

Exhibit AS-7 (BCC hearing)

**PNM's Existing System - Highlights
Excerpt from 2023 PNM Integrated Resource Plan**

2023

Integrated Resource Plan

Moving to the next decade of emissions-free electricity

December 15, 2023



4 PNM's Existing System

Chapter Highlights

- PNM's existing generation portfolio currently includes a diverse mix of nuclear, coal, natural gas, solar, wind, and energy storage resources. This portfolio has evolved significantly in recent years due to significant additions of renewable and storage generations and the retirement of SJGS, previously the largest resource in the portfolio.
- Over the next eight years, several existing resources are expected to exit the portfolio: PNM will exit FCPP by no later than 2031; PNM's original Valencia PPA is currently set to expire, and the Reeves Generating Station will reach the end of its depreciable life. PNM anticipates its other existing resources will remain in the portfolio throughout most of the 20-year planning horizon.
- PNM's existing nuclear, wind, and solar plants – including its 288 MW ownership share of PVNGS – currently produce enough carbon-free energy to meet over half of PNM's retail electric demands. Many of these resources will remain in PNM's portfolio through 2040 and will continue to play an important role in enabling reliability during the transition to a carbon-free portfolio.
- The existing PNM transmission system allows for the delivery of existing resources to load centers. Today, many parts of the PNM transmission system are fully subscribed and experience constraints delivering power into the northern New Mexico load center and between the southern and northern New Mexico service territories. These constraints will shape where new generation can be integrated into the system and what types of new transmission may be needed. This will influence future RFPs as PNM plans to ensure RFPs are locationally optimized to use the existing transmission system as much as possible.

One of the first steps in developing the long-term plan is a comprehensive assessment of the characteristics and capabilities of existing resources. This chapter summarizes the characteristics of existing supply-side resources, as well as the transmission and distribution grid that transports energy from these resources to customers.

4.1 Generation Resources

Today, the supply portfolio includes a mix of nuclear, coal, natural gas, solar, wind, energy storage, and demand-side resources. PNM has reshaped the portfolio significantly in the past decade with the retirement of the San Juan Generating Station and additions of significant carbon-free resources. With this shift, the carbon intensity of the generation portfolio has declined – from 1,355 lbs/MWh in 2015 to 903 lbs/MWh in 2022 – marking further progress in the plan to transition to a carbon-free portfolio. Most of the resources in the portfolio today will serve as the foundation for the remainder of this transition to support system reliability. Today, the supply-side generation portfolio includes:

- A 288 MW ownership share of the Palo Verde Nuclear Generating Station (PVNGS);
- A 200 MW ownership share of the Four Corners Power Plant, the last remaining coal-fired resource in the portfolio and one that is planned for exit no later than 2031;