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PNM, State Reach Agreement with EPA for Plan to Address Regional Haze at San Juan Generating Station

ALBUQUERQUE, N.M.--(BUSINESS WIRE)--PNM Resources' (NYSE: PNM) New Mexico utility, PNM, the N.M. Environment Department (NMED) and the U.S. Environmental Protection Agency (EPA) today agreed to pursue a revised plan that could provide a new path forward for San Juan Generating Station (SJGS) to comply with federal visibility rules.

The terms agreed to today would result in the retirement of SJGS Units 2 and 3 by the end of 2017, and the installation of selective non-catalytic reduction technology on the remaining two units in early 2016.

“We were prepared to install federally mandated technology, but believe the new agreement offers a more promising alternative to selective catalytic reduction on all four units. The plan positions us for an improved environmental future by reducing not only haze forming emissions, but also carbon emissions, water usage and coal combustion byproducts,” said Pat Vincent-Collawn, PNM Resources chairman, president and CEO. “The revised plan also provides us with the opportunity to further diversify our generation portfolio, limiting our exposure to coal in the future, and it reduces the cost impact for our customers.”

The terms of the plan primarily focus on how SJGS would meet the regional haze rule, but also include a natural gas plant to be built in the Four Corners region to partially replace the capacity from the retired coal units. Detailed replacement power strategies would be finalized separately from the haze agreement. The company believes adequate replacement power alternatives will be available to meet PNM's remaining generation needs and ensure reliability.

The terms of the non-binding agreement would require several additional actions before becoming final. NMED would need to file a revised State Implementation Plan that then would require formal adoption from the N.M. Environmental Improvement Board, and, ultimately, final approval from the EPA. The N.M. Public Regulation Commission also

would have to approve retirement of the two units and plans to acquire replacement power. EIB approval is projected for late October 2013, with EPA action in late 2014.

Background:

PNM Resources (NYSE: PNM) is an energy holding company based in Albuquerque, N.M., with 2011 consolidated operating revenues of \$1.3 billion, excluding First Choice Power. Through its regulated utilities, PNM and TNMP, PNM Resources has approximately 2,530 megawatts of generation capacity and serves electricity to more than 738,000 homes and businesses in New Mexico and Texas. For more information, visit the company's Web site at www.PNMResources.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

Statements made in this news release that relate to PNM's expectations, projections and estimates 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, and PNM assumes no obligation to update this information.

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