

WELCOME TO THE PNM VIRTUAL PRESS CONFERENCE:

CUSTOMERS BENEFIT FROM A RESPONSIBLE EXIT FROM FOUR CORNERS



CONTACT INFORMATION FOR PRESS INQUIRIES



Director of Corporate Communications
Raymond G. Sandoval

505-241-2782

Raymond.Sandoval@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.

For a detailed discussion of these factors, please refer to our current and future annual reports on Form 10-K, quarterly reports on Form 10-Q, as well as reports on Form 8-K filed with the SEC



EMISSIONS FREE BY 2040/COAL FREE BY THE END OF 2024

WE BELIEVE IN BEING COAL-FREE.
TODAY, WE'RE TURNING BELIEFS INTO ACTIONS.



Today, PNM is taking a major step in our vision to create a clean and bright energy future and achieve our industry-leading goal of emissions-free affordable sustainable energy by 2040.



PNM SPEAKERS



Ron Darnell: Senior Vice President, Public Policy

Ron is responsible for regulatory, government affairs, tribal affairs, corporate communications, pricing, and community relations and stakeholder engagement. Ron has been with the company since 2008.



Tom Fallgren: Vice President, Generation

Tom is responsible for the strategic direction and operation of the generating resources at PNM and oversees generation operations, maintenance, engineering, construction, fuel and power procurement, wholesale power marketing, and PNM integrated resource planning. He joined the company in 2013 and has more than 35 years of experience in the electric power industry.



Cathy Newby: Director of Tribal Government and Customer Engagement

Cathy has been with the company for 16 years serving as a trusted policy and energy advisor to PNM. She directs a Tribal Relations Team to establish, maintain and enhance relationships with PNM's complex and influential tribal businesses, governments, and customers. Cathy is a member of the Navajo Nation.





PNM SPEAKERS

Ron Darnell

Senior Vice President, Public Policy

- Ron is responsible for regulatory, government affairs, tribal affairs, corporate communications, pricing, and community relations and stakeholder engagement. Ron has been with the company since 2008.



PNM WILL SAVE CUSTOMERS ~\$100 MILLION WITH EARLY EXIT FROM FOUR CORNERS

- Our original energy transition had us coal-free by 2031.
 - We will be out of San Juan Coal plant in 2022.
 - PNM worked to reach an agreement with on a responsible early exit from Four Corners.
 - We now have an agreement to end our use of coal by the end of 2024.



PNM WORKED WITH THE NAVAJO TRANSITIONAL ENERGY COMPANY (NTEC) TO FIND AN AGREEMENT THAT BENEFITTED BOTH PARTIES

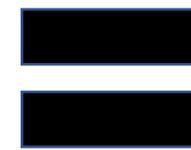


- Shareholders are paying for the transfer of coal supply obligations to NTEC.
- PNM exiting from coal will provide ~\$100 million in savings to PNM customers.
- Transfer does not provide for an extension of the plant operation beyond 2031.
- Transfer will provide ~\$16 million in economic aid through the regulatory process.
- PNM exiting from coal expedites our path to 100% carbon free.



CUSTOMER NET BENEFIT COME FROM MULTIPLE SOURCES

**APPROXIMATELY
ONE
HUNDRED
MILLION
DOLLARS IN
CUSTOMER
SAVINGS
\$100,000,000**



Benefit of Shareholders Paying Coal Contract Obligations

Benefit of Lower Interest Rate on Approved Rate Base

Benefit of Shareholders Forgoing Profit

Benefit of Shareholders Paying for Mine Reclamation

Economic Aid Payment to Affected Area

Replacement Generation Resources

Plant Decommissioning Payments





PNM SPEAKERS

Tom Fallgren

Vice President, Generation

- Tom is responsible for the strategic direction and operation of the generating resources at PNM and oversees generation operations, maintenance, engineering, construction, fuel and power procurement, whole-sale power marketing, and PNM integrated resource planning. He joined the company in 2013 and has more than 35 years of experience in the electric power industry.



FOUR CORNERS POWER PLANT

- PNM currently has a 13 percent ownership stake in the 1,540-megawatt of Units 4 and 5 at the Four Corners Power Plant.
- These 200 megawatts comprise less than 10 percent of PNM's total energy portfolio and reflect the last of PNM's remaining coal-fired generation capacity.
- The retirement of the coal-fired San Juan Generating Station in mid-2022 was approved earlier this year.



PNM ACCELERATES FULL EXIT OF COAL TO THE END OF 2024

- Solidifies the PNM plan to fully exit coal and accelerates this final step to 2024 (from 2031).
- Major step in the transformation of the PNM generation portfolio towards industry-leading goal of 100% emissions-free by 2040.
- Continuing to do what is right for customers, the environment, local communities, and shareholders.
 - Saves customers money.
 - Provides Navajo Nation with economic development funds, support for transition of economy to renewable energy.
 - Pushes us towards our emission free goal of 2040, helping make our energy cleaner and more sustainable.





FIVE POINTS OF THE AGREEMENT

In simplest of terms, this agreement does five things:

- 1. PNM customers should benefit from a long-term cost savings by exiting coal
- 2. PNM will be coal free by the end of 2024
- 3. Shareholders will pay for the release of obligations under the coal contract and transfer our plant shares to NTEC
- 4. PNM transfers our ownership to NTEC
- 5. the Navajo Nation will receive support through economic aid provided through the Energy Transition Act
- The remaining owners will determine the future of the plant



SOLIDIFIES PLAN, ACCELERATES PNM EXIT OF COAL TO 2024

PNM approached the other owners of Four Corners Power Plant on how to responsibly exit ownership

- Current coal contracts expire in 2031.
- PNM will exit the plant by the end of 2024.

Mutually beneficial solution with Navajo Transitional Energy Company (NTEC) to exit the coal supply agreement 12/31/2024

- PNM will not seek recovery of the cost to exit the contract early (\$75m), customers will not pay for this.

Transfer of PNM 200 MW plant ownership to NTEC 12/31/2024

- After 12/31/2024 PNM and PNM **customers save \$100 million** and provides **~\$16 million in economic aid.**

PNM retains transmission rights

- Important for replacement power options.
- Enhances grid reliability for PNM customers.

Other financial details:

- PNM pays current value of coal reclamation liability (estimated to be ~\$22m) to satisfy its remaining obligation.
- PNM retains current obligation for plant decommissioning (estimated to be ~\$23m liability).



MAJOR STEP TOWARDS 100% EMISSIONS-FREE



✓ Fully Exit Coal Generation

- ✓ Retirement of San Juan
- ✓ Exit from Four Corners

Actively pursue the development of carbon-free replacement power.



Carbon-free transition aligns with Paris Climate Agreement

200 MW ownership is PNM's last remaining coal generation.

Announcement is in line with PNM's commitment to be an emissions-free energy company and far exceed the Paris Climate Agreement commitments.



Emissions-free by 2040 is five years ahead of state carbon-free mandate

Energy Transition Act calls for carbon-free by 2045, PNM's goal is for its electricity to be emissions-free even earlier.

Elimination of carbon emissions will also eliminate mercury, SO_x and other pollutants.



CUSTOMER BENEFITS

Replacement of Four Corners with low-cost renewables and flexible capacity

- The Request for Proposal (RFP) process will solicit competitive proposals for all forms of capacity, energy, demand response and storage resources that provide the best value to PNM customers while meeting the stringent reliability requirements and facilitating the continued transition toward an emission-free energy future.
- Anticipate a mix of resources that could be owned by PNM or third-party providers, depending on the RFP outcome and the Public Regulation Commission approval.
- As part of our energy transformation, we must balance the need for 24/7 reliable generation with low-cost renewable resources and flexible resources, such as flexible natural gas, that support the growth of wind and solar renewables.

Savings dependent upon replacement power, estimated in the millions.



Allows for Additional Customer Savings

- The Energy Transition Act allows PNM to obtain lower-cost financing for the amounts that the NMPRC previously approved.
- PNM provides this lower-cost interest savings on to customers.
- Over 25 years PNM customers would save approximately \$40 - 60M under securitization vs traditional recovery.





PNM SPEAKERS

Cathy Newby

Director of Tribal Government and Customer Engagement

- Cathy has been with the company for 17 years serving as a trusted policy and energy advisor for PNM. She is also responsible for establishing, maintaining and enhancing relationships with PNM's unique, complex and influential tribal - governments, businesses, and tribal residential customers.





PNM SERVES EIGHT AREA PUEBLO TRIBES

- PNM works directly with 16 of New Mexico's 23 tribal nations.
 - Our facilities are located on their sovereign lands.
- PNM recognizes and respects a tribal nation's right to self-govern and support the local governance act to work in cooperation with our tribal nations.



OUR TEAM

- Our tribal team is driven by core values.
 - We are PNM employees but NATIVE FIRST.
- We work to create a culture of early engagement and inclusion with our tribal communities and with PNM senior leadership.
- PNM has proactively engaged the Navajo Nation's leadership to keep them informed of the discussions between our company and NTEC. And when a decision to exit the power plant was made, Navajo Nation's leadership was informed.



PNM SUPPORTS THE NAVAJO NATION

- PNM has offered \$1.6 million in funding to Navajo students and awarded over 700 scholarships and produced over 350 Navajo graduates to ensure that New Mexico, specifically Four Corners area, have the trained workforce needed for existing and emerging jobs.
- PNM, along with 23 other utilities, helped to provide power to 200 homes on Navajo Nation through the Light Up Navajo Project.



