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Xcel Energy files resource plan to meet customer energy needs in Southwest region through 2030

Resource plan for New Mexico and Texas driven by growth, plant retirements

AMARILLO, Texas (Oct. 13, 2023) – Xcel Energy today filed an Integrated Resource Plan with the New Mexico Public Regulation Commission to acquire a mix of power generating options over the next decade to meet Xcel Energy customer needs in both New Mexico and Texas.

Economic growth is driving the need for a significant amount of new electric generation in Xcel Energy's New Mexico and Texas service area at a time when older power plants are being retired from service. The Resource Plan filed today represents a first step to bringing on the generating resources needed to serve customers with reliable, affordable and increasingly clean energy.

"We have spent months working with our stakeholders and communities to assess future needs and to understand how our customers expect us to meet those obligations," said Adrian J. Rodriguez, president, Xcel Energy – New Mexico, Texas. "The resulting plan recognizes the importance of keeping power affordable and reliable across our service territory while meeting the goals of the New Mexico Energy Transition Act and our own carbon reduction targets."

Xcel Energy estimates it will need between 5-10 gigawatts of new power generation to meet the region's needs through 2030. A gigawatt is equivalent to 1,000 megawatts, and the current peak demand for Xcel Energy's New Mexico-Texas system is just over 6,000 megawatts. This estimated need for new power accounts for the reduction in output as older plants, such as Texas' Tolk Generating Station, are retired from today's generating fleet. Increased power demand is being driven by several factors:

- Population and economic growth in Xcel Energy's service territory.
- Continued expansion of the oil and gas industry in southeastern New Mexico, along with beneficial oilfield electrification projects that will help further reduce carbon emissions.
- Future adoption of electric vehicles.

The company envisions an energy mix that balances economic renewable resources with dispatchable, always-available generation that guarantees reliable energy to fill the gaps in intermittent resources such as wind and solar.

Xcel Energy has been a national leader in providing renewable energy for its customers, and company-owned wind farms have saved customers $3 billion in avoided fuel costs and earned tax credits since

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2017. The latest renewable additions to the company's New Mexico and Texas system have contributed to a 52% reduction in carbon emissions. In previous state resource plans, Xcel Energy has been successful in leveraging available federal funding, and the company expects to explore opportunities to tap into the Inflation Reduction Act to keep costs low for new projects.

"We anticipate adopting new technologies that are commercially available and furthest along in development, where the engineering, cost and supportive public policy make them a good solution and fit for our customers," Rodriguez said. "To reduce carbon emissions, we plan to pair our existing system with advanced technologies as they become available while continuing to meet customer expectations for reliable, affordable energy."

Rodriguez emphasized that plans for new power generating resources will focus on putting as much existing infrastructure to work as possible to help retain local jobs and increase the local tax bases for counties and schools. Regulators in New Mexico and Texas are currently studying an earlier company proposal to replace electric capacity from retired generating units with two solar generating facilities and a battery system at Cunningham Generating Station near Hobbs, New Mexico, and a solar facility at Plant X Generating Station near Earth, Texas. Xcel Energy is expected to save customers as much as $440 million by integrating these solar plants into existing grid infrastructure while maintaining its economic commitments in the facilities' host communities.

The New Mexico Public Regulation Commission will review the Integrated Resource Plan over the next few months. The next step in the process for adding new resources will begin with a request for proposals in mid-2024. The RFP would be for all sources of energy, including new and emerging power generating technologies, including battery storage and hydrogen-fired combustion turbine generators.

Ultimately, the most cost-effective generation portfolio is determined by the actual projects that would be bid into the RFP and are selected through the resource procurement process. These proposals will be evaluated by an independent monitor and specific proposals for new generation and/or purchased power agreements will be filed with regulators in 2025. New power generating resources, once approved, should be online by 2028.

"Our plan will power the economic engine in the Southwest by supporting the load growth that in turn supports the local economy and creates healthy, thriving communities," said Brad Baldridge, Xcel Energy director of Customer and Community Relations. "Clean energy, dependable service and the health of our local economy matters to us, our customers and our communities."

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About Xcel Energy

Xcel Energy (NASDAQ: XEL) provides the energy that powers millions of homes and businesses across eight Western and Midwestern states. Headquartered in Minneapolis, the company is an industry leader in responsibly reducing carbon emissions and producing and delivering clean energy solutions from a variety of renewable sources at competitive prices. For more information, visit xcelenergy.com or follow us on Twitter and Facebook.