

SPS / XCEL ENERGY: ECONOMIC & RURAL DEVELOPMENT & POLICY COMMITTEE

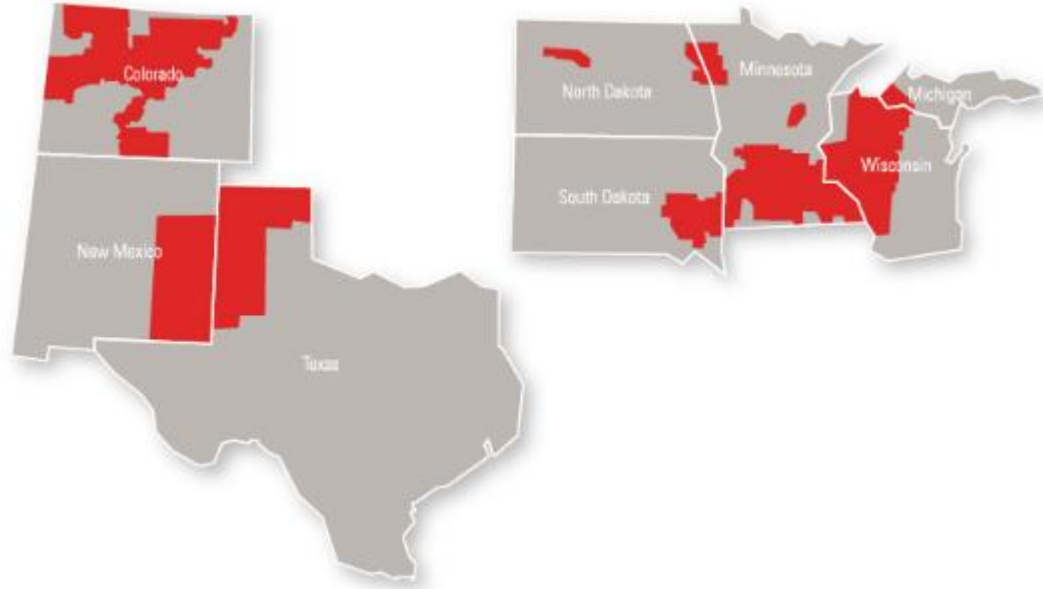
8/21/2024 Farmington, NM

Zoe Lees - Regional Vice President, Regulatory Policy

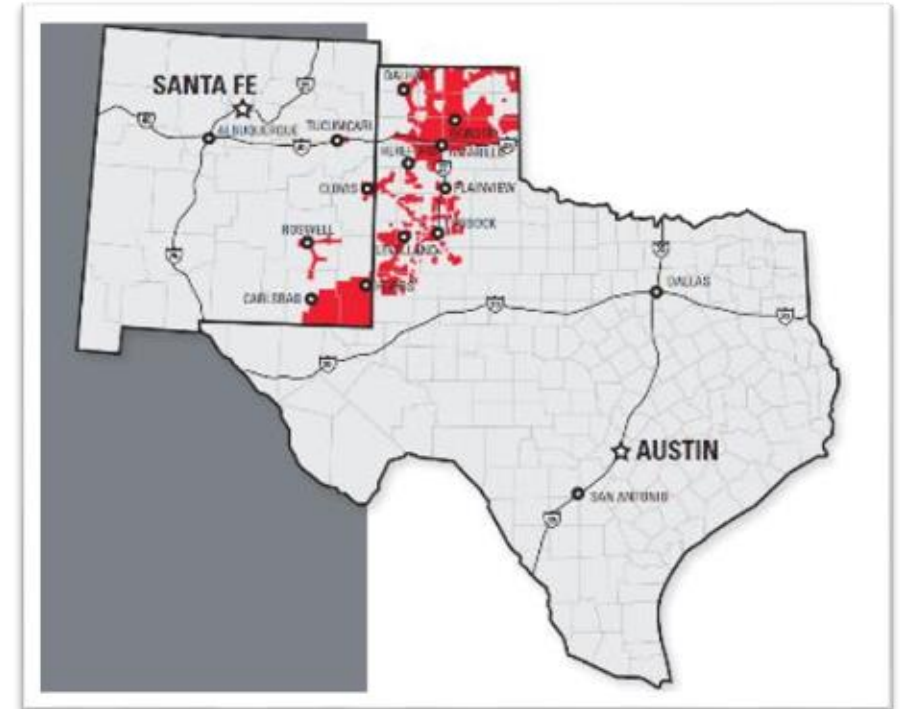
Justin Smiley – Director, Customer Relations



Who is Xcel Energy & Southwestern Public Service Company



Xcel Energy is a major U.S. regulated electric and natural gas delivery company that serves approximately 3.8 million electricity and 2.2 million natural gas customers across parts of eight Midwestern and Western states.

