

Integrated Resource Plan (IRP) Implementation Update

October 1, 2025

Background

- This presentation covers generation and load planning for specific resources
 - Foxtail Flats PV + BESS
 - El Vado hydroelectric facility
- The previous IRP implementation update was presented to the BPU on April 2, 2025

Foxtail Flats Status 9/23/2025

- Land lease approvals delayed by ~10 months, now complete
- Ten-month slip to phase 1 (50% PV capacity) operational date, from March 1, 2026, to January 2027
- Phase 2 (100% PV & BESS capacity) operational date March 15, 2027
- Schedule slip is within the allowable 12-month “excused delay” provision of the contracts, due to “... Sellers not obtaining a final, non-appealable Ute-Mountain Ute Lease Approval on or before December 31, 2024...”
- Tariff and tax credit risks remain, but at a lower probability

Risk Exposures

- Selling excess day PV may come at a loss, \$70/MWh loss
- EDAM pricing uncertainty
- Southwest Power Pool Regional Transmission Organization pricing uncertainty for LRS
- LAPP load forecast uncertainty: LANSCE, LANL computing facilities, LAC and LANL electrification
- Tariffs and tax credits
- Uncertain hydro water flows and pool elevations
- Uncertain future market loads and prices

Excess PV Sales Risk

- Foxtail Flats will generate more power and energy than currently needed to meet load
- Current PV market sales prices are low, ~\$20/MWh + value of RECs, with a variance of +/- \$20MWh or more
- Cost risk is bounded by the curtailment option, cost of energy + tax credits:
 $\$38 + \$30(\text{est.}) = \$68/\text{MWh}$ **loss to curtail**

Generation and Load Modeling

- Uses CY22-24 loads & planned generation
- Assumptions
 - \$68/MWh loss to curtail PV; is the worst-case loss
 - \$70/MWh to buy market energy; current market price is \$65/MWh +/- \$5/MWh

Options for Excess PV

1. Sell LRS 10MW daytime and use PV instead, keep LRS at night as needed
2. Sell some or all through a 1-5 year-term agreement
3. Sell more PV to SNL/KAFB during the day
4. Modify LANL gas turbine run schedule to optimize around PV seasonal generation
5. Sell excess PV to EDAM or 3rd party
6. Get more BESS, use more PV to charge and lower excess PV sales
7. Curtail PV

Option 1: Sell LRS Daytime

- LRS will be in the Southwest Power Pool's Regional Transmission Organization starting April 2026
- Allows for straightforward sale of LRS power on an hourly basis
- Sell LRS only during the hours when there is excess PV, keep it when it is needed
- Lowers excess PV sales by up to 10 MW

Option 2: Term Sale

- EP continues seeking opportunities for a term sale of a block of power to a 3rd party
- 10-50 MW for 1-5 years
- Not less than break-even price
- Lowers or eliminates risk of future market price variability and allow for more generation portfolio diversity

Option 3: More SNL/KAFB Sales

- SNL/KAFB is taking nominal 30 MW share of the PV year-round for 10 years
- Seasonal and year-over-year daytime load increases can be served by PV
- Depending on market circumstances and SNL/KAFB behind-the-meter generation in 3-5 years, potential for increasing PV share in the range of 1-10 MW

Option 4: Optimize CGTG

- Past practice was to run the CGTG when LANSCE is at full power 20 MW load and run for the 2nd half of the year
- LANSCE has not run at full power for the past year, may do so in the coming months. High uncertainty to load planning for the coming years
- LANSCE Accelerator Modernization Project (LAMP) will extend through 2030

Option 4: Optimize CGTG

- Delaying the CGTG schedule out of summer months and through the winter months can reduce excess PV and need for night power purchases
- EDAM may allow a different approach to scheduling the CGTG
 - Bid in as a generation resource when financially beneficial
 - May require upgrades to automatic generator control system

