

**BRIEF**

# **New Mexico regulators approve PNM plan to phase out coal by 2031**

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**Dive Brief:**

- New Mexico utility regulators on Wednesday unanimously accepted the Integrated Resource Plan (IRP) from Public Service Co. of New Mexico (PNM), putting the utility on a path to eliminate coal-fired generation by 2031.
- The plan calls for PNM to retire the remaining units at the 847 MW San Juan coal plant in 2022 and end its ownership stake in the Four Corners coal plant by 2031. PNM plans to replace that capacity largely with solar and natural gas, though storage could play a role as prices continue to drop.
- PNM officials say the plan will allow the utility to be nearly 70% emission-free by 2032. The IRP presents PJM with a guide for investments, but individual resource decisions must still be approved by the Public Regulation Commission.

**Dive Insight:**

PNM's newly accepted IRP is another example of coal-bound utilities ditching the resource early to invest in cheaper natural gas and renewables.

Instead of operating its coal plants to the end of their productive

lives, PNM's plan would phase them out when their current coal supply agreements expire, moves it expects will save its customers millions.

"The retirement will provide the opportunity to move from the fixed costs and baseload operation associated with coal plants to resources that better match varying loads and are better equipped to work with renewable energy," PNM said in a summary of its plan, released in July.

The coal retirement plans are controversial, however, in the communities that operate the plants. Local leaders decried the potential loss of jobs and tax revenue at the PRC meeting this week, according to the Farmington Times, and said they would appeal to the governor and state lawmakers to help oppose the ultimate shutdown of the plants.

In contrast to its coal plants, PNM's plan aims to preserve its stake in the Palo Verde nuclear plant. The utility owns 114 MW of the 3.3 GW generator and leases another 114 MW. The plan would renew those leases when they expire in 2025, "preserving the CO2 emission reductions that result from the coal plant retirements."

In place of the retiring coal capacity, PNM will issue a request for proposals to determine the most economic replacement resources. Right now, PNM says that mix includes solar and natural gas resources, but that could change as proposals come in to the RFP.

"The mix may also include energy storage, depending on the economics of the proposals PNM receives through a solicitation that the company will conduct as described in the four-year action plan," PNM said in its plan. "Although wind energy is also a possibility, the existing transmission system from Eastern New Mexico, where the best potential for wind supplies exists, is

currently fully subscribed."