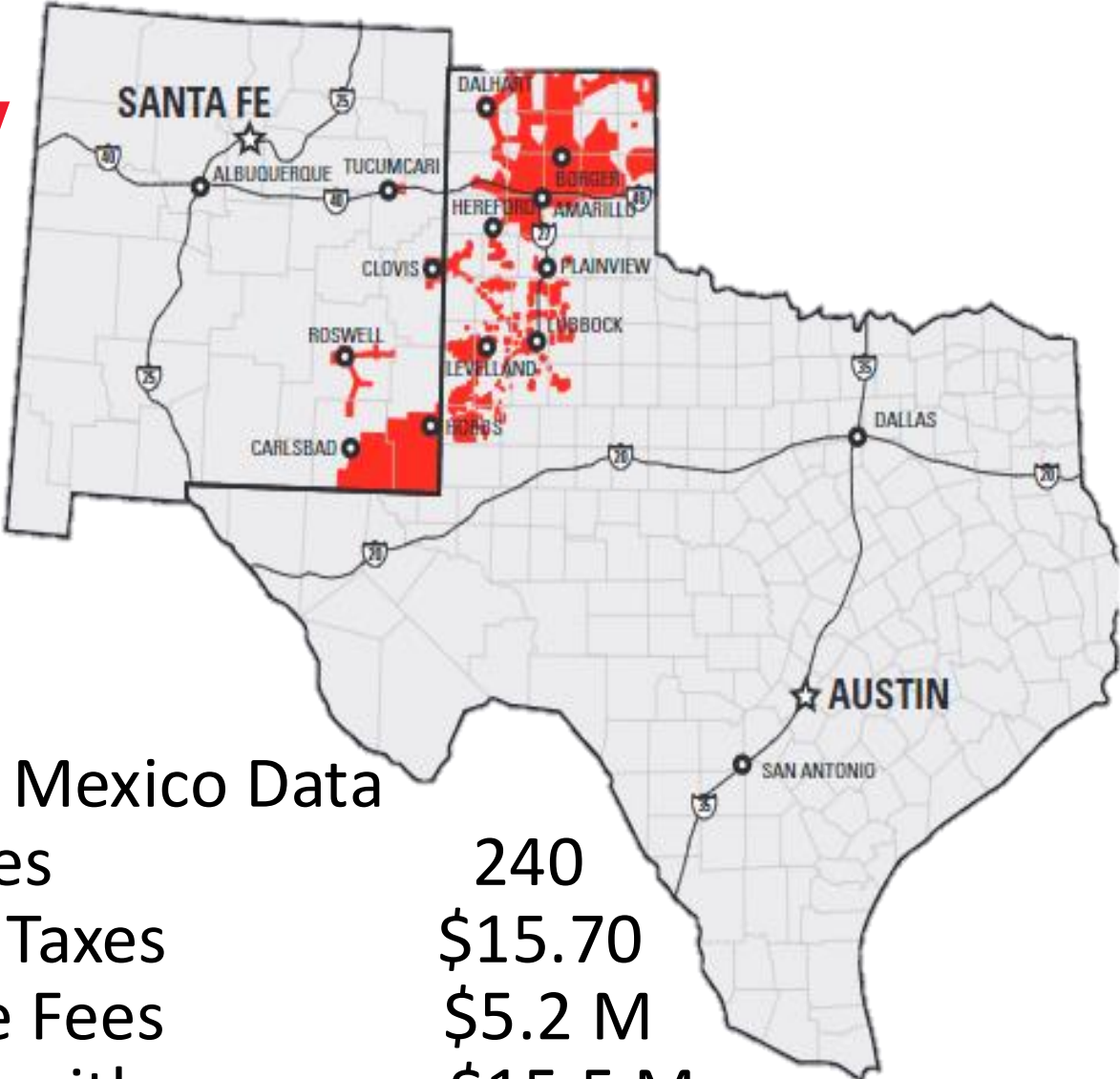


403,000 Customers
99.96% Electric Reliability
5,100MW Generation Capacity
41,000 Miles of Transmission Lines
24,000 Miles of Distribution Line