Option 5: Sell PV on EDAM

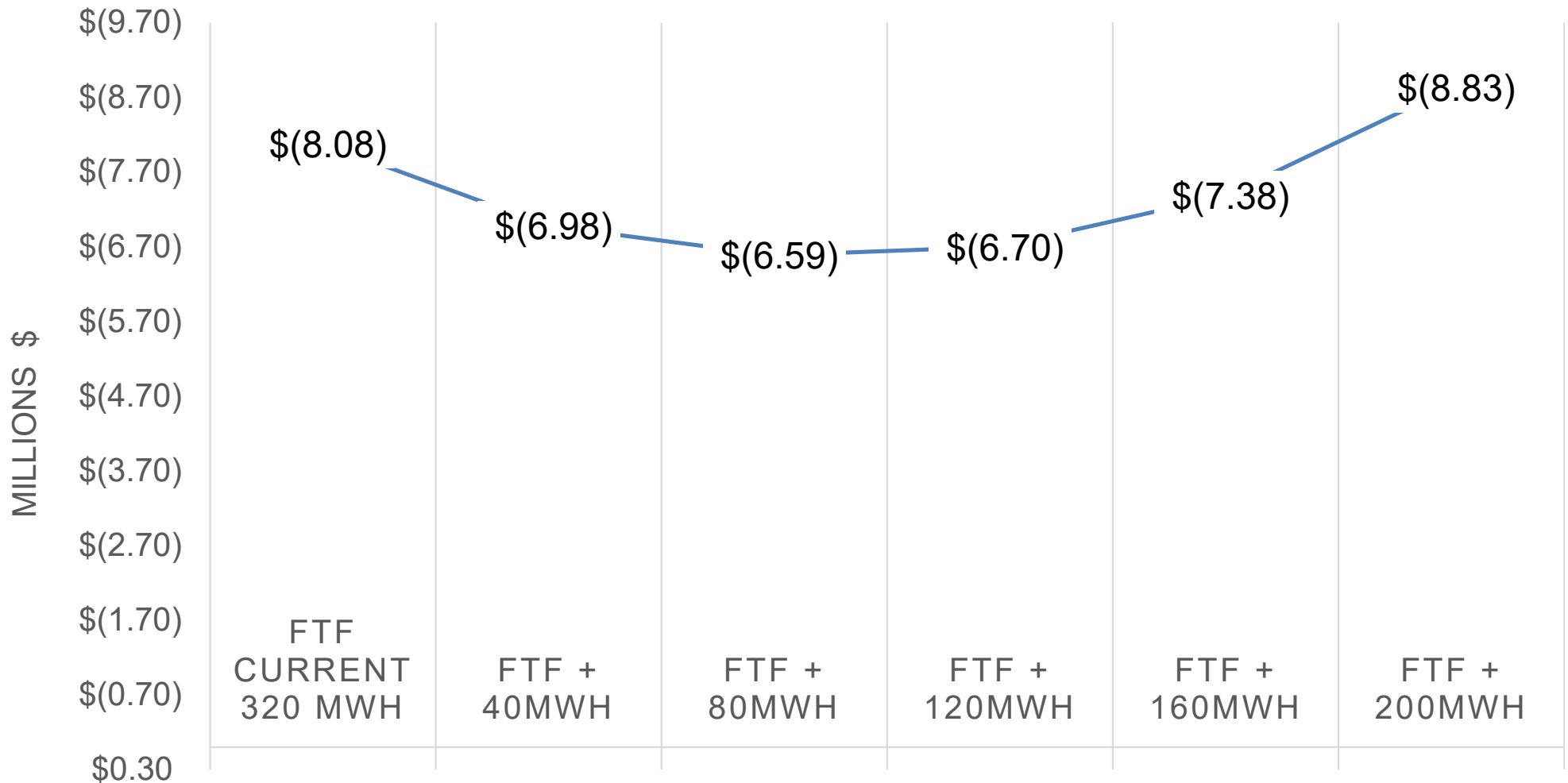
- PNM plans to enter CAISO's Extended Day-Ahead Market in October 2027
- EP is planning for this change
- Costs and benefits for the Power Pool are unknown, but expected to be a net benefit
- This approach has financial risk from future market devaluation of PV due to intermittency and Effective Load Carrying Capacity

