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Proposed PNM/Avangrid merger agreement terminated

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Chris Keller/Albuquerque Business First

The Public Utility Commission of Texas is the latest agency to approve the PNM Resources and Avangrid Inc. merger.

The proposed merger agreement first announced in 2020 between PNM Resources and Avangrid has been terminated.

Albuquerque-based PNM Resources Inc. announced in a Jan. 2 news release that, "While the PNM Resources Board of Directors approved an extension, it was not accepted by Avangrid and Avangrid terminated the merger." PNM also filed an 8-K with the U.S. Securities and Exchange Commission that echoed that the proposed merger with Avangrid Inc. would not move forward.

"We are greatly disappointed with Avangrid's decision to terminate the merger agreement and its proposed benefits to our customers, communities and shareholders," Pat Vincent-Collawn, PNM Resources chairman and CEO, said in the news release. "As we move forward, our strategic plans remain focused on the infrastructure investments necessary to meet the future energy needs of our customers and communities. We look to build upon our strong track record of delivering financial results and continue to target long-term earnings growth of 5%."

The New Mexico Public Regulation Commission previously denied the merger agreement and was awaiting a decision from the New Mexico Supreme Court regarding an appeal. The merger date was extended through Dec. 31, 2023, as it awaited the court's decision.

Avangrid, a member of the Iberdrola Group, also confirmed the termination in its own news release and SEC filing stating:

"Since 2020, Avangrid, a national leader in clean energy, has fought to gain approval of its merger with PNM, a merger that would bring over \$300 million in benefits to PNM consumers and communities and utilize the company's vast experience, and the experience of Iberdrola, S.A., a global leader at the forefront of the energy transition, to help the state achieve its clean energy goals. Avangrid and PNM had obtained all the necessary regulatory approvals for the closing of the merger by the end of 2022 except the approval of the New Mexico Public Regulation Commission. However,

with the close of 2023 there is still no clear timing on the resolution of the court review of the New Mexico regulator's denial of the merger nor any subsequent regulatory actions. Avangrid has terminated the merger agreement because all final regulatory approvals were not received by December 31, 2023, the end date under the merger agreement after which either Avangrid or PNM could terminate the merger agreement if the merger had not yet been consummated. In connection with the termination of the merger agreement, the commitment letter, pursuant to which Iberdrola agreed to provide or arrange for funds to the extent necessary for Avangrid to consummate the merger, terminated automatically by its terms."

Avangrid went on to state it remains committed to New Mexico and was, "more than ever steadfast in our commitment to New Mexico in the development of wind and solar renewables, helping explore options in the new hydrogen economy, and delivering on the partnership with the Navajo Nation to achieve its clean energy future."



Meagan Nichols

Editor-in-Chief - *Albuquerque Business First*

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