SPS New Mexico service territory

SPS serves approx. 126,000 customers in the following 16 towns in New Mexico:

- Artesia
- Clovis
- Eunice
- Hobbs
- Lake Arthur
- Malaga
- Portales
- Texico
- Carlsbad
- Dexter
- Hagerman
- Jal
- Loving
- Otis
- Roswell
- Tucumcari



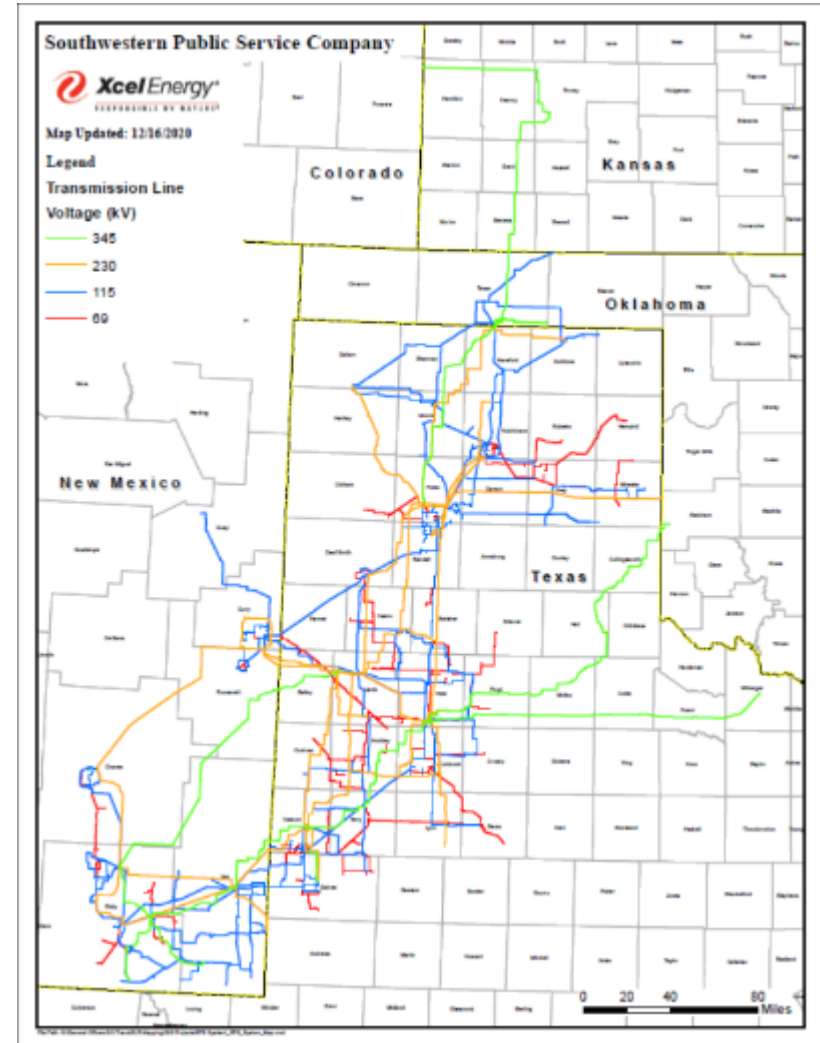
New Mexico Data	
Employees	240
Property Taxes	\$15.70
Franchise Fees	\$5.2 M
Spending with Local Vendors	\$15.5 M

Texas & New Mexico Power Grid

North American power grids



SPS Transmission System



Customer's Service in New Mexico

2024 SPS C&I Sales

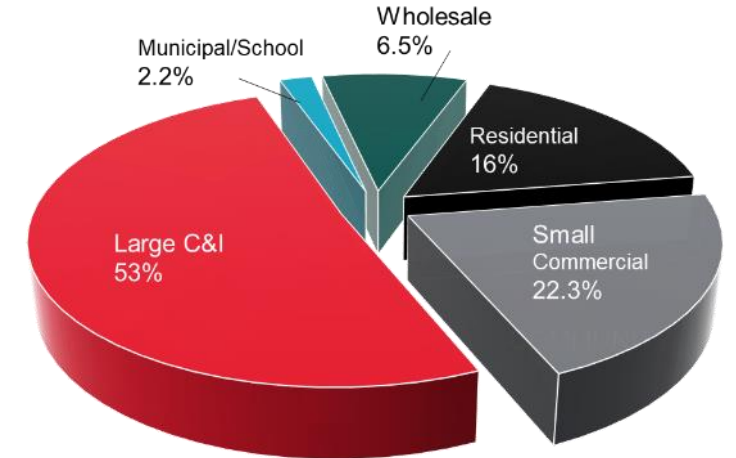
- SPS serves a predominately Commercial & Industrial load
 - >50% of sales are to the oil and gas industry
- 2023 Sales are strong with 4.5% increase over 2022
- New Mexico MWh Sales continue to grow with development in Lea and Eddy County – 700MW+ over 10 years
 - 1300MW+ of new load requested by 2027