Option 6: Get More BESS

- Adding additional 20MW/80MWh of storage reduces day sales of excess PV and night purchases of needed energy
- At \$12.50/kW-month, the added BESS would cost \$3 million/year
- Lowers the cost risk of curtailment by \$1.5 million/year
- Benefit-Cost Ratio of 0.5, cost outweighs benefit

Option 6: Get More BESS

CURTAILMENT COST VS. ADDITIONAL BESS

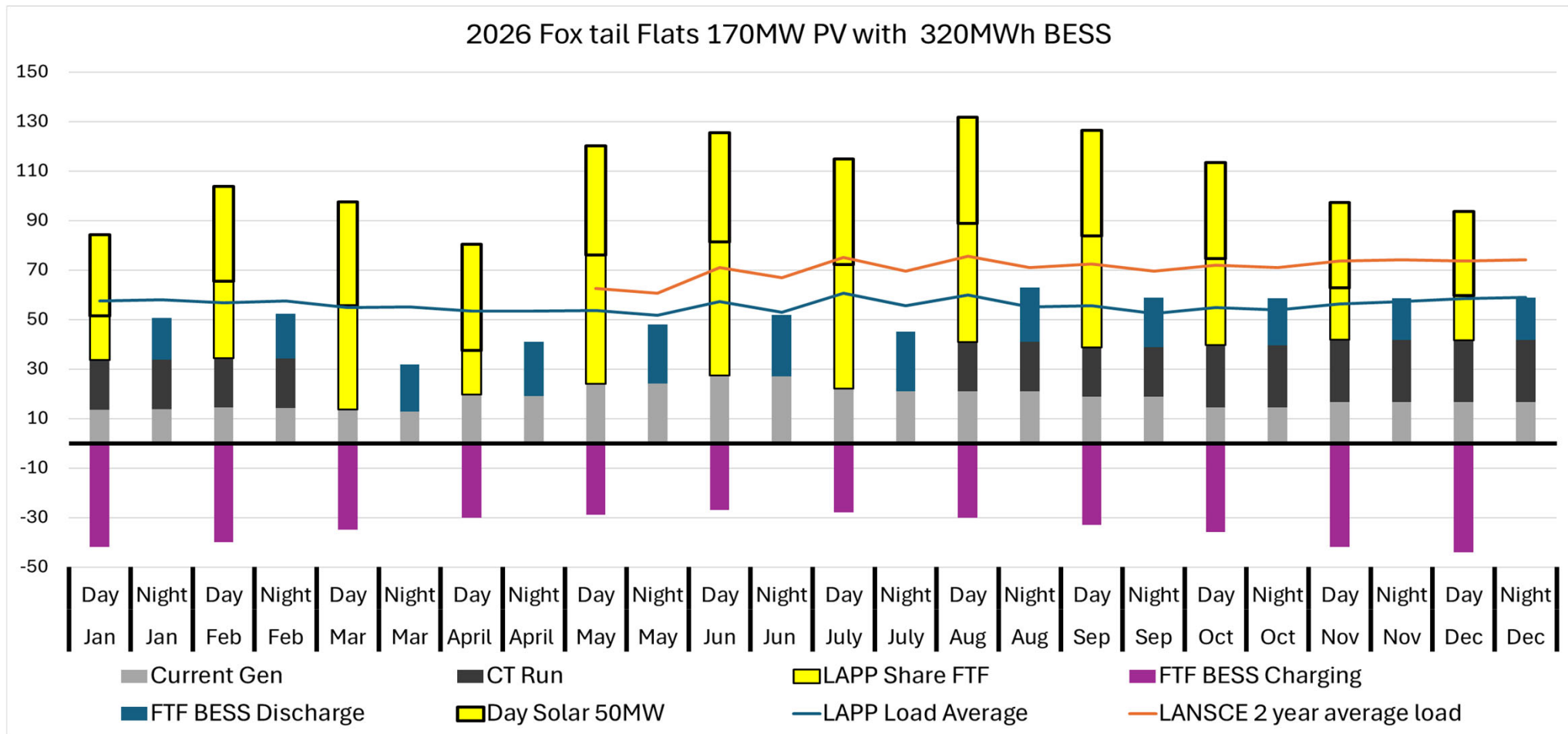


Option 7: Curtail PV

- High cost risk: Could pay \$8 million/year for energy that isn't used
- The \$5 million/year value is the estimated worst case, could be smaller if day loads are higher
- Implementing any of the previous options lowers this cost risk

Load & Generation Model

- Net of SNL/KAFB 30 MW PV and 20MW/80MWh BESS share
- Includes schedule-shifted CGTG from Option 4



Options Preferences

Option #	Name	Preference
1	Sell LRS Daytime	Very High
2	Term Sale	Very High
3	More SNL/KAFB Sales	High
4	Optimize CGTG	Medium High
5	Sell PV on EDAM	Medium Low
6	Get More BESS	Low
7	Curtail PV	Very Low

HYDRO FACILITIES REVIEW

Hydro Facility Expenses

	FY2023	FY2024	FY2025	Average
Abiquiu Labor & Benefits	\$ 160,824	\$ 247,624	\$ 172,637	\$ 193,695
Abiquiu Non-Labor	\$ 407,321	\$ 510,926	\$ 513,798	\$ 477,348
Abiquiu Debt Service	\$ 601,790	\$ 441,377	\$ 432,136	\$ 491,768
Total	\$ 1,169,934	\$ 1,199,928	\$ 1,118,570	\$ 1,162,811
Abiquiu Generation (MWh)	35,157	37,038	18,873	30,356
