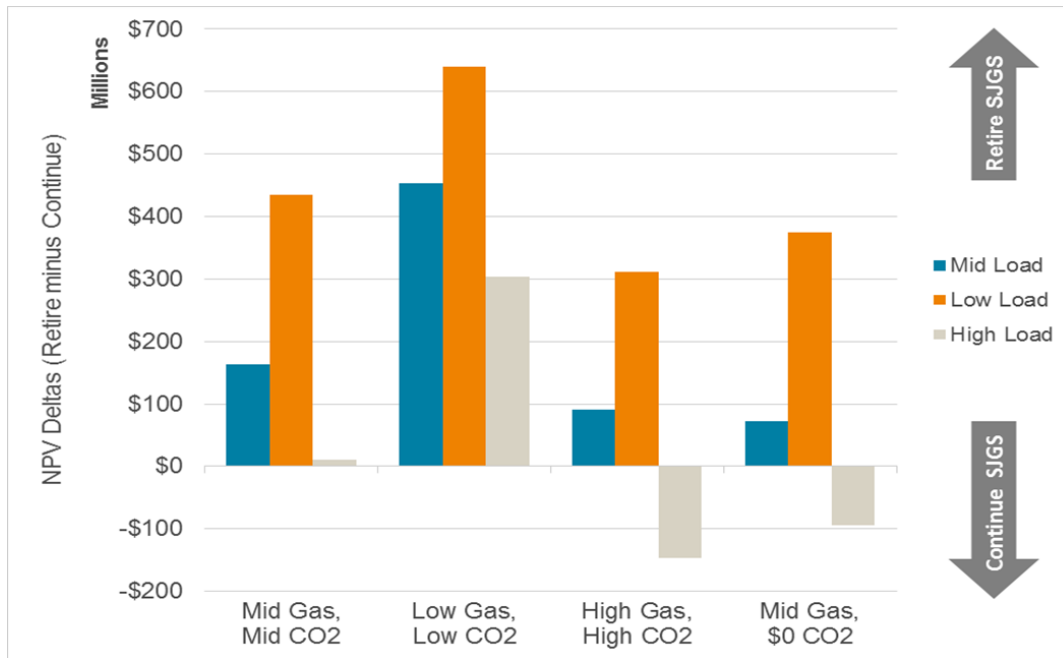
KEY FINDINGS

- Economic to be Coal-free in 2031
- Transition to a more flexible energy supply
- Increase renewable energy
- Must upgrade and invest in new transmission
- Maintain nuclear power



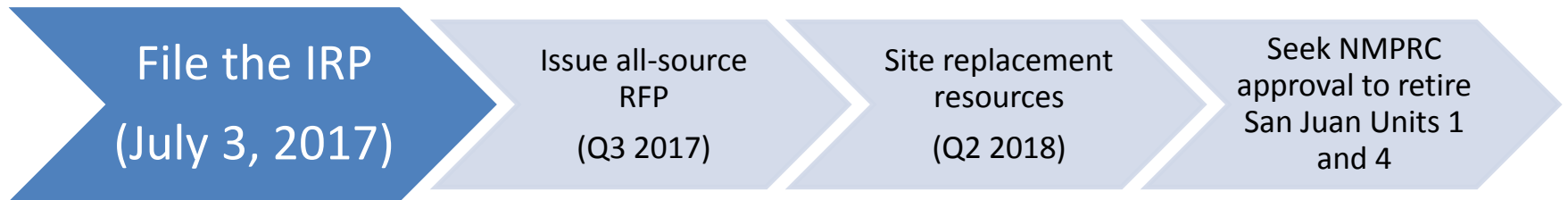
COAL PLAN RETIREMENT CONSIDERS MANY SCENARIOS

ECONOMIC FACTORS DRIVE CONCLUSION



- Load forecast is the key
- Natural gas prices range from \$2 to above \$6/MMBtu
- CO₂ price range from \$0 to \$14 per ton
- California and Arizona participants are exiting
- Power market prices are low due to natural gas prices

NEXT STEPS





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