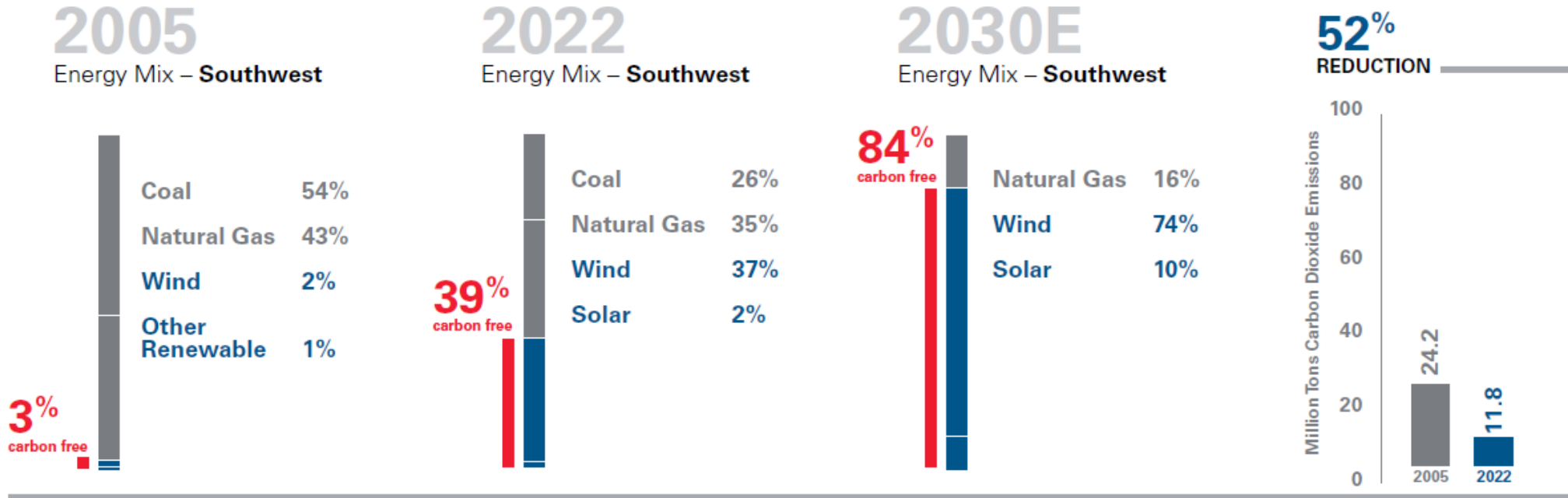
Oil and Gas production rates are paralleling load growth on the Southeastern New Mexico Electrical Grid