Energy Unit Cost (\$/MWh)	\$ 33.28	\$ 32.40	\$ 59.27	\$ 38.31
El Vado Labor & Benefits	\$ 332,058	\$ 314,612	\$ 454,808	\$ 367,159
El Vado Non-Labor	\$ 409,234	\$ 429,125	\$ 536,464	\$ 458,274
Total	\$ 741,292	\$ 743,736	\$ 991,272	\$ 825,433
El Vado Generation (MWh)	1,341	240	1,871	1,151
Energy Unit Cost (\$/MWh)	\$ 552.97	\$ 3,098.90	\$ 529.81	\$ 717.44
Combined Generation (MWh)	36,498	37,278	20,744	31,507
Combined Unit Cost (\$/MWh)	\$ 52.37	\$ 52.14	\$ 101.71	\$ 63.11

Hydro Historical Generation

CY	Abiquiu MWh	El Vado MWh
2010	40,761.00	36,022.00
2011	38,075.00	32,524.00
2012	43,250.00	27,200.00
2013	26,034.00	14,429.00
2014	24,904.00	43.00
2015	13,740.00	-
2016	-	-
2017	50,851.00	18,194.00
2018	28,382.00	1,598.00
2019	45,170.00	33,062.00
2020	21,555.00	13,947.00
2021	19,695.00	8,285.00
2022	22,090.00	3,092.00
2023	46,475.00	1,525.00
2024	24,318.00	-
Subtotals	445,300.00	189,921.00
Total		635,221.00

Hydro Facility Labor & Benefits

- Currently unequal split between the two facilities, with El Vado at 65% and Abiquiu at 35%
- Should be closer to 50/50 going forward as the Supervisor supports both facilities equally

Hydro Facility Analysis

- Next steps
 - Evaluate cost saving opportunities
 - Determine system and subsystem shutdown suitability
 - Evaluate safety and regulatory requirements
 - Goal is to have this information in time to use in the FY27 budget cycle

The End