

PNM Energy Storage Overview



- PNM is an EIM participant, having joined in April '21
- PNM Participating Resources (3,260 MW total with 995MW of VERs)
 - 2 Energy Storage Resource expecting to COD and begin market operations this year
 - PNM will operate these resources which are being procured through PPA's & ESA's
 - Expecting ~600MW of 4-hour energy storage before 2024, 80% of which will be co-located with solar

Open Question: Will CAISO allow existing resources to transition to new ESR Model when available? (i.e., do we just need to update the GRDT/Master File to the new resource type, or would we have to register new resources with that new resource type?)

4.3 Co-Located Enhancements



- Resource procurement dictated by State policy, which usually drives for lowest rate-base.
- Leveraging resources that capture the ITC is a key value driver of these projects and will remain so as long as the ITC is available.
- The current proposed Enhancement applies only to resources in the market at time of implementation (estimated 2023).
- Resources coming online after implementation will have the same ITC-driven requirements but wouldn't be able to make use of the enhancement.
- PNM has commented that the application of the enhancement is too narrow. As long as the ITC remains a catalyst for bringing more energy storage on to the grid, the CAISOs policy enhancement should remain in place for storage resources.

Applicability of CAISO Straw Proposal for "Enhanced Co-Located Functionality"

Project CODs	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2019	100%	80%	60%	40%	20%	0%	0%	0%	0%	0%
2020		100%	80%	60%	40%	20%	0%	0%	0%	0%
2021			100%	80%	60%	40%	20%	0%	0%	0%
2022				100%	80%	60%	40%	20%	0%	0%
2023					100%	80%	60%	40%	20%	0%
2024						100%	80%	60%	40%	20%
Assuming policy implementation 2023. Resources must be participating prior to implementation.										
%s represent highest potential ITC credit earned by charging from renewables only.										
Showing operating years when ITC credit value and proposed enhancement can be utilized.										
Proposed enhancement can be utilized, but ITC no longer applies.										