State MWh sales split
65.6% Texas
34.4% New Mexico

ELECTRICITY SALES



Transforming Our Energy Mix



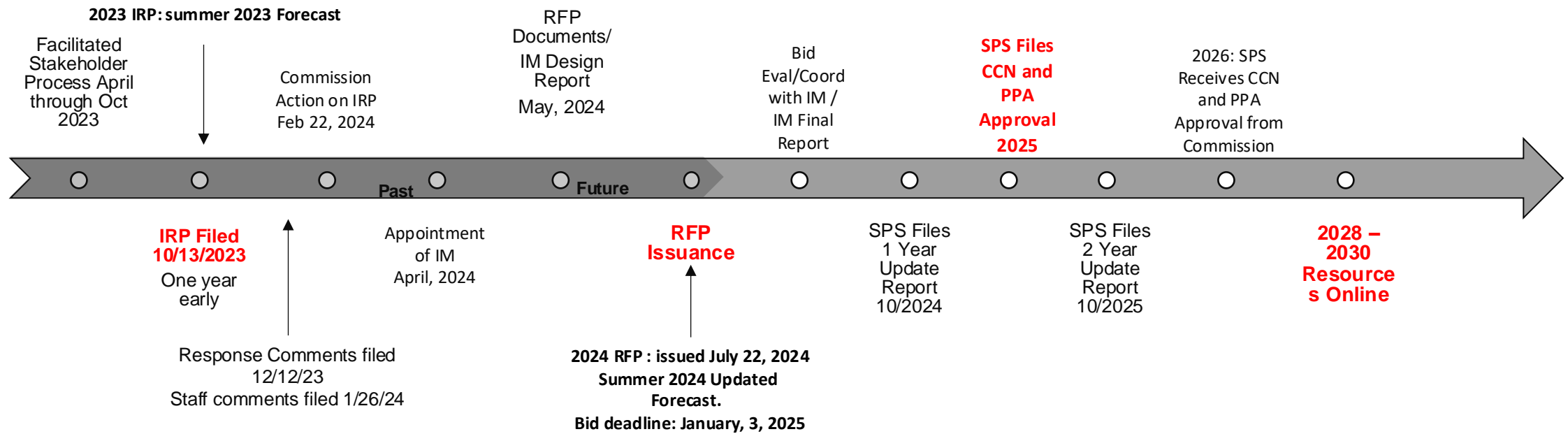
IRP/RFP UPDATE





Generation Resources





2023 IRP/2024 RFP Timeline and Regulatory Process

SPS New Mexico All-source RFP Filed July 22, 2024

SPS's Accredited Capacity Need

	2027	2028	2029	2030
Summer (MWac)	770	1,596	2,880	3,007
Winter (MWac)	543	1,726	3,049	3,190

The 2024 all-source RFP is based on an updated planning forecast, directly incorporating highly probable expected new large commercial and industrial customer loads in the near term.

SPS's accredited capacity need also reflects expected changes in the Southwest Power Pool methodology of accreditation that include Performance Based Accreditation for conventional thermal resources and Effective Load Carrying Capability of wind, solar, and energy storage resources. The values also represent changes in the Southwest Power Pool minimum required planning reserve margin from 15% to seasonal values of 16% in summer months and 36% in winter months.

RFP Project Options Overview

Option 1: Firm proposals to replace 1,080 MWac to replace SPS's retiring Tolk coal-fired generating units. Tolk Unit 1 (540 MWac), Tolk Unit 2 (540 MWac); expected 12/31/2028 retirement dates.

Option 2: Firm proposals to replace 521 MWac to replace the following retiring gas generating units:

- 12/31/2027 expected retirement date:
 - Nichols Unit 2 (106 MWac)
 - Plant X Unit 4 (189 MWac)
- 12/31/2028 expected retirement date:
 - Nichols Unit 1 (107 MWac)
 - Maddox Unit 1 (119 MWac)

Option 3: Firm proposals for RFP projects that either provide or reduce SPS's accredited capacity need during or before the capacity need period, or RFP projects that are reasonably expected to lower costs or improve service to SPS's customers. Proposals requiring a new Generator Interconnection Agreement must be in Southwest Power Pool's GI queue with at least Phase 2 studies complete.

Process Challenges

Risk Considerations to Economic Development efforts

1. Little flexibility in process to address emergent growth captured in IRP process
2. Statutory resource approval deadlines signal timeline risk to project developers
3. RFP requirement for resources to count towards RPS requirement creates complications when utilities consider renewable resources for emergent economic development resource needs
4. Reliability of system and affordability must be prioritized to attract growth to the state.

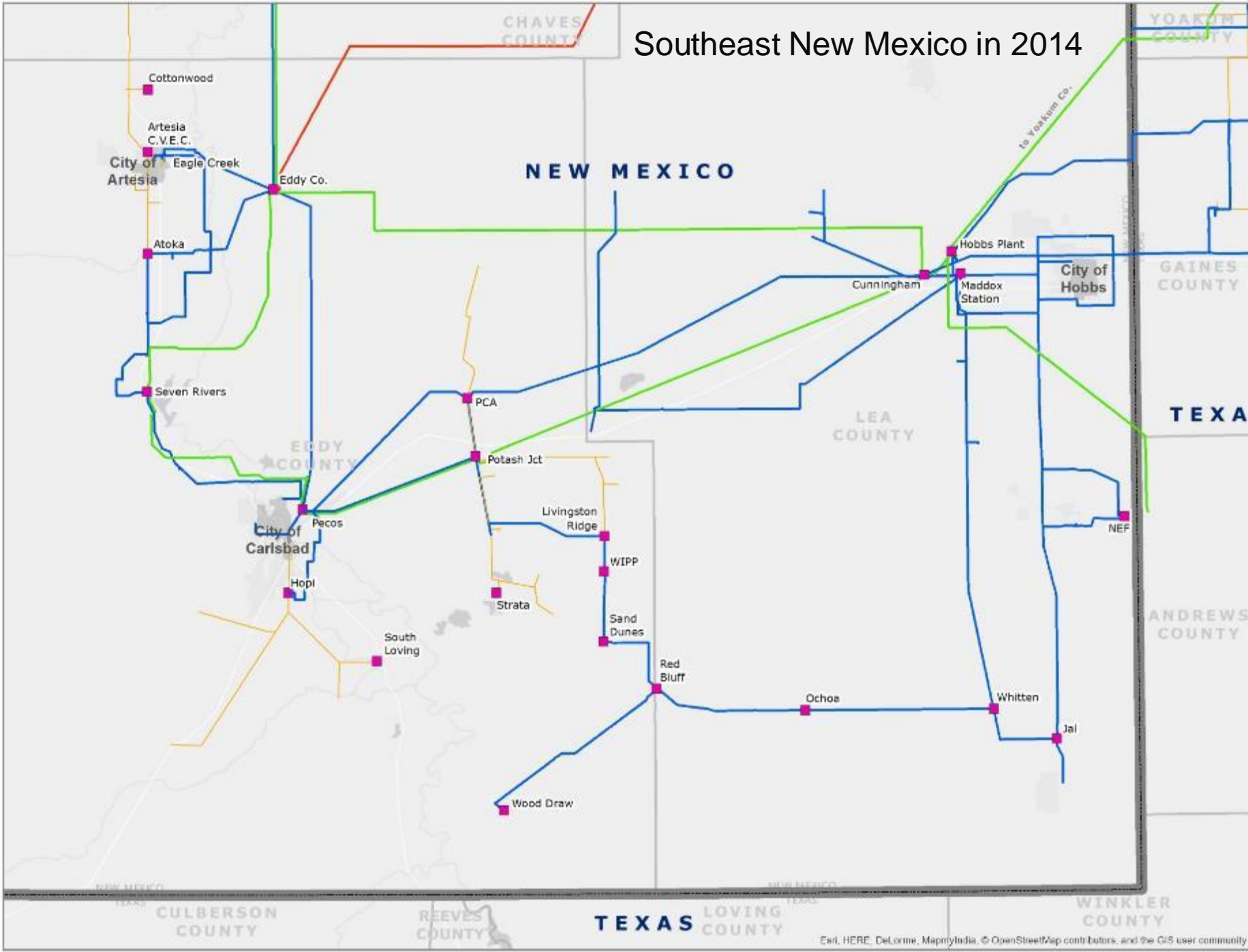
SPS SOUTHERN TRANSMISSION NETWORK



Southeast New Mexico in 2014

Power for the Plains SE New Mexico

- Xcel Energy Transmission
- 345kV
 - 230kV
 - 115kV
 - 69 kV
- Xcel Energy Substation