Impact of COVID-19 on the Navajo Nation



112,507

Total negative tests:

 = 10,000



11,602

Positive cases of COVID-19

 = 1,000



575

Total confirmed deaths

COVID-19 IMPACTS ON THE NAVAJO NATION

*NUMBERS ARE AS OF OCT. 30



HELPING THE NAVAJO NATION THROUGH COVID-19

PNM donated PPE to Navajo Nation

- PNM collaborated with NTUA to donate a total of 15,000 KN95 face masks, 4,000 medical isolation shields and 5,000 pairs of medical gloves to help in the fight against COVID-19 on the Navajo Nation.



HELPING THE NAVAJO NATION THROUGH COVID-19

PNM Tribal Government Relations Department collaboration with local volunteer group from UNM to provide masks to rural communities in need due to COVID-19

- The volunteer group designed and engineered a mask utilizing 3D Printing technology with the intent of providing a low-cost alternative PPE for community members and help minimize the strain on the supply chain for PPE's.
- The Tribal Government Relations team assisted with the volunteer effort by coordinating logistics between the group and with Navajo Nation Council Delegates and various NM Navajo Chapters to disperse masks to identified rural communities in need.
- The volunteers making 3D printed masks at UNM are volunteers, engineering students and research assistants.



HELPING NAVAJO NATION THROUGH COVID-19

PNM and the Navajo Tribal Utility Authority (NTUA) Choice Wireless keep Navajo Nation connected during the COVID-19 pandemic

- PNM and NTUA Choice Wireless have collaborated to set up WIFI hot spots throughout Navajo Nation to help combat this issue.
- These hotspots provide valuable connectivity so the Navajo people can access information, schooling services and any other help they need. Students may need to drive closer to the hot spots and stay in their car to access online materials and classes safely.



THE NATION'S TRANSITION

- We have gained understanding of Navajo Nation President Jonathan Nez and Vice President Myron Lizer's concerns on the economic impacts of the closure of plants in the southwest have had on the Navajo communities.
- For decades, the Navajo Nation has been a host to coal generated power plants and that has been a stable source of revenue and jobs to the Nation.
- PNM will continue to collaborate with the Navajo Nation and NTEC to support their energy sovereignty objectives. This collaboration allows the Navajo Nation the opportunity and time to determine their energy path moving forward.





PNM SPEAKERS

Raymond G. Sandoval

Director of Corporate Communications

- Ray is responsible external, internal and media communications. Ray has been with the company since 2014.





The Responsible Exit of Four Corners

Navajo Generating Station

(Closure Nov, 2019)

6 Months

\$2 Million

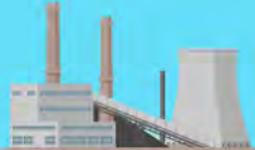


Escalante Power Plant

(Closure late 2020)

1 Year

\$5+ Million



San Juan Generating Station

(Closure June 2022)

5+ Years

~\$300 Million

\$40 Million

\$5.3 Million

\$1.1 Billion

\$1.6 Million



Four Corners Power Plant

(Closure 2031)

10+ Years

~\$100 Million

~\$13 Million

\$X Million

\$X Million



800 Direct Jobs plant & mine

\$150 Million Taxes & Economy

\$50+ Million Royalties/Econ Impact

Notice to community

Economic Aid + Job Relocation for plant workers



375 Direct Jobs plant & mine

\$96.6 Million Economic Impact Annually

Notice to community

Economic Development \$5M & 0.25% GRT tax



445 Direct Jobs plant & mine

\$101 Million Economic Impact Annually

Notice to community

Net Present Benefit to Customers

Severance, Job Training & Economic

Replacement Tax Revenue

Investment in replacement resources

for Navajo Scholarships



800 Potential Direct Jobs plant & mine

~\$76.6 Million Potential Lost Royalties & Taxes

Notice to community

Net Present Benefit to Customers

Economic aid

Replacement Tax Revenue

Investment replacement resources

Earth Day 2019:
PNM 100%
emissions free by
2040 coal until 2031



Fall 2020:
Announcement of
final agreement

Early 2020: No contractual
opportunity for early Four
Corners closure (No economic
method to cease 13% load)

2018: NM PRC
Rate Case Order
(customer cost
benefit early 4C's
exit 2024,2028)



Mid 2019:
Formulating
2020 integrated
resources plan



Mid 2020:
Negotiations
with NTEC



**Winter
2024:**
PNM exits
and
provides
\$16M in
economic
aid



FOUR CORNERS TIMELINE



THANK YOU!

Contact information for press inquiries

Director of Corporate Communications

Raymond G. Sandoval

505-241-2782

Raymond.Sandoval@pnm.com