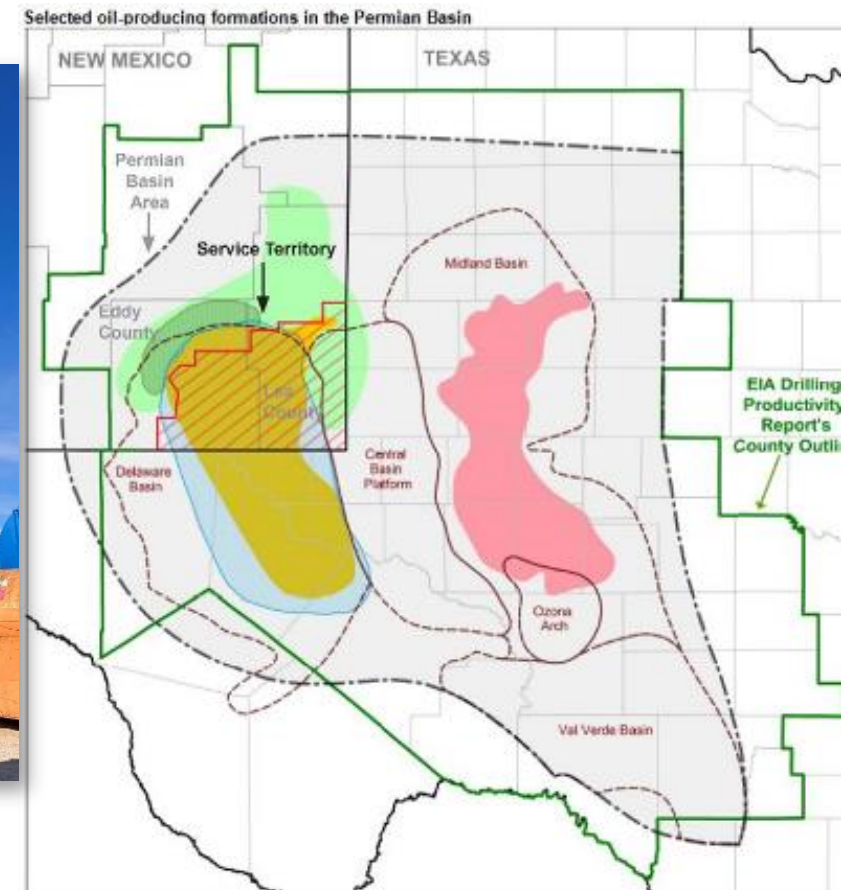
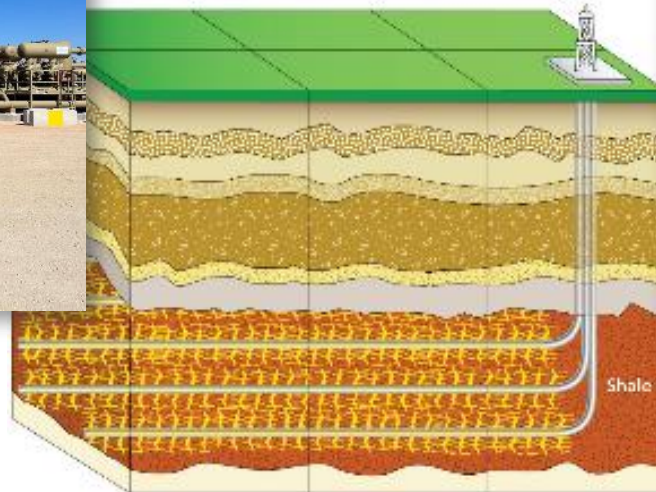


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SPS is in a Position to Facilitate the Growth Southeast New Mexico Oil and Gas Growth

New Mexico is second largest U.S. producer behind Texas

- 16% of U.S. production
- 5% of U.S. daily consumption



Southeast New Mexico in 2024

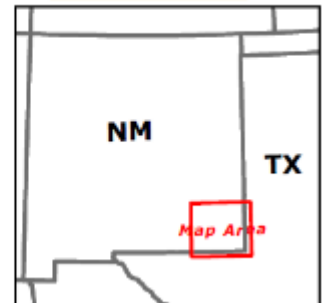


Vicinity Map for SE New Mexico

- Existing Transmission Infrastructure**
- 345kV
 - 230kV
 - 115kV
 - - - 115kV reconductor
 - 69kV
- New SE New Mexico Transmission Infrastructure 2012 - Q4 2023**
- Xcel Energy Substation or Tap
 - ▲ Transformer Addition
 - New Substation

DISCLAIMER: This information is believed to be correct but is subject to change and is not warranted.

Date: 3/7/2024



SPS's Current Challenges in Southeast NM

Local Generation and Transmission system capabilities exceeded by the new proposed growth

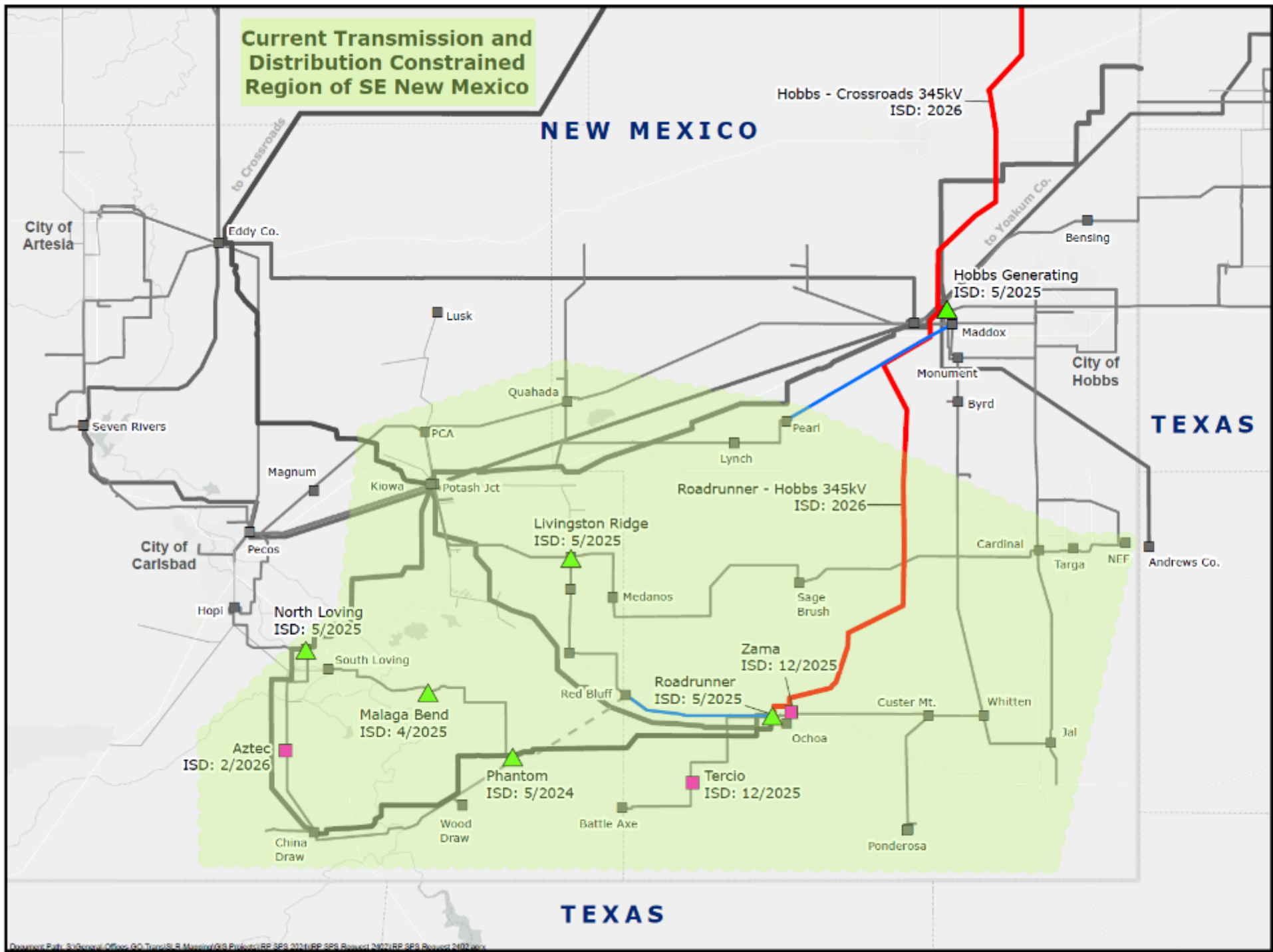
- All load growth in specific regions is limited due to voltage concerns on the SPS Transmission system

Supply Chain

Was not awarded Competitive Project in 2023 (Crossroads – Hobbs –Roadrunner)

SPP's study methodology

Current Transmission and Distribution Constrained Region of SE New Mexico



Existing Transmission Infrastructure

- 345kV
- 230kV
- 115kV
- 115kV reconductor
- 69kV

Xcel Energy Substation or Tap

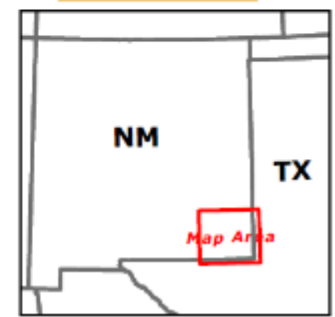
Future Additions

- 345kV Line Upgrades
- 115kV Line Upgrades

- Existing Substation (upgraded/expanded)
- New Substation

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Southeast New Mexico Transmission Solutions

Current Solutions in flight:

- Crossroads – Hobbs – Roadrunner (345 kV double circuit): ISD May 2026
- Identified SPS capacitor banks and transformers (2025+)

Future Solutions:

- Upcoming Attachment AQ study results
- 2024 Integrated Transmission Planning ("ITP") results
 - 765 kV line identified as major solution to the area

What is SPS doing to serve load in SE NM?

Pushing SPP to complete studies

Provide load ramps to completed study participants

Prioritize Distribution upgrades/additions required post Transmission constraints

2024 Generation RFP

Advocating changes to SPP's AQ study process

Investigating other solutions

Encouraging Customers to consider membership with the Southwest Power